Development Limited

Annual Report 2015

Contents

Letter to Shareholders

Dear Shareholders:

The Board of Directors of M Development Ltd ("the Company") wishes to present its FY2015 Annual Report to the shareholders.

During the year, the Company engaged a firm to conduct an internal inquiry into the operations and affairs of the Company's subsidiary, Winsta Holding Pte Ltd and its seven subsidiaries (the "Subsidiaries").

These professional reports highlighted a series of undisclosed interested party transactions.

The Board of Directors of the Subsidiaries have taken the view that these undisclosed interested party transactions, and other acts uncovered in the course of the review, constitute actionable wrongs and breaches of duties on the part of certain executive directors and officers of the Subsidiaries.

Accordingly, the Subsidiaries commenced legal proceedings on 20 May 2015 against a total of thirteen defendants who are alleged to have been responsible for and/or connected with these wrongful activities and misconducts (the "Litigation").

Separately, a professional management agent was appointed to assist in the operations of the Subsidiaries and they reported that the 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.

In light of the above, the Subsidiaries were placed under creditors' voluntary liquidation on 3 August and 4 August 2015. As such, the performance of the Subsidiaries have been reclassified as discontinued operations. Following the Subsidiaries' liquidation, the Company successfully obtained an order to be substituted in their place as a direct party to the Litigation, which it intends to prosecute vigorously as the best means of achieving positive returns for shareholders. Going forward, the Subsidiaries are unlikely to cause further material negative financial impact to the Company.

In FY2015, the revenue of the Group of S$700,000 represents the interest income derived from the loan receivable of S$7,000,000.

Administrative and other operating expenses have increased mainly due to increase in internal audit and legal fees incurred in relation to the Subsidiaries.

As a result of certain non-recurring professional fees and costs incurred during the year and a temporary halt in the Company trading operations, the Company recorded a net loss from continuing operations of S$964,000.

As announced on 29 February 2016, the Company intends to undertake a transfer of the listing of the Company from the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") to Catalist, the sponsor-supervised listing platform of the SGX-ST ("Catalist"). The exercise is subject to, inter alia, your approval as shareholders at an extraordinary general meeting to be convened and the in-principle approval of the SGX-ST.

At the same time, the Company is taking steps to improve the financial performance of the Company as well as actively looking at and considering investments and new potential business. The Company will provide timely updates to the Shareholders as and when there are any material developments.

We would like to take this opportunity to express our deepest gratitude to our stakeholders for the support in the past year as well as the continuous support in the coming year.

From the Board of Directors

Board of Directors of M Development Ltd.

MR. HUANG WEN-LAI
Executive Chairman and Director

Mr. Huang was appointed as an Executive Director of the Company on 15 January 2011 and as Executive Chairman on 30 April 2011.

A self-made entrepreneur, Mr. Huang has vast knowledge and more than 20 years of experience in running a number of successful business venture, including inter alia, businesses in IT & IT-related, chemical & pharmaceutical, international trading as well as real-estate development & investment sectors.

Currently, Mr. Huang is the Board Chairman of Xiamen Sharing Group Co., Ltd, Xiamen Xinyang Benma Technology Co. Ltd. and Luan Benma Pioneer Technology Co. Ltd.

Mr. Huang holds a Diploma in Digital System Section, Department of Electronic Engineering, Ming Hsin Institute of Technology and Commerce.

MS. LI LIPING
Executive Director

Ms. Li was appointed as the Executive Director of the Company on 1 February 2016.

Ms Li worked in China Construction Bank for 18 years. During her career with the bank, she held senior positions in various areas including credit, business relationship and international business. From 2014, she was the deputy general manager of Xiamen Shenshou Science and Technology Co., Ltd. Given her 18 years of experience in banking and finance sector, she brings forth extensive knowledge of management and finance from her academic and professional career.

She holds a Bachelor Degree in International Finance and a Master of Business Administration from Xiamen University.

MR. CHIN YEW CHOONG DAVID
Independent Director

Mr Chin was appointed as an Independent Director of the Company on 2 October 2009. He is currently the Chairman of the Nominating Committee and the Remuneration Committee. Mr. Chin is also a Member of the Audit Committee.

Mr Chin is currently a Director in the Regional Desk Practice of Rajah & Tann Singapore LLP. He was previously with Drew & Napier since 1985 and became a partner in 1992. Upon incorporation in 2001, he was a director of Drew & Napier LLC until 2012. He became a Consultant with Drew & Napier LLC from 2012 until 2015 after which he joined Rajah & Tann Singapore LLP.

Mr Chin graduated with a Bachelor of Laws (Honours) degree from the National University of Singapore and was called to the Bar in 1985.

Board of Directors of M Development Ltd.

MR. DALI KUMAR BIN SARDAR
Independent Director

Mr. Sardar was appointed as a Non-Executive Director of the Company on 29 August 2003. Mr. Sardar has been re-designated from Non-Executive Director to Executive Director of the Company on 1 October 2009 to assume an executive role to oversee the management of the Group. Subsequently with 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 Director.

Mr. Sardar is currently a member of the Nominating Committee, Remuneration Committee, Audit Committee and Special Committee.

With a background in banking and finance, he brings to the board over 27 years of valuable experience having spent 14 years in Citibank. He is now Director of DTA Capital Partners Sdn Bhd, a boutique corporate finance company involved mainly in venture capital, equity and debt raising, mergers and acquisitions, IPO planning and various forms of corporate restructuring. Previously, Mr. Sardar was CEO of Utama Merchant Bank Bhd. Between 1991 and 1996, he was with Citicorp Capital - first as Executive Director, then as Managing Director from 1994. Mr. Sardar was also the previous Chairman and Treasurer of the Malaysian Venture Capital Association.

Currently, he sits on the board of directors of several other companies: Chuan Huat Resources Bhd, DTA Ventures Management Sdn Bhd, DTA Ventures II Sdn. Bhd., DTA Growth Fund Sdn. Bhd., XCT Sdn Bhd and MAVCAP ICT Sdn Bhd.

Mr. Sardar holds a BA (Economics) degree from Knox College, USA and a MBA in International Management from the American Graduate School of International Management.

MR. YAP KIAN PENG
Independent Director

Mr. Yap Kian Peng was appointed as an Independent Director of the Company on 26 April 2013. He is also the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

He is presently an Executive Director and Deputy Chairman of Jackspeed Corporation Limited which is listed on the SGX-ST.

He was the Executive Director of CKG Chemicals Pte Ltd from 2004 to 2010. From 2001 to 2004, he was employed by Maybank, initially as a Senior Business Development Manager and subsequently as the Team Head of the Trade Finance Business Development Group. From 1998 to 2000, Mr Yap was a Director of You Yi Glass Contractor Pte Ltd, a company engaged in the business of trading glass sheets.

He joined Oversea-Chinese Banking Corporation Limited in 1992 and when he left in 1998, he was an Assistant Manager at the bank. Mr Yap graduated from RMIT University, Australia, with a Bachelor's degree in Business (Business Administration). He is an independent director and the Chairman of the Audit Committee of Seroja Investment Ltd., listed on the SGX-ST. He is also an independent director of Soon Lian Holdings Limited listed on the SGX-Catalist.

Corporate Governance Report

M Development Ltd. (the "Company") is committed to maintaining a high standard of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2012 (the "*Code*"). The Company firmly believes that practising high standards of corporate governance will enhance the effectiveness of the Group, protect the interests of all stakeholders and is key to the growth and continuing success of the Group.

This corporate governance report outlines the corporate governance processes and structures of the Group that were in place throughout the financial year ended 31 December 2015 ("FY2015") with specific reference made to the principles and guidelines of the Code, which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

A. BOARD MATTERS

PRINCIPLE 1*:* THE BOARD'S CONDUCT OF AFFAIRS

Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the success of the company. The board works with the management to achieve this and the management remains accountable to the board.

The Board of Directors (the "Board") is responsible for the long-term success of the Company and works closely with Management to achieve this objective. As such, the role of the Board includes:

(a) providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the assets of the Company;

(c) reviewing Management performance;

(d) identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;

(e) setting the Group's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;

(f) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Currently, the Board comprises two Executive Directors and four Independent Directors. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

To assist the Board in the execution of its responsibilities, various Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), have been constituted. The Board Committees function within clearly defined boundaries and limits of authority as set out in their respective terms of reference, which are reviewed on a regular basis by the Board. To assist the Board in overseeing the activities of the Board Committees, the minutes of the various Board Committee meetings are circulated to the Board.

The Board meets at least twice in each financial year and as and when deemed appropriate by the Board. The Articles of Association of the Company permits Board meetings to be held via audio or video conferencing and other similar means of communication.

Corporate Governance Report

The Board met four times in FY2015. The details of the attendance of each Director in Board and Board Committee meetings are as follows:

	Board Meetings		AC Meetings		RC Meetings		NC Meetings	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Huang Wen-Lai	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr Chin Yew Choong David	4	4	2	2	1	1	1	1
Mr Yap Kian Peng	4	4	2	2	1	1	1	1
Mr Dali Kumar Bin Sardar	4	4	2	2	1	1	1	1
Ms Sim Pei Yee[(1)]	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr Wu BingQing[(2)]	1	1	1	1	1	1	1	1

Notes:

(1) Ms Sim Pei Yee was not re-elected as a Director of the Company at the last Annual General Meeting ("AGM") held on 28 April 2015.

(2) Mr Wu BingQing resigned as a Director of the Company on 28 April 2015 and ceased to be a member of the AC, RC and NC.

The Board has adopted internal policies and procedures, which set out defined limits of authority in relation to capital expenditure, bank facilities, cheque signatories and material transactions. Material transactions exceeding the defined limits require prior approval from the Board. Examples of such material transactions include mergers, acquisitions, divestments and the entry into joint ventures.

In addition, Board approval is also required for other specific matters, for example, transactions involving conflict of interests between the Company and any substantial shareholder or Director, major financial and investments prospects, material acquisition and disposal of assets, corporate and financial restructuring, share issuances, distribution of dividends and other returns to shareholders and other matters requiring Board approval under the Company's interested person transaction policy.

Newly appointed Directors are issued with a formal letter of appointment setting out his statutory duties and other duties and obligations. All newly appointed Directors receive an extensive, comprehensive and tailored induction on joining the Board. The induction includes, but is not limited to, a briefing on a Director's duties, obligations and responsibilities and how to effectively and objectively discharge these duties in good faith and a comprehensive orientation program to ensure familiarity with the Group's business, operations, financial and related matters and governance practices. Newly appointed Directors are provided with information and updates on the Group's corporate governance practices and are invited to visit the operational facilities of the Company so as to enable them to obtain a better perspective of the business activities and operational matters of the Company. They newly appointed Directors are also introduced to Management. In addition, training in areas such as accounting, legal and industry-specific knowledge is made available to newly appointed Directors.

The Company recognises that it is important for all Directors to receive regular training so as to enable them to effectively discharge their duties. As such, the Board as a whole is updated regularly on changes to the risk management and corporate governance policies of the Company, commercial risks, insider trading restrictions, financial reporting standards and other relevant regulatory requirements. Relevant news releases issued by SGX-ST are also circulated to the Board for their consideration.

Corporate Governance Report

Directors are informed and encouraged to attend appropriate courses, industry conferences and seminars conducted by the Singapore Institute of Directors, SGX-ST and other business and consultants, at the expense of the Company. As Directors are privy to price sensitive information, they are issued with a copy of the Company's Code of Best Practices on Securities Dealings.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises the following Directors:

Executive Directors
Mr Huang Wen-Lai (Chairman)
Ms Li Liping [1]

Independent Directors
Mr Chin Yew Choong David
Mr Yap Kian Peng
Mr Dali Kumar Bin Sardar

[1] *Ms Li Liping was appointed as a Director on 1 February 2016.*

The profiles of each Directors are set out on pages 5 and 6 of this Annual Report.

The Board, taking into account the views of the NC, reviews the independence of each Director annually. In conducting this review, the Board and the NC adopts the definition of an independent director in the Code and considers whether there are any relationships or circumstances that affect a Director's judgment. Each Independent Director is required to confirm his independence by signing a Director's Independence Checklist, which is based on the substantive requirements of the Code. The NC will then vigorously review the Director's Independence Checklist in order to satisfy itself that the substantive principles of the Code are indeed fulfilled.

For FY2015, the NC has assessed the independence of each Director and considers that each of Mr Chin Yew Choong David, Mr Yap Kian Peng and Mr Dali Kumar Bin Sardar is, and continues to be, independent. Each member of the NC had abstained from the deliberations in respect of the assessment on his own independence. The Board concurs with the views of the NC.

The Independent Directors have confirmed that they do not have any relationship with the Group, its related companies, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgment. Further, for FY2015, there are no Independent Directors who have served on the Board for a period exceeding nine years.

As Independent Directors comprise more than half of the Board, there is a strong independent element on the Board which ensures a good balance of power and authority. The Board is of the view that all the Independent Directors have demonstrated a high commitment to their roles as Independent Directors and have exercised their objective judgment in the affairs of the Group.

The NC reviews the size and composition of the Board on an annual basis. In concurrence with the NC, the Board is of the view that the current size of the Board is appropriate for the nature of the business of the Company and the scope of its operations. Further, as the Directors collectively bring with them an abundant pool of resources and expertise in fields such as accounting, finance, management experience, industry knowledge, customer-based knowledge and familiarity with applicable regulatory requirements, the Board is of the view that it has the appropriate balance and diversity of expertise, experience and knowledge of the Company, which allows for the useful exchange of ideas and views during Board meetings. Collectively, the Board is able to provide the necessary core competencies required to function effectively and to make informed decisions.

The role of Independent Directors is to ensure that that the proposals by Management are fully discussed, examined and constructively challenged. The Non-Executive Directors do so by exercising their independent judgment and by providing an alternative perspective to the Group's business. In addition, the Independent Directors evaluate the performance of Management by determining whether Management has met specific goals and objectives, which are pre-determined by the Board.

In order to constitute a more effective check on Management, the Independent Directors are encouraged to meet at least annually, without the presence of Management, to discuss matters such as the financial performance and corporate governance initiatives of the Group.

The Board, through the NC, has used its best efforts to ensure that directors appointed to the Board collectively possess sufficient background, experience, knowledge in the business and necessary financial and management skills which are critical to the Group's business. The Board has also ensured that each Director brings an independent and objective perspective to enable the Board to make sound, balanced and well-considered decisions.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The primary function of the Executive Chairman, Mr Huang Wen-Lai, is to manage the business of the Board and the Board Committees, and to promote harmonious relations with the shareholders of the Company. With regard to the Board proceedings, the role of the Executive Chairman includes:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) ensuring that the conduct of Board activities do not unnecessarily interfere with the operations and business of the Company;

(c) setting guidelines on and ensuring that the communication among the Board, Management and shareholders are timely, accurate, comprehensive and adequate;

(d) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(e) promoting a culture of openness and debate at the Board;

(f) ensuring that all Directors receive complete, adequate and timely information;

(g) encouraging constructive relations within the Board and between the Board and Management;

(h) facilitating the effective contribution of Independent Directors; and

(i) promoting high standards of corporate governance.

The Executive Chairman and the Executive Director assume full executive responsibilities over the business directions and operational decisions of the Group in accordance with the pre-determined goals, strategies and objectives of the Group.

As all major decisions made by the Executive Chairman and/or the Executive Director are reviewed by the AC, NC and RC, which are chaired by Independent Directors, the Board is of the view that there are adequate safeguards, transparency and the appropriate balance of power on the Board for independent decision making.

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment and re-appointment of Directors to the board.

Nominating Committee

The NC comprises three Independent Directors. The NC members are:

Mr Chin Yew Choong David (chairman of the NC)

Mr Yap Kian Peng

Mr Dali Kumar Bin Sardar

The NC is regulated by a set of written terms of reference describing the duties and responsibilities of the NC. The role of the NC includes, but is not limited to:

(a) reviewing the succession plans for the Directors;

(b) developing processes for evaluating the performance of the Board, its Board Committees and Directors and proposing objective performance criteria to carry out such evaluation;

(c) evaluating the performance of each Director to determine if he has adequately fulfilled his duties as a Director, in particular where a Director has multiple board representations;

(d) reviewing the training and professional development programs for the Board;

(e) establishing procedures and reviewing such procedures for the appointment and re-election of Directors;

(f) making recommendations to the Board on all Board appointments and re-elections;

(g) ensuring that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years; and

(h) determining annually, and as and when the circumstance require, whether a Director is independent pursuant to guidelines as set out in the Code by considering whether there are any relationships or circumstances which are likely to affect, or could appear to affect, a Director's judgment.

The NC meets at least once in each financial year.

Corporate Governance Report

The Board has not prescribed a maximum number of listed company board representations for the Directors. The Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. Rather, multiple board representation will widen the experience of such Directions and enable them to offer a broader perspective in carrying out their duties in the Company. The NC ensures that a Director, who has multiple board representations, gives sufficient time and attention to the affairs of the Company. This is done by evaluating whether that particular Director has the capacity to and has been adequately carrying out his duties as a Director based on internal guidelines such as the attendance, responsiveness and the ability to contact that particular Director. All Directors are required to declare their board representations.

For FY2015, each of Mr Chin Yew Choong David and Mr Yap Kian Peng respectively has two and three other directorships in other listed companies. The NC notes, and the Board concurs, that sufficient time and attention has been accorded by each of Mr Chin Yew Choong David and Mr Yap Kian Peng to the affairs of the Company.

As recommended by Guideline 4.5 of the Code, the Board does not encourage the appointment of alternate directors and no alternate director has been appointed to the Board.

All new appointments and re-appointments of directors are first reviewed and considered by the NC and then recommended for approval by the Board. The NC has formalized this process and has adopted procedures for the selection, appointment and re-appointment of Directors, in order to increase transparency of the nominating process. The NC oversees this process by identifying potential candidates and by evaluating the skills, knowledge, experience and the suitability of potential candidates before recommending nominations to the Board. In addition, the NC evaluates the balance of skills and competencies already present on the Board and determines, in consultation with the Executive Chairman and Management, the desired skill sets and qualities of potential candidates. The NC meets with the shortlisted potential candidates before nominating the most suitable candidate to the Board for appointment as Director.

The Company believes that the renewal of the Board should be an on-going process so as to ensure good governance and to maintain its relevance in a rapidly changing business environment. The Directors are required to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Directors who retire are eligible to offer themselves for re-election. By virtue of Article 107 of the Company's Articles of Association, one-third of the Directors are to retire from office by rotation at each AGM. In addition, the Article 117 of the Company's Articles of Association provides that a newly appointed Director must retire and submit himself for re-election at the next AGM following his appointment.

Each member of the NC is required to abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of his own re-nomination as a Director.

In accordance with the Articles of Association of the Company, Mr Huang Wen-Lai and Ms Li Liping will be retiring at the forthcoming AGM. The Board has accepted the recommendation of the NC to re-nominate Mr Huang Wen-Lai and Ms Li Liping as Directors. Each of Mr Huang Wen-Lai and Ms Li Liping has given his/her consent to submit himself/herself for re-election as Directors of the Company.

Corporate Governance Report

The table below provides information pertaining to the date of appointment and date of last re-election of each Director:

Director	Date of first appointment	Date of last re-election
Mr Huang Wen-Lai	15 January 2011	29 April 2013
Ms Li Liping	1 February 2016	-
Mr Chin Yew Choong David	2 October 2009	28 April 2015
Mr Yap Kian Peng	26 April 2013	30 April 2014
Mr Dali Kumar Bin Sardar	29 August 2003	30 April 2014

PRINCIPLE 5: BOARD PERFORMANCE

There should be a formal annual assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC has adopted an evaluation questionnaire to annually assess the performance and effectiveness of the Board as a whole. The evaluation questionnaire focuses on a set of performance criteria, which includes the size and composition of the Board, the Board's access to information pertaining to the Company, the efficiency and effectiveness of Board processes and the standards of conduct of Directors. All Directors are required to complete the evaluation questionnaire. The findings of the evaluation questionnaire are collated and presented to the NC for discussion to determine measures that may be taken to enhance the effectiveness of the Board. The NC will then present the findings of the evaluation questionnaire and make its recommendation to the Board. No individual or group of individuals dominate the Board's decision-making.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

The NC has assessed the performance of the Board and confirms that all Directors have contributed effectively and have demonstrated full commitment to their roles in FY2015. No external facilitator had been engaged for the purpose of this evaluation.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors receive a regular supply of detailed information from Management concerning the Group so that they are fully cognizant of the decisions and actions of Management. The Board has full access to the Group's records and information and is informed of all material events and transactions as and when they occur. This equips the Directors with all necessary information required for their participation in Board meetings. In addition, the Directors are issued with Board Papers prior to Board meetings which contain information from Management on financial, business and corporate issues so as to ensure that the Directors are properly briefed on issues to be considered at Board meetings. However, sensitive or confidential matters that are tabled at Board meetings may be omitted from the Board papers if necessary.

Corporate Governance Report

At all times, Directors have separate and independent access to the Management of the Company, the management of the subsidiaries of the Company, the internal and external auditors of the Company and the Company Secretary on all matters.

Management regularly provides the Board with sufficient background information and explanations on issues requiring the Board's deliberations and deals promptly with any requests for additional information. When deemed necessary by Directors, Management may be invited to attend Board or Board Committee meetings to respond to any queries from the Directors and to provide their input and insight on matters.

The Company Secretary, or, when unavailable, an authorized designate, attends all Board and Board Committee meetings and prepares the minutes for such meetings. The Company Secretary also assists the Executive Chairman in ensuring that Board procedures, the Company's Articles of Association and other applicable rules and regulations are complied with. The Company Secretary further assists in the preparation of the meeting agenda for Board and Board Committees meeting. The appointment and removal of the Company Secretary is a matter reserved for the Board.

In order to fulfil his duties and responsibilities as a Director, each Director may seek independent legal and other professional advice concerning any aspect of the Group's operations or undertakings, at the expense of the Company.

B. REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Remuneration Committee

The RC comprises the following Directors, all of whom are independent:

Mr Chin Yew Choong David (chairman of the RC)
Mr Yap Kian Peng
Mr Dali Kumar Bin Sardar

The RC holds at least one meeting in each financial year and as and when deemed necessary by the RC.

The key functions of the RC under its terms of reference include:

(a) reviewing and recommending to the Board a general framework for the remuneration of the Directors and key management personnel and determining specific remuneration packages for each Executive Director;

(b) reviewing the terms and conditions of the service contract of each Executive Director and key management personnel, in particular reviewing clauses allowing the early termination of the relevant service contracts and the corresponding compensation; and

(c) determining whether any Director is eligible for any benefits under any share option schemes or performance share plans as may be implemented.

Corporate Governance Report

The recommendations of the RC pertaining to the specific remuneration package of each Director and key management personnel is submitted for endorsement by the Board. These recommendations cover all aspects of remuneration, including but not limited to, director's fees, salaries, allowances, bonuses, options, awards, share based incentives and benefits in kind.

In order to ensure a transparent procedure and that each RC member exercises his independent judgment when making recommendations, the members of the RC are not allowed to participate in any decision concerning their own remuneration. No Director is involved in determining his own remuneration.

The RC also has full authority to engage and access independent and professional advice on remuneration matters, at the expense of the Company, if required.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Group's remuneration policy is to provide remuneration packages that are aligned with the long-term interests and risk policies of the Group and appropriate to attract, retain and motivate Directors and key management personnel to manage the Group successfully. In setting remuneration packages, the RC takes into account salary and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the relevant individual.

The RC conducts an annual review of and makes recommendations on the specific remuneration packages and/or terms of employment of each Director, key management personnel and employee who is related to any Director, key management personnel or controlling shareholder of the Company. This ensures that each of such remuneration packages is commensurate with their respective performance after giving due consideration to the financial and commercial health and business needs of the Group. The RC and Board periodically review the performance of the each Director, key management personnel and employee who is related to any Director, key management personnel or controlling shareholder of the Company.

The remuneration of each Executive Director and key management personnel comprises a basic salary component and a variable component. The variable component is based on the performance of the Group and the performance of the relevant individual. Executive Directors do not receive directors' fees.

The Independent Directors do not have service contracts with the Company but are paid directors' fees. The directors' fees comprise a basic fee, fees in respect of service on Board Committees and attendance fees. The directors' fees, which are determined by the Board, are appropriate to the level of contribution by each Independent Director, taking into account factors such as the responsibilities, effort and time spent for serving the Board and Board Committees.

The directors' fees paid to the Independent Directors each year are subject to the shareholders' approval at the forthcoming AGM. The RC has recommended to the Board a total amount of S$210,000 as directors' fees for the financial year ending 31 December 2016 and that payment shall be made quarterly in arrears. This recommendation has been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval. No Director was involved in deciding his own remuneration.

The Company has not adopted any incentive schemes for the Directors, key management personnel and employees of the Company.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key executives, and performance.

The remuneration of each Director for FY2015 is disclosed as follows:

Name of Directors	Salary	Variable or Performance-Related Income, Bonus, Benefits in Kind	Directors' Fee
Remuneration band: Below S$250,000			
Mr Huang Wen-Lai	100%	-	-
Ms Li Liping	-	-	-
Mr Chin Yew Choong David	-	-	100%
Mr Yap Kian Peng	-	-	100%
Mr Dali Kumar Bin Sardar	-	-	100%
Ms Sim Pei Yee (1)	100%	-	-
Mr Wu BingQing (2)	-	-	100%

Notes:

(1) Ms Sim Pei Yee was not re-elected as a Director of the Company at the last AGM held on 28 April 2015.

(2) Mr Wu BingQing has resigned as a Director of the Company on 28 April 2015 and ceased to be member of the AC, RC and NC.

The Company has four key management personnel for FY2015. The remuneration of each key management personnel for FY2015 is disclosed as follows:

Name of Key Management Personnel	Salary	Variable or Performance-Related Income, Bonus, Benefits in Kind
Remuneration band: Below S$250,000		
Mr Lim Moi Hong	100%	-
Ms Sim Pei San	100%	-
Ms Huang Tzu-Ting	100%	-
Mr Sim Poh Ping	100%	-

The Company has not disclosed the aggregate remuneration of each Director and of the four key management personnel due to the confidentiality and commercial sensitivity attached to remuneration matters, as well as the competition for talent in the job market in relation to the skillsets of these personnel in the industry.

Corporate Governance Report

For FY2015, there is an employee who is an immediate family member of a Director and whose respective remuneration exceeds S$50,000. The employee is Ms Huang Tzu-Ting, who is a key management personnel. She received the following remuneration for FY2015:

Remuneration Band & Name of Key Management Personnel	**Salary & Bonus**
S$50,000 to S$100,000 Ms Huang Tzu-Ting [1]	100%
Notes: (1) Ms Huang Tzu-Ting is the daughter of Mr Huang Wen-Lai, the Executive Chairman of the Company.	

Save for Ms Huang Tzu-Ting, there is no other employee of the Company who is an immediate family member of a Director, and whose remuneration exceeds S$50,000 for FY2015.

The RC annually reviews the remuneration package of each employee who is an immediate family member of a Director. This ensures that such remuneration packages are in line with the Group's employee remuneration guidelines and commensurate with his/her job scope and responsibilities. In the event that a member of the RC is related to the employee in question, that member of the RC will abstain from the relevant deliberation and decision.

The service contract of the Executive Chairman, Mr Huang Wen-Lai, is for an initial period of two years and has been extended for a further five years on the same terms and conditions, unless terminated prior to the renewal by either party giving two months' written notice or payment in lieu of notice.

The Executive Director, Ms Li Liping, has a service contract with the Company which sets out the terms and conditions of her appointment and her remuneration. The service contract is for an initial period of two years, with an option by the Company to renew for a further two years on the same terms and conditions, unless terminated prior to the expiry date of the service contract by either party giving one month's written notice or payment in lieu of notice.

The Independent Directors do not have any service contracts with the Company. They are paid directors' fees, which are determined by the Board, appropriate to the level of their contribution, taking into account factors such as the responsibilities, efforts and time spent for serving the Board and Board Committees. Other than directors' fees, Independent Directors do not receive any other remuneration from the Company.

For FY2015 and before Ms Sim Pei ceased as an Executive Director on 28 April 2015, Ms Sim Pei Yee did not draw any remuneration from the Company due to an agreement with Winsta Holding Pte. Ltd, a subsidiary of the Company. Pursuant to this agreement, Ms Sim Pei Yee was remunerated in accordance with her service contract with Winsta Holding Pte. Ltd, where she is currently a director of.

The Company has not adopted any incentive schemes for the Directors, key management personnel and employees of the Company.

Corporate Governance Report

C. ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to shareholders for the management of the Group. In order to fulfil its responsibility to provide a balanced and understandable assessment of the Company's performance, position and prospects, the Board updates the shareholders on the operations and financial position of the Group through half-yearly and full-year results announcements in addition to timely announcements of other matters as prescribed by the relevant rules and regulations. The Board has also taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements of the SGX-ST Listing Manual, by establishing written policies where appropriate.

To ensure that the Board fulfils its responsibilities, Management is accountable to the Board by providing the Board with the necessary updates in relation to the Group's performance. Management provides the Board with information which it may require from time to time, in the discharge of its duties, to effectively monitor and make a balanced and informed assessment of the Company's performance, position and prospects.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound internal controls and risk management practices and affirms its responsibility for the systems of internal controls and risk management of the Group. In this regard, the role of the Board includes:

(a) ensuring that Management maintains a sound systems of risk management to safeguard shareholders' interests and the Group's assets;

(b) determining the nature and extent of significant risks that the Board is willing to take in achieving its strategic objective;

(c) determining the levels of risk tolerance and risk policies of the Company;

(d) overseeing Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems); and

(e) reviewing the adequacy and effectiveness of the risk management and internal control systems annually.

Corporate Governance Report

The Board, assisted by the AC, conducts an annual review of the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems). Management assists the Board in this regard by reviewing the Group's business and operational activities on a regular basis so as to identify areas of significant business risks and appropriate measures to control and mitigate these risks. Currently, the Board has not established a separate risk management committee and is not assisted by an external advisor for this purpose. The Board is currently considering setting up a separate risk management committee and is in consultation with the internal auditor of the Company.

The annual review of the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems) includes, but is not limited to, the review of all internal control policies and procedures, the preparation of a risk management checklist which highlights signification risks and its corresponding mitigation measures to the AC and the Board and the review of the specific management and mitigation actions taken by each business unit in respect of identified risks.

In order to assist the Board in reviewing the adequacy and effectiveness of the Company's internal financial, operational, compliance and information technology controls, the AC conducts periodic reviews and assesses the effectiveness of such key internal controls. The AC meets with the Management, internal auditor and external auditor at least once each financial year to review the internal and external auditors' audit plans. The internal and external auditors will then carry out a review of the effectiveness of key internal controls within the scope of their respective audit plans. Any material non-compliance, weaknesses in internal controls or recommendations from the internal and external auditors is reported to the AC. The AC will ensure that necessary follow-up action is implemented efficiently.

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

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the system of risk management and internal control in place within the Group (including financial, operational, compliance and information technology controls) 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 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 Group, providing reasonable assurance against material financial misstatements or material loss and safeguarding the Group's assets.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board will, on a continuing basis, endeavour to further enhance and improve the Group's system of internal controls and risk management policies.

PRINCIPLE 12: AUDIT COMMITTEE

The board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.

The AC is regulated by a set of written terms of reference, which sets out its duties and responsibilities. The AC comprises the following three Independent Directors:

Mr Yap Kian Peng (chairman of the AC)
Mr Chin Yew Choong David
Mr Dali Kumar Bin Sardar

The AC members bring with them in-depth years of invaluable experience and professional expertise in the financial, legal, consultancy and administrative fields from their previous appointments as directors and senior management in other organisations. The Board is of the view that the AC members have sufficient recent and relevant accounting or related financial management expertise to discharge their responsibilities.

The AC holds meetings at least twice in each financial year. In addition, where the AC has informal discussions on matters requiring urgent attention, such discussions will be formally confirmed and approved by the circulation of written resolutions. For FY2015, the AC held two meetings.

As set out in its terms of reference, the role of the AC includes:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the financial performance of the Company;

(b) reviewing any interested person transactions entered into by the Company;

(c) reviewing the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties) and making relevant reports to the Board;

(d) reviewing the effectiveness of the Company's internal audit function;

(e) reviewing the scope and results of the external audit and the independence and objectivity of the external auditor;

(f) reviewing the scope of non-audit services provided by the external auditor of the Company;

(g) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; and

(h) approving the remuneration and terms of engagement of the external auditor.

The AC commissions and reviews the findings of the above internal investigations. Where there is any suspected fraud or irregularity, failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the operations or the financial position of the Company, the AC will discuss such matters with the external auditors of the Company. The AC ensures that the appropriate follow-up actions are taken. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to Management and resources, which are necessary to enable the AC to discharge its functions properly. The AC also has full access to, and the cooperation of, Management and has full discretion to invite any Director or executive officer of the Company to attend their meetings.

The AC meets with the external auditor and internal auditor, at least annually, without the presence of Management.

The AC has reviewed and is satisfied with the external auditor's independence and objectivity. For FY2015, the amount of audit fees paid to the external auditor was S$83,000. No further non-audit fees were paid to the external auditor for FY2015.

The AC, with the concurrence of the Board, has recommended the re-appointment of Ernst & Young LLP ("Ernst & Young") as the external auditor at the forthcoming AGM of the Company. The Company confirms that Rules 712 and 715 of the SGX-ST Listing Manual have been complied with, specifically, that the accounts of the Company, all its Singapore incorporated subsidiaries and significant foreign subsidiaries are audited by Ernst & Young.

The Board has established a whistle-blowing policy, endorsed by the AC to allow employees, customers, other stakeholders and any other persons to raise concerns or observations, in confidence, to the Board about possible irregularities or improprieties in financial or other operational matters. If such concerns or observations are raised, the Board ensures that independent investigation and appropriate follow-up action takes place. For FY2015, no reports have been received under the whistle-blowing policy.

For FY2015, the AC has:

(a) held one meeting with Management;

(b) reviewed the annual audit plan, including the nature and scope of the internal and external audits before commencement of these audits;

(c) reviewed and approved the financial statements of the Company for FY2015;

(d) met with the external auditor and internal auditor, without the presence of Management, to obtain feedback on any concerns that warrant the attention of the AC and on the cooperation of Management during the audit process;

(e) reviewed the adequacy of audit arrangements, with particular emphasis on the scope and quality of the audits and the independence and objectivity of the auditors;

(f) reviewed the non-audit services provided by the external auditor to ensure that provision of such services will not affect the independence of the external auditor;

(g) recommended the re-appointment of Ernst & Young as the external auditor of the Company in the forthcoming AGM; and

(h) reviewed the risk management procedures and mitigation measures taken by Management.

PRINCIPLE 13: INTERNAL AUDIT

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group has outsourced its internal audit function to BDO LLP ("BDO"), an independent accounting and consultancy firm. The objective of the internal audit function is to determine whether the Group's key controls and governance processes are adequate and functioning in the required manner.

BDO carries out its functions under the direction of the AC and conducts its reviews in accordance with the audit plan approved by the AC. BDO reports their findings and makes recommendations to the AC and administratively to Management at least annually. The reports and recommendations of BDO are submitted to the AC for discussion and deliberation. To ensure timely and adequate closure of audit findings, the status of the implementation of the actions as agreed by Management is tracked and discussed with the AC. In addition, Management will update the AC on the status of the remedial action plans.

BDO has full access to all of the Group's documents, records, properties and personnel, including access to the AC. BDO carries out its function in accordance with the standards of the Professional Practice of internal Auditing set out by the Institute of Internal Auditors Singapore.

In accordance with the audit plan approved by the AC, BDO conducts an annual review of the effectiveness of the Group's material internal controls. Material non-compliance, failures in internal controls and recommendations for improvements are reported to the AC.

The AC periodically reviews the internal audit reports and activities and the effectiveness of the Company's internal audit function. The AC is of the view that the internal audit function is adequately resourced to perform its functions and has appropriate standing within the Group.

PRINCIPLE 14: SHAREHOLDER RIGHTS

Companies should treat all shareholders fairly and equitable, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

In line with the Continuing Obligations of the Group pursuant to the SGX-ST Listing Manual, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The shareholders are informed of the rules, including voting procedures, which govern general meetings of shareholders.

The Articles of Association of the Company allow a shareholder to attend and vote in person or to appoint one or two proxies to attend and vote on behalf of that shareholder. The Articles of Association of the Company do not allow a shareholder to vote in absentia. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the general meetings of shareholders as observers without being constrained by the two-proxy rule.

Corporate Governance Report

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes in timely, fair and adequate disclosure of relevant information to the shareholders and investors so that they will be apprised of developments that may have a material impact on the price or value of the Company's securities. The Company does not practice selective disclosure. In this respect, the Board presents a balanced and informed assessment of the Group's performance, position and prospects in its announcements, including half-year and full-year results, all of which are released through SGXNet (www.sgx.com). This is in compliance with the Continuing Obligations of the Company pursuant to the SGX-ST Listing Manual, the Securities and Futures Act and the Companies Act.

The Company also strives to be as descriptive, detailed and forthcoming as possible. The Company has a policy that where there is inadvertent disclosure made to a selected group, the Company will ensure that the information is disclosed publicly to all others as soon as practicable.

The Company does not have a formal dividend policy. The Board considers the Company's capital structure, cash requirements and future plans in deciding whether to declare dividends or not. The Company has not distributed dividends for FY2015 due to volatile market conditions.

PRINCIPLE 16: GREATER SHAREHOLDER PARTICIPATION

Companies should encourage greater shareholder participation at AGMs and allow shareholders the opportunity to communicate their views on various matters affecting the company.

All shareholders will receive the Annual Report, notice of general meetings and circulars within the time period as prescribed by the relevant regulations. In addition, notices of general meetings are also published in the Business Times and released through SGXNet (www.sgx.com).

At general meetings of shareholders, the shareholders will be given the opportunity to voice their views and direct any questions regarding the affairs of the Company to the Directors or Management. The chairpersons of the Board Committees are present at the AGM of the Company to address any queries from the shareholders. The Company's external auditor is also invited to assist in addressing any queries by shareholders relating to the conduct of the external audit and the preparation and content of its auditors' report. The Company is open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure. To encourage the participation of the shareholders at general meetings, the Company ensures that the venue for general meetings is at a central location easily accessed by public transportation.

If a shareholder is unable to attend the shareholders' meeting, the Articles of Association of the Company allow that shareholder to appoint up to two proxies to attend and vote in place of that shareholder. At the moment, the Company's Articles of Association do not permit a shareholder to vote in absentia or via electronic voting methods such as by mail, email, fax, etc.

Corporate Governance Report

The chairman of the meeting, with the assistance of service providers engaged by the Company, will brief shareholders to familiarise them with the detailed procedures involved in voting by way of poll. An announcement containing the detailed results of the number of votes cast for, and against, each resolution and the respective percentages will be announced after the general meeting via SGXNet (www.sgx.com). Having considered the costs and benefits, the Board has decided not to facilitate voting by way of poll by electronic means at this juncture.

The Company Secretary prepares minutes of all general meetings. The minutes include all questions and comments from the shareholders together with the responses from the Board and/or Management. These minutes are available to shareholders upon their request.

Resolutions to be passed at general meetings are separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion.

For greater transparency, the Company will put all resolutions to vote by way of poll for general meetings to be held on and after 1 August 2015.

ADDITIONAL INFORMATION

DEALING IN SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Group has adopted the Code of Best Practices on Securities Dealings, which is an internal code of conduct regulating dealings in the Company's securities for its Directors, officers and staff. Each Director is issued with a copy of the Company's Code of Best Practices on Securities Dealings, as they are privy to price sensitive information.

Directors, officers and staff of the Group are not allowed to deal in the Company's shares during the periods commencing two weeks before the announcement of the Group's half-yearly results and one month before the announcement of the Group's full-year results, and ending on the date of the announcement of such results, or when they are in possession of material unpublished price-sensitive information of the Group.

The Directors, officers and staff are also expected to observe insider-trading laws at all times and even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

The Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

INTERESTED PERSON TRANSACTIONS AND SHAREHOLDERS' MANDATE

The Company has adopted an internal policy in respect of any transaction with interested persons, as defined in Chapter 9 of the SGX-ST Listing Manual, and has set out procedures to review and approve all interested person transactions.

In order to ensure that the Company complies with Chapter 9 of the SGX-ST Listing Manual on interested person transactions, the AC meets semi-annually to review all interested person transactions of the Company. The review of the AC ensures that such interested person transactions are carried out on normal commercial terms or entered into on an arm's length basis and are not prejudicial to the interests of the Group and its minority shareholders. Measures are taken to ensure that the terms and conditions of interested person transactions are not more favourable than those granted to non-related persons under similar circumstances.

Corporate Governance Report

The aggregate value of interested person transactions entered by the Company in FY2015 was as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than S$100,000)
Uni-House Pte Ltd	Not applicable	S$737,900
Bian Bee Co Pte Ltd	Not applicable	S$23,000
St Thomas Investment Pte Ltd	Not applicable	S$103,000
Overseas Student Placement Centre Pte Ltd	Not applicable	S$94,000
Pegasus International Preschool Pte Ltd	Not applicable	S$138,200

MATERIAL CONTRACTS

Save for the services contracts of the Executive Chairman and the Executive Director of the Company and as disclosed in the financial statements for FY2015, there were no material contracts (including loans) of the Group involving the interests of any Director or controlling shareholder entered into during FY2015.

UTILIZATION OF PROCEEDS

As at 31 December 2015, the Company has issued S$16,000,000 of convertible notes, of which S$15,950,000 has been converted to shares. As announced in September 2013, the Company has entered into a deed of Termination and Release on 9 September 2013 with Value Capital Asset Management Ltd. Due to early termination, the Company paid a termination fee of S$1,300,000. In addition the Company redeemed and cancelled the remaining Notes of S$50,000.

The status in terms of utilization of the net proceeds from the issuance of convertible notes was as follows:

Purpose	Proposed utilization (S$)	Actual utilization (S$)
Working capital (10%)	1,520,000	5,123,000 *
Fund future investments and acquisitions (90%)	13,680,000	10,077,000 **
Total	15,200,000	15,200,000

* included termination fee of S$1,300,000

** As announced in October 2014, the Company entered into a loan agreement with Visualedge Technology Co., Ltd to provide a loan of S$7,500,000 in tranches. As at 31 December 2015, S$7,000,000 has been disbursed to them.

As at 31 December 2015, the entire net Proceeds have been utilised.

Corporate Information of M Development Ltd.

FULL NAME OF COMPANY	:	M Development Ltd.
COMPANY REGISTRATION NUMBER	:	200201764D
PLACE OF INCORPORATION	:	Singapore
DATE OF INCORPORATION	:	6 March 2002
REGISTERED ADDRESS	:	4 Shenton Way #17-01 SGX Centre 2 Singapore 068807
BOARD OF DIRECTORS	:	Mr. Huang Wen-Lai (Executive Chairman and Director) Ms Li Liping (Executive Director) Mr. Dali Kumar Bin Sardar (Independent Director) Mr. Chin Yew Choong David (Independent Director) Mr. Yap Kian Peng (Independent Director)
AUDIT COMMITTEE	:	Mr. Yap Kian Peng (Chairman) Mr. Chin Yew Choong David Mr. Dali Kumar Bin Sardar
REMUNERATION COMMITTEE	:	Mr. Chin Yew Choong David (Chairman) Mr. Dali Kumar Bin Sardar Mr. Yap Kian Peng
NOMINATING COMMITTEE	:	Mr. Chin Yew Choong David (Chairman) Mr. Dali Kumar Bin Sