

LETTER TO SHAREHOLDERS DATED 30 MAY 2019

THIS LETTER TO SHAREHOLDERS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Letter to Shareholders ("**Letter**") is circulated to the shareholders ("**Shareholders**") of M Development Ltd. ("**Company**") together with the Company's annual report for the financial year ended 31 December 2018 ("**Annual Report**"). Its purpose is to provide Shareholders with relevant information pertaining to and to seek Shareholders' approval for the proposed Capital Reduction and Cash Distribution to be tabled at the Annual General Meeting of the Company to be held at 1 Raffles Boulevard, Room 307 Suntec City, Singapore 039593 on 21 June 2019 at 10.30 a.m..

If you are in doubt about its contents or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your ordinary shares in the issued and paid-up capital of the Company, please forward this Letter, the Notice of Annual General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the agent, bank or stockbroker through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the contents of this Letter, including the correctness of any of the statements or opinions made or reports contained in this Letter.



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

LETTER TO SHAREHOLDERS
IN RELATION TO
THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	19 June 2019 at 10.30 a.m.
Date and time of Annual General Meeting	:	21 June 2019 at 10.30 a.m.
Place of Annual General Meeting	:	1 Raffles Boulevard Room 307 Suntec City Singapore 039593

TABLE OF CONTENTS

CONTENTS	PAGE
DEFINITIONS	3
LETTER TO SHAREHOLDERS	
1. INTRODUCTION	6
2. THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION	6
3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	12
4. APPROVALS AND DIRECTORS' RECOMMENDATION	13
5. ANNUAL GENERAL MEETING	13
6. ACTION TO BE TAKEN BY SHAREHOLDERS	13
7. DIRECTORS' RESPONSIBILITY STATEMENT	13
8. DOCUMENTS AVAILABLE FOR INSPECTION	14

DEFINITIONS

In this Letter, the following definitions apply throughout except where the context otherwise requires or otherwise stated:

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	The annual general meeting of the Company to be convened and held on 21 June 2019, the notice of which is set out on pages 68 to 72 of the Annual Report 2018
“Annual Report 2018”	:	The annual report of the Company for FY2018
“Appeals”	:	The litigation commenced against 13 defendants (including Ms Sim Pei Yee, a former director of the Company, as well as persons and entities related to Ms Sim), and the notices of appeal filed on the matter
“Board” or “Directors”	:	The board of directors of the Company for the time being
“Books Closure Date”	:	The time and date, to be determined by the Directors in their absolute discretion as they deem fit and announced by the Company, on and at which the Register of Members and share transfer books of the Company will be closed to determine the entitlements of Shareholders to the payment of the proposed Cash Distribution
“Capital Reduction”	:	The proposed capital reduction exercise to be undertaken by the Company pursuant to Section 78C of the Companies Act to reduce the issued and paid-up share capital of the Company
“Cash Distribution”	:	The proposed cash distribution by the Company to the Shareholders of approximately 0.23 cents in cash for each Share held as at the Books Closure Date pursuant to the Capital Reduction
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	M Development Ltd.
“Constitution”	:	The constitution of the Company comprising the memorandum and articles of association of the Company, as amended, supplemented or modified from time to time
“Effective Date”	:	The date on which the Capital Reduction becomes effective
“Entitled Shareholders”	:	Persons registered in the Register of Members and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date
“EPS”	:	Earnings per share
“Expected Payment Date”	:	The payment date for Shareholders’ entitlements to Cash Distribution under the Capital Reduction, to be announced by the Company in due course

DEFINITIONS

“FY”	:	Financial year ended or ending 31 December, as the case may be
“Latest Practicable Date”	:	23 May 2019, being the latest practicable date prior to the printing of this Letter
“Letter”	:	This letter to Shareholders dated 30 May 2019
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NAV”	:	Net asset value
“Register of Members”	:	Register of members of the Company
“Securities Account”	:	A securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
“Securities and Futures Act”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors into whose Securities Accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Solvency Statement”	:	Solvency statement required pursuant to Section 78C of the Companies Act
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares of the Company
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“Waiver”	:	An extension of time to meet the requirements for a new listing under Rule 1018(2) of the Listing Manual
“%” or “per cent”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act. The term “**Subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

DEFINITIONS

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the Listing Manual or any modification thereof and not otherwise defined in this Letter shall have the same meaning assigned to it under the Companies Act, the Securities and Futures Act, the Listing Manual or any modification thereof, as the case may be.

