Development Limited

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

UPDATE ON THE LOAN TO VISUALEDGE TECHNOLOGY CO., LTD.

*Unless otherwise defined, all capitalised terms used herein shall have the same meanings given to them in the announcements dated 7 October 2014, 10 September 2015 and 26 September 2016 (the "**Announcements**").*

The board of directors (the "**Board**") of M Development Ltd (the "**Company**") refers to the Announcements and is pleased to announce that Visualedge has remitted S$7,000,000.00 to the Company for repayment of the principal amount of S$7 million ("**Principal**") under the Loan today. As announced on 26 September 2016, the Company will continue to engage and discuss with Visualedge on the payment of the interest payable on the Loan.

In addition, the Company had also received further queries below from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 27 September 2016 in connection with the Loan. In this regard, the Company sets out its responses to the SGX-ST's queries below for shareholders' information.

SGX-ST Query 1

The Company disclosed on 15 August 2016 that "the Company does not foresee any issue with respect to the collection of full repayment of S$7 million loan extended to Visualedge Technology Co. Ltd due on 24 August 2016." Please disclose the basis for this statement and what the Board had undertaken to verify this information before responding to SGX's query on this matter.

Company's Response

On 15 August 2016, the Company had no reason to suspect or doubt that Visualedge would not be able to make full repayment of the Principal, together with any and all interest outstanding thereon (collectively, the "**Outstandings**") by 24 August 2016 ("**Original Repayment Date**") as Visualedge, as far as the Company was aware, was still carrying on business as usual. Accordingly, the Company did not foresee any issue with respect to the repayment of the Outstandings by the Original Repayment Date.

In fact, on 23 August 2016, Visualedge informed the Company via email that it would remit the Outstandings by the Original Repayment Date and asked for the Company's bank account details for the remittance.

SGX-ST Query 2

Please explain why the Board did not update the market on the status of the S$7 million loan (the "Loan") when the Loan matured on 24 August 2016, given that the Company had represented on 15 August 2016 that it "will make the relevant disclosures as and when there are any material developments".

Company's Response

As Visualedge had, on 23 August 2016, informed the Company that it was making arrangements to remit the Outstandings, the Company planned to release an announcement once the Company received the repayment of the Outstandings.

SGX-ST Query 3

Please elaborate on the reasons for the "unexpected delay" in Visualedge Technology Co. Ltd ("**Visualedge**") making repayment.

Company's Response

The Company understands from Visualedge it had intended to remit the Outstandings from its bank account in Hong Kong. The Company further understood from Visualedge that the repayment of the Outstandings was delayed as banks in Hong Kong had put in place more stringent controls in their procedures and consequently Visualedge's bank in in Hong Kong had required Visualedge to provide further documentation and information.

SGX-ST Query 4

Given that Visualedge is in default, please disclose the Company's rights under the Loan agreement and the Board's actions to seek repayment in cash of the significant amount of S$7 million with interest.

Company's Response

Pursuant to Clause 7 of the Loan Agreement, failure of Visualedge to repay the Loan is an event of default. Upon the occurrence of an event of default, the Company is entitled to enforce the security granted by Visualedge in favour of the Company. The Loan is secured by an assignment of Visualedge's rights, title and interest of the following to the Company:

(a) the receivables of Visualedge's convertible loan issued to PT ISJ;

(b) the conversion option note to convert the indebtedness into equity interest of PT ISJ (the "**Convertible**"); and

(c) the proceeds from the enforcement of the deed of share pledge entered into between the shareholders of PT ISJ and Visualedge,

(collectively, the "**Security Package**").

Subsequent to the Original Repayment Date, the Company has followed up with Visualedge by emails on the repayment of the Outstandings. The Company finally issued a letter of demand to Visualedge on 21 September 2016 to demand immediate payment.

SGX-ST Query 5

In response to SGX's query on 22 September 2016, the Company responded on 26 September 2016 that it was informed of Visualedge's proposal on 22 September 2016. Please disclose the specific steps taken by the Company on specific dates to recover the Loan and enforce its rights against Visualedge after the Original Repayment Date, including whether the Company had sent any letters of demand to Visualedge prior to SGX's query.

Company's Response

On 23 August 2016, Visualedge informed the Company via email that Visualedge would remit the Outstandings by the Original Repayment Date and asked for the Company's bank account details for the remittance.

On the Original Repayment Date, the Company had followed up with Visualedge on the status of the remittance and asked for the proof of remittance.

Subsequent to the Original Repayment Date, the Company had followed up with Visualedge on the repayment of the Outstandings via emails on 5 September 2016 and 21 September 2016.

On 21 September 2016, the Company sent a letter of demand to Visualedge to demand Visualedge to make immediate repayment of the Outstandings.

Visualedge informed the Company on 22 September 2016 that:

(a) the Principal would be remitted to the Company by the end of September 2016; and

(b) after the repayment of the Principal, Visualedge would discuss with the Company the balance amount of the Outstandings, being the accrued and default interest payable on the Principal.

The Company had sent the letter of demand to Visualedge prior to the SGX's query on 22 September 2016.

SGX-ST Query 6

Please explain, if applicable, why the Company has not demanded full and immediate repayment of the Principal and Outstandings on the due date when it was confident of collecting the full repayment based on its announcement of 15 August 2016.

Company's Response

The Company had not demanded full and immediate repayment of the Outstandings on the Original Repayment Date because the Company had no reason to suspect or doubt that Visualedge would not be able to make full repayment of the Outstandings. Further, Visualedge had on 23 August 2016 informed the Company that it was making arrangements to remit the Outstandings to the Company. Accordingly, the Company had expected the repayment of Outstandings soon after the due date and hence did not issue any demands for full and immediate repayment on the due date.

SGX-ST Query 7

If the Company has not enforced any of its rights against Visualedge, please explain how the directors are acting in the best interests of shareholders. Please note that any acquisition of shares will be subject to shareholders' approval under Rule 1014, where any of the thresholds calculated under Rule 1006 amount to 20% or more.

Company's Response

Given that Visualedge has informed the Company that it was making arrangements to remit the Outstandings to the Company, the Directors are of the view that it would be in the best interest of the shareholders to try to resolve this amicably with Visualedge without the need to resort to enforcement proceedings, which would require the Company to incur additional costs and may result in lengthening the time taken for the Company to be repaid.

BY ORDER OF THE BOARD

M Development Ltd

Huang Wen-Lai

Executive Chairman and Director

29 September 2016