Development Limited

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

UPDATE ON THE BOARD OF DIRECTORS' RESOLUTION TO PLACE CERTAIN SUBSIDIARIES UNDER CREDITORS VOLUNTARY LIQUIDATION

The Board of Directors of M Development Ltd (the "**Company**") refers to its previous announcement on 21 May 2015.

Subsequent to the above, Winsta Holding Pte Ltd ("**Winsta Holding**") appointed The Uncharted Co. ("**TUC**"), a professional management agent, on or about 2 June 2015 to provide management services to the businesses of Winsta Holding and its subsidiaries (collectively referred to as "**Winsta Group**").

TUC recently submitted to the board of Winsta Holding a report on its observations and findings on the general state of affairs of the operating subsidiaries of Winsta Holding, namely Katong Hostel Pte Ltd, Evan Hostel Pte Ltd, The Hill Lodge @ Mount Vernon Pte Ltd and Global Residence Pte Ltd. TUC reported *inter alia* that these subsidiaries were unable to pay their debts as they fell due and/or were unlikely to be able to carry on their businesses in a commercially viable manner.

With regard to the dormant subsidiaries of Winsta Holding, namely Pearl Hill Hostel Pte Ltd, Queensway Student Hostel Pte Ltd and Carlisle Hostel Management Pte Ltd, there is no operating business and their existing assets comprise intercompany balances owing from the operating subsidiaries.

In light of the above circumstances, the Board of Directors of the Company has resolved to take all necessary steps to place the following Winsta Group entities into creditors' voluntary liquidation:

(a) Katong Hostel Pte Ltd;
(b) Evan Hostel Pte Ltd;
(c) The Hill Lodge @ Mount Vernon Pte Ltd;
(d) Global Residence Pte Ltd
(e) Pearl Hill Hostel Pte Ltd;
(f) Queensway Student Hostel Pte Ltd; and
(g) Carlisle Hostel Management Pte Ltd

The Company would like to notify all its shareholders that the liquidation of the above-mentioned Winsta Group entities will have a negative impact on the financial performance on the Company, given that the Company owns a 51% stake in the Winsta Group.

BY ORDER OF THE BOARD
M DEVELOPMENT LIMITED

Huang Wen-Lai
Executive Chairman and Director
26 July 2015