Development Limited

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

(I) DISPOSAL OF SHARES IN UNITED FORCE DEVELOPMENT (S) PTE. LTD. ("UFD") TO ZHI GUANG LIMITED ("ZG")

(II) PROPOSED JOINT VENTURE WITH ZG IN UFD

(I) DISPOSAL OF SHARES IN UFD TO ZG

1. INTRODUCTION

Pursuant to Rule 704(18)(d) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), the Board of Directors (the "Board") of M Development Limited (the "Company", and with its subsidiaries, the "Group") wishes to announce that the Company has entered into a sale and purchase agreement (the "SPA") with ZG for the disposal of 24,000 ordinary shares (the "Sale Shares") in the capital of UFD, representing 24% of the equity interest in UFD to ZG (the "Disposal").

Before the Disposal, UFD was a wholly-owned subsidiary of the Company. UFD was incorporated on 11 April 2014 in Singapore and its issued and paid up capital is S$100,000 comprising 100,000 ordinary shares. UFD has not commenced business since its incorporation.

The Disposal was completed concurrently with the execution of the SPA. Following completion of the Disposal, the shareholdings of the Company and ZG in UFD are as follows:

Name of Shareholder	Number of Shares	Percentage shareholdings
The Company	76,000	76%
ZG	24,000	24%

Subsequent to the Disposal, UFD remains a subsidiary of the Company.

2. CONSIDERATION

The consideration for the Disposal is Singapore Dollars Twenty Four Thousand (S$24,000) paid in full in cash (the "Consideration").

The Consideration was determined based on the issued and paid-up capital of the Company. No valuation of the Sale Shares was conducted.

None of the relative figures as computed on the applicable bases under Rule 1006 of the Listing Manual exceeds 5%. As such, the Disposal constitutes a non-discloseable transaction pursuant to Chapter 10 of the Listing Manual.

3. RATIONALE FOR THE DISPOSAL

The Disposal is in connection with the establishment of the Proposed Joint Venture (as defined in paragraph 7 below) between the Company and ZG. The rationale for the Proposed Joint Venture is set out in paragraph 9 below.

4. THE DISPOSAL AS AN INTERESTED PERSON TRANSACTION

ZG is a company incorporated in the British Virgin Islands. Mr. Wang Mingliang ("WML"), a controlling shareholder of the Company, owns the entire issued and paid-up share capital of ZG. As such, ZG is an associate of WML.

As ZG is an associate of WML, ZG is an interested person defined under Rule 904(4) of the Listing Manual. Accordingly, the Disposal would be regarded as an interested person transaction and the requirements under Chapter 9 of the Listing Manual are applicable.

The Consideration is less than 3% of the latest audited net tangible assets of the Group. However, as the Consideration is less than Singapore Dollars One Hundred Thousand (S$100,000), Rules 905 and 906 of the Listing Manual do not apply.

Save for the Disposal and the Proposed Joint Venture (defined in paragraph 7 below), the Group to-date has not entered into any other transaction with WML in the financial year ending 31 December 2014 ("FY2014").

5. FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal is not expected to have any material financial impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for FY2014.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for WML who is an interested person as described in paragraph 4 above, and Mr. Huang Wen-Lai who has close business ties with WML in China, none of the other Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal.

Mr. Huang Wen-Lai had abstained from participating in all discussions, decision-making and voting on matters relating to the Disposal.

(II) PROPOSED JOINT VENTURE WITH ZG IN UFD

7. INTRODUCTION

Further to the Disposal, the Board wishes to announce that the Company has, subsequent to the completion of the Disposal, entered into a shareholders' agreement (the "Shareholders' Agreement") with ZG to govern their relationship as shareholders in UFD (the "Proposed Joint Venture").

8. DETAILS OF THE JOINT VENTURE

Information on UFD is set out in paragraph 1 above.

The salient terms of the Shareholders' Agreement include the following:

(a) The share capital of UFD may be increased from time to time by such amount as the board of directors of UFD may decide. Such increase shall be in proportion to the shareholdings of the Company and ZG (collectively, the "Joint Venture Parties"), unless otherwise agreed by the Joint Venture Parties;

(b) UFD shall in respect of each financial year, distribute to its shareholders such percentage of its profits lawfully available for distribution as the board of directors of UFD shall from time to time recommend, in proportion to the shareholdings of the Joint Venture Parties;

(c) The Company shall be entitled to appoint three (3) directors to the board of directors of UFD and ZG shall be entitled to appoint one (1) director;

(d) If UFD requires additional funding, UFD shall by way of a written notice to the Joint Venture Parties request for such funding and give each Joint Venture Party thirty (30) days from the date of the written notice to make payment to UFD and the Joint Venture Parties will extend loans to UFD in proportion to their shareholdings. If either Joint Venture Parties fails to extend its share of the funding or any part thereof to UFD (the "Outstanding Loan"), the other Joint Venture Party shall have the option to pay to UFD the Outstanding Loan in accordance with the terms set out in the Shareholders' Agreement.

9. RATIONALE FOR THE PROPOSED JOINT VENTURE

The Proposed Joint Venture is in line with the Company's strategy in exploring business expansion initiatives in Indonesia and other parts of South East Asia. The Board is of the opinion that the Proposed Joint Venture with ZG allows the Company to leverage on WML's business experience and network of contacts. Further, the Board views the Proposed Joint Venture as a strategic move that may in future yield an alternative stream of revenue to the Group, which in turn could potentially enhance the return on the Group's assets and

improve shareholders' value. Accordingly, the Board believes that the Proposed Joint Venture is in the Company's best interests.

10. THE PROPOSED JOINT VENTURE AS AN INTERESTED PERSON TRANSACTION

The Proposed Joint Venture is an interested person transaction on the basis set out in paragraph 4 above.

11. EXCEPTION TO THE REQUIREMENT FOR SHAREHOLDERS' APPROVAL AND STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 916(2) of the Listing Manual, shareholders' approval is not required for an investment in a joint venture with an interested person if:

(a) the risks and rewards are in proportion to the equity of each joint venture partner;

(b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and

(c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

Pursuant to Rule 916(3) of the Listing Manual, shareholders' approval is not required for the provision of loan to a joint venture with an interested person if:

(a) the loan extended by all joint venture partners in proportion to their equity and on the same terms;

(b) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture; and

(c) the issuer confirms by an announcement that its audit committee is of the view that:

(i) the provision of the loan is not prejudicial to the interests of the issuer and its minority shareholders; and

(ii) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders.

The audit committee of the Company (the "Audit Committee") has reviewed the terms of the Proposed Joint Venture and is of the view that:

(a) the risks and rewards of the Proposed Joint Venture are in proportion to the equity of each of the Proposed Joint Venture Parties;

(b) the terms of the Proposed Joint Venture are not prejudicial to the interests of the Company and its minority shareholders; and

(c) the provision of any shareholders' loan by the Company to the Proposed Joint Venture will not be prejudicial to the interests of the Company and its minority shareholders.

The Proposed Joint Venture and the provision of any shareholders' loan by the Company to UFD have met the exceptions under Rule 916(2) and Rule 916(3) of the Listing Manual. Accordingly, the Company will be exempted from the requirement of seeking shareholders' approval for the Proposed Joint Venture and the provision of any shareholders' loan by the Company to UFD.

12. FINANCIAL EFFECTS OF THE PROPOSED JOINT VENTURE

The Proposed Joint Venture is not expected to have any material financial impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the current FY2014.

13. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for WML who is an interested person as described in paragraph 4 above, and Mr. Huang Wen-Lai who has close business ties with WML in China, none of the other Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Joint Venture.

Mr. Huang Wen-Lai had abstained from participating in all discussions, decision-making and voting on matters relating to the Proposed Joint Venture.

BY ORDER OF THE BOARD
M DEVELOPMENT LIMITED

Huang Wen-Lai
Executive Chairman and Director

12 September 2014