Any reference in this Letter to a time of day shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Letter between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Letter may not be an arithmetic aggregation of the figures that precede them.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

LETTER TO SHAREHOLDERS

M DEVELOPMENT LTD.

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

Directors

Huang Wen-Lai (Executive Chairman, Director)
Li Liping (Executive Director)
Chin Yew Choong David (Non-Executive Non-Independent Director)
Dali Kumar Bin Sardar (Independent Director)
Yap Kian Peng (Independent Director)

Registered Office

4 Shenton Way #17-01
SGX Centre 2
Singapore 068807

30 May 2019

To: The Shareholders of M Development Ltd.

Dear Sir/Madam

THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

1. INTRODUCTION

- 1.1 The Directors refer to the Notice of AGM dated 30 May 2019 accompanying the Annual Report 2018, convening the AGM, which is scheduled to be held on 21 June 2019 at 10.30 a.m. at 1 Raffles Boulevard, Room 307 Suntec City, Singapore 039593, and are proposing to seek the approval of the Shareholders for the proposed Capital Reduction and Cash Distribution, which were announced on 7 May 2019.
- 1.2 The purpose of this Letter, to be circulated to Shareholders together with the Company's Annual Report 2018, is to provide Shareholders with relevant information pertaining to and to seek Shareholders' approval for the proposed Capital Reduction and Cash Distribution to be tabled at the AGM. Details of the Capital Reduction and Cash Distribution, including the rationale for and the benefits to the Company, are set out in Section 2 below.
- 1.3 Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Letter, including the correctness of any of the statements or opinions made or reports contained in this Letter.

2. THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

2.1 Introduction

The Company is proposing to undertake the Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act.

Section 78C of the Companies Act requires that a public company proposing to undertake a capital reduction exercise should, *inter alia*, obtain the approval of its shareholders at a general meeting by way of a special resolution to be tabled at such general meeting.

The purpose of the Capital Reduction is to return to the Shareholders surplus capital of the Company in excess of its needs by way of the Cash Distribution of approximately 0.23 cents for each Share.

The Company will make the Cash Distribution of the sum of S\$4,500,000 (equal to approximately 0.23 cents per Share to Shareholders), based on the issued and paid-up share capital of the Company of S\$46,226,000 comprising 1,921,637,787 Shares as at the Latest Practicable Date, subject to the conditions in Section 2.6 below having been satisfied.

LETTER TO SHAREHOLDERS

The actual amount to be returned to Shareholders pursuant to the Capital Distribution will be based on the issued and paid-up share capital of the Company as at the Books Closure Date.

In determining the Cash Distribution to Shareholders, the Board has ensured that the Company has retained sufficient capital to support its existing operations and pay its debts. As at the Latest Practicable Date, the aggregate outstanding debts of the Company amount to approximately S\$200,100.

Pursuant to this and in compliance with the provisions of Section 78C of the Companies Act, all the Directors will each make a Solvency Statement confirming that:

- (a) as regards the Company's situation at the date of the Solvency Statement, there is no ground on which the Company could be found to be unable to pay its debts;
- (b) where:
 - (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the Solvency Statement, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the Solvency Statement; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed Capital Reduction, become less than the value of its liabilities (including contingent liabilities).

Copies of the Solvency Statements signed by the Directors will be available for inspection at the AGM, as well as at the registered office of the Company throughout the six (6) weeks beginning with the date of the AGM.

The aggregate amount of cash to be paid to each Shareholder pursuant to the Capital Reduction and Cash Distribution will be adjusted by rounding down any fractions of a cent to the nearest cent, where applicable.

The Capital Reduction and Cash Distribution will not result in a cancellation of Shares, or a change in the number of Shares issued by the Company immediately after the Capital Reduction and Cash Distribution.

2.2 Rationale of the Capital Reduction and Cash Distribution

The Company refers to its announcements made on 21 May 2015, 18 September 2015, 30 October 2015, 15 January 2016, 11 October 2016, 22 September 2017, 7 November 2018 and 20 December 2018 regarding the litigation commenced against 13 defendants (including Ms Sim Pei Yee, a former director of the Company, as well as persons and entities related to Ms Sim), and the notices of appeal filed on the matter ("**Appeals**").

Pending the outcome of the Appeals, the Board is of the view that surplus cash capital should be returned to the Shareholders by way of the Capital Reduction and Cash Distribution.

In addition, by way of background, the Company has been a cash company pursuant to Rule 1018 of the Listing Manual since 8 September 2017. Trading in the Company's securities was suspended after 5.05 p.m. on 11 September 2017. Subsequently, the Company was granted an extension of time by SGX-ST to meet the requirements for a new listing under Rule 1018(2) of the Listing Manual until 7 March 2019 ("**Waiver**"). As announced on 7 December 2018, the Company was informed by the SGX-ST on 5 December 2018 that the Waiver was no longer effective due a failure to meet the Waiver conditions. Pursuant to Rule 1018(2) of the Listing Manual, no further extension

LETTER TO SHAREHOLDERS

will be granted and the Company will be removed from the Official List of SGX-ST, and a cash exit offer in accordance with Rule 1309 of the Listing Manual should be made to Shareholders within six (6) months.

Under Rule 1309 of the Listing Manual, if an issuer is seeking to delist from the SGX-ST, a reasonable exit alternative, which should normally be in cash, should be offered to its Shareholders. With reference to Rule 1306 of the Listing Manual, the Company notes that for the purposes of Rule 1309, a reasonable exit offer may include a voluntary liquidation of the issuer's assets and distribution of cash back to Shareholders.

In view of the foregoing, the Company will submit an exit offer to SGX-ST at the appropriate juncture. The timing and nature of the submission of the exit offer will depend on the outcome of the pending Appeals. As there is no certainty as to when the Appeals will be resolved, the Directors are of the view that the carrying out of the Capital Reduction in the interim would enable a significant portion of the surplus share capital to be returned to Shareholders, as opposed to being retained in the Company. The Board will update Shareholders with further details of the exit offer and Appeals in due course.

2.3 Details of the Capital Reduction and Cash Distribution

The Capital Reduction and Cash Distribution will be effected in the following manner:

- (a) reducing the issued and paid-up share capital of the Company by S\$4,500,000 from S\$46,226,000 (as at the Latest Practicable Date) to S\$41,726,000; and
- (b) the Cash Distribution of the sum of S\$4,500,000 (equal to approximately 0.23 cents per Share to Shareholders), based on the issued and paid-up share capital of the Company of S\$46,226,000 comprising 1,921,637,787 Shares as at the Latest Practicable Date, will be paid out to the Shareholders.

The Cash Distribution amount of S\$4,500,000 comprises the issued and paid-up capital in excess of the immediate requirements of the Company.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$46,226,000. Upon completion of the Capital Reduction, the Company will have an issued and paid-up share capital of S\$41,726,000.

2.4 Illustration

The following illustrates the position of a Shareholder who holds 100 fully paid-up Shares as at the Books Closure Date:

	Shareholder
<u>Position before the Capital Reduction</u>	
Number of Shares currently held	100
<u>Position after the Capital Reduction</u>	
Cash Distribution received (cents)	23
Number of Shares held after the Capital Reduction	100

In summary, Shareholders will receive approximately 23 cents in cash for every 100 Shares (or approximately 0.23 cents in cash for each Share) held as at the Books Closure Date. Shareholders holding odd lots of Shares (i.e. lots other than board lots of 100 Shares) will likewise receive approximately 0.23 cents in cash for each Share held by them or on their behalf as at the Books Closure Date. The shareholding of each Shareholder in the Company shall remain unchanged immediately after the Capital Reduction and Cash Distribution.

LETTER TO SHAREHOLDERS

2.5 Financial Effects of the Capital Reduction and Cash Distribution

For illustrative purposes only and based on the latest audited consolidated financial statements of the Company for FY2018, the pro forma financial effects of the Capital Reduction and Cash Distribution on the Company are set out below.

The pro forma financial effects are calculated based on the assumptions that:

- (i) the computation does not take into account any expenses that may be incurred in relation to the Capital Reduction and Cash Distribution;
- (ii) the Capital Reduction and Cash Distribution were completed on 31 December 2018 being the end of FY2018;
- (iii) the NAV per Share is computed based on the 1,921,637,787 Shares in issue, as at 31 December 2018; and
- (iv) the cash required for distribution will be generated through liquid cash resources on hand.

The Directors note that the pro forma financial effects have been prepared solely for illustrative purposes and do not purport to be indicative or a projection of the results and financial position of the Company after the Capital Reduction and Cash Distribution have been effected.

(a) Share Capital

The Capital Reduction and Cash Distribution will not have any impact on the number of Shares held by Shareholders after the Capital Reduction and Cash Distribution. The pro forma financial effects of the Capital Reduction and Cash Distribution on the share capital of the Company for FY2018 are as follows:

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Number of issued Shares	1,921,637,787	1,921,637,787
Number of issued Shares	1,921,637,787	1,921,637,787
Amount of share capital (S\$)	46,226,000	41,726,000

(b) EPS

The Capital Reduction and Cash Distribution will have no impact on the EPS of the Company.

(c) NAV

The pro forma financial effects of the Capital Reduction and Cash Distribution on the NAV of the Company for FY2018 are as follows:

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Net asset (S\$'000)	4,643	143
Number of issued Shares	1,921,637,787	1,921,637,787
NAV per Share (S\$)	0.24	Not meaningful

LETTER TO SHAREHOLDERS

(d) Gearing

The pro forma financial effects of the Capital Reduction and Cash Distribution on the gearing ratio of the Company for FY2018 are as follows:

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Total borrowings (S\$'000)	120	120
Net assets (S\$'000)	4,643	143
Gearing (%)	2.6	83.9

(e) Return on Equity

The pro forma financial effects of the Capital Reduction and Cash Distribution on the return on equity of the Company for FY2018 are as follows:

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Loss attributable to Shareholders (S\$'000)	1,643	1,643
Return on Equity (%)	-35.4	-1148.9

2.6 Conditions of the Capital Reduction and Cash Distribution

The Capital Reduction and Cash Distribution are subject to, *inter alia*, the following conditions:

- (a) the clearance of this Letter to Shareholders on the Capital Reduction by SGX-ST;
- (b) Shareholders' approval by way of a special resolution of the Capital Reduction at the AGM, to be approved by a majority of not less than three-fourths of the Shareholders present and voting at the AGM, of which not less than 21 days' notice of the AGM shall have been given;
- (c) the Directors making the Solvency Statement in relation to the Capital Reduction and compliance with other relevant solvency requirements as required by the Companies Act;
- (d) the Company complying with the relevant publicity requirements as prescribed in the Companies Act;
- (e) lodgment with ACRA of copies of the Solvency Statements and the Capital Reduction resolution, within 15 days beginning with the date of the Capital Reduction resolution;
- (f) no application being made for the cancellation of the Capital Reduction resolution by any creditor of the Company within the timeframe prescribed in the Companies Act, or if such application was made, the dismissal thereof by the judicial authorities; and
- (g) lodgment of the relevant documents with ACRA after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Capital Reduction resolution.

LETTER TO SHAREHOLDERS

2.7 Effective Date of Capital Reduction

As set out in Section 2.6 above, the Capital Reduction is subject to the satisfaction or, *inter alia*, the conditions set out therein.

After Shareholders' approval has been obtained for the Capital Reduction at the AGM, the Company will lodge with ACRA a notice containing the text of the Capital Reduction resolution. If no creditor of the Company objects to, and applies to the High Court of Singapore for the cancellation of, the Capital Reduction resolution, the Company will lodge further requisite documents with ACRA as provided under Section 78E(2) of the Companies Act after the end of six (6) weeks, and before the end of eight (8) weeks, beginning with the date of the Capital Reduction resolution upon which the Capital Reduction will take effect.

The Company will then publicly announce and notify Shareholders of the Effective Date of the Capital Reduction through an SGXNET announcement.

2.8 Administrative procedures for the Capital Reduction and Cash Distribution

The following paragraphs set out the administrative procedures for the Capital Reduction and Cash Distribution.

Books Closure Date

The Register of Members will be closed as at a time and date to be determined by the Directors, for the purpose of determining Shareholders' entitlements pursuant to the Cash Distribution. The Company will announce the Books Closure Date as soon as practicable after the conditions of the Proposed Capital Reduction have been satisfied.

The Entitled Shareholders will be considered for purposes of the Capital Reduction on the basis of the number of such Shares registered in their names or standing to the credit of their Securities Accounts as at the Books Closure Date. Accordingly, the Entitled Shareholders will receive a sum of approximately 0.23 cents for each Share held by them as at the Books Closure Date to be determined.

If, however, a creditor objects to, and makes an application to the High Court of Singapore for the cancellation of, the Capital Reduction resolution, within the prescribed time periods, the Capital Reduction will only take effect if the High Court of Singapore dismisses the creditor's application.

Subject to the satisfaction of the conditions set out in Section 2.6 above, the Company will make announcement(s) to notify Shareholders of the Effective Date of the Capital Reduction and the date of payment pursuant to the Cash Distribution in due course.

Payment of the Cash Distribution

Payment pursuant to the Cash Distribution will be made in the following manner:

(a) Shareholders holding Scrip Shares

Shareholders whose Shares are registered in the Register of Members as at the Books Closure Date will have the cheques for payment of their entitlements to the Cash Distribution under the Capital Reduction despatched to them by ordinary post at their own risk addressed to their respective addresses in the Register of Members on the Expected Payment Date. The Company shall not be liable for any loss in transmission.

(b) Depositors

Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Books Closure Date will have the cheques for payment of their respective entitlements to the Cash Distribution under the Capital Reduction despatched to

LETTER TO SHAREHOLDERS

them by CDP by ordinary post at their own risk on the Expected Payment Date. Neither the Company nor CDP shall be responsible or liable for any loss in transmission. Alternatively, such Depositors will have payment of their respective entitlements to the Cash Distribution under the Capital Reduction made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions on the Expected Payment Date.

Shareholders who hold Shares registered in their own names in the Register of Members and who wish to deposit their Shares with CDP prior to the Books Closure Date must deliver their existing share certificates in respect of their Shares, together with the duly executed instruments of transfer in favour of CDP, at least 12 Market Days prior to the Books Closure Date in order for their Securities Accounts to be credited with the relevant Shares by the Books Closure Date.

2.9 Taxation

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Capital Reduction and Cash Distribution. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

For Singapore income tax purposes, payments made by a Singapore resident company to shareholders pursuant to share capital reductions are generally classified as either a return of capital (which is a capital gain not subject to tax) or a receipt of dividends (which is tax exempt under the one-tier corporate tax system). As such, for Singapore income tax purposes, any gains from such transactions are generally not taxable unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the shareholders.

In relation to the Cash Distribution to be made to Shareholders pursuant to the Capital Reduction, as the amounts which are to be paid to Shareholders pursuant to the Cash Distribution will be paid out of the reduction of the existing issued and paid-up share capital of the Company, the Cash Distribution should generally be regarded as a return of capital and not taxable in Singapore for the Shareholders unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the Shareholders.

Shareholders are advised to consult their own tax advisors as to the precise tax consequences of the Cash Distribution pursuant to the Capital Reduction.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	(%)	No. of Shares	(%)
Directors				
Mr Huang Wen-Lai	27,269,818	1.42	—	—
Ms Li Liping	231,000,000	12.02	—	—
Substantial Shareholders				
Chong Thim Pheng Winstedt	162,500,000	8.46	—	—
Li Liping	231,000,000	12.02	—	—
Wang Ming Liang	514,882,000	26.79	—	—

LETTER TO SHAREHOLDERS

Notes

- (1) The above percentages are calculated based on 1,921,637,787 ordinary shares in the issued and paid-up of the Company as at the Latest Practicable Date.

Other than as disclosed in this section of this Letter, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Capital Reduction and Cash Distribution (other than through their shareholdings, if any, in the Company).

4. APPROVALS AND DIRECTORS' RECOMMENDATION

4.1 Capital Reduction and Cash Distribution

After having considered, amongst other things, the terms and/or rationale of the Capital Reduction and Cash Distribution, the Directors are of the view that the Capital Reduction and Cash Distribution are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Capital Reduction and Cash Distribution.

- 4.2 In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

5. ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 68 to 72 of the Annual Report 2018, will be convened at 1 Raffles Boulevard, Room 307 Suntec City, Singapore 039593 on 21 June 2019 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the resolution relating to the Capital Reduction and Cash Distribution.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807 not later than 48 hours before the time fixed for the AGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes. In such event, the relevant Proxy Form will be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP as at 72 hours before the AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Capital Reduction and Cash Distribution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

LETTER TO SHAREHOLDERS

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807 during normal business hours from the date of this Letter up to and including the time and date of the AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report 2018.

Yours faithfully

For and on behalf of the Board of Directors of
M DEVELOPMENT LTD.

Huang Wen-Lai
Executive Chairman and Director

This page has been intentionally left blank.

