



## Development Limited

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

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### ADDITIONAL INFORMATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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The Board of Directors of M Development Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Group’s Annual Report for the financial year ended 31 December 2015 (“**Annual Report 2015**”) released on the SGXNET on 6 April 2016.

The Company would like to provide the following information in reply to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 20 April 2016.

#### **SGX-ST Query 1**

*“Guideline 2.4, Code of Corporate Governance (the “**Code**”) states that “The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.” We note that Mr Dali Kumar Bin Sardar has served on the Board for more than nine years from the date of his first appointment. Please state if his independence has been subject to particularly rigorous review.”*

#### **Company’s Response:**

Mr Dali Kumar Bin Sardar (“**Mr Sardar**”) has been a Director of the Company since 29 August 2003. The following is a summary of his various positions in the Company:

- (a) Mr Sardar was first appointed as a Non-Executive Director of the Company on 29 August 2003.
- (b) Mr Sardar was re-designated to be an Executive Director of the Company on 1 October 2009 and assumed an executive role to oversee the management of the Group.
- (c) Subsequent to 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 Non-Independent Director.
- (d) Since 15 January 2014, Mr Sardar has been re-designated as a Non-Executive Independent Director of the Company pursuant to Guideline 2.3 of the Code.

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

## **SGX-ST Query 2**

*“Paragraph 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company’s Annual Report. The Board should also comment in the company’s Annual Report on whether it has received assurance from the CEO and the CFO:*

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances; and*
- (b) regarding the effectiveness of the company’s risk management and internal control systems.”*

### **Company’s Response:**

The Company is an investment holding company and in view of its size and its modest operations, the Company does not have a Chief Financial Officer (“**CFO**”). The functions of a CFO are outsourced to Ardent Business Advisory Pte Ltd (“**Ardent**”). Ardent has appointed Mr Kelvin Thio as the director-in-charge of this matter. Mr Kelvin Thio, who is a Chartered Accountant of Singapore, reports directly to the Audit Committee (the “**AC**”) and the Board of the Company. The Company has also appointed RSM Corporate Advisory Pte Ltd (formerly known as Stone Forest Corporate Advisory Pte Ltd) to review the Company’s accounting procedures in relation to the trading business carried out by United Force Trading Pte Ltd, a wholly-owned subsidiary of the Company.

For FY2015, the Company has received assurance from the Executive Chairman of the Board and the Executive Director (by way of representation letters) that:

- (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances; and
- (b) the system of risk management and internal control in place within the Company (including financial, operational, compliance and information technology controls and risk management systems) is adequate and effective in addressing the material risks in the Group in its current business environment.

For FY2015, based on the various established internal controls, the external auditor’s reports, the representation letters from the Executive Chairman of the Board and the Executive Director and the reports of the AC, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems) of the Company are adequate and effective in meeting the needs of the Company, providing reasonable assurance against material financial misstatements or material loss and safeguarding the Company’s assets.

### **SGX-ST Query 3**

*“On Page 25, it was disclosed that S\$15,200,000 of the proceeds from the issuance of convertible notes has been utilised. Please provide the specific details and breakdown on how the proceeds were deployed.”*

#### **Company’s Response:**

The details and breakdown on how the proceeds from the issuance of the Company’s 1.5% unsecured equity-linked redeemable structured notes due 2015 (“**Convertible Notes**”) were utilised have been disclosed in the Company’s half year and full year financial statement announcements between 14 August 2012 and 29 February 2016. The proceeds from the Convertible Notes were utilised in accordance with the purposes set out in the Company’s Circular to Shareholders dated 1 June 2010. In summary, the full breakdown is set out below:

<b>Details</b>	<b>S\$’000</b>	<b>S\$’000</b>
<b>Working capital</b>		
Salary, CPF and directors’ fees/remuneration	1,490	
Legal and professional fees	1,442	
Corporate secretarial, compliance and listing related expenses	322	
General expenses	346	
Termination fee*	1,300	
Settlement of performance guarantee payable to Singapore Land Authority	223	
		5,123
<b>Fund future investments and acquisitions</b>		
Transfers to subsidiaries**	3,077	
Interest bearing loan provided to third party***	7,000	
		10,077
		<b>15,200</b>

\* *The termination fee set out in the table above relates to the Company’s payment of S\$1,300,000 to Value Capital Asset Management Pte Ltd pursuant to the Deed of Termination and Release dated 9 September 2013, in relation to the termination of the Subscription Agreement and release of the parties from its obligations under the Subscription Agreement, as announced by the Company on 9 September 2013.*

\*\* *The funds transferred to subsidiaries of the Company were used mainly as working capital for trading activities.*

\*\*\* *The interest bearing loan was provided to Visualedge Technology Co., Ltd., as announced by the Company on 7 October 2014 and 10 September 2015.*

BY ORDER OF THE BOARD  
M DEVELOPMENT LIMITED

Huang Wen-Lai  
Executive Chairman and Director  
23 April 2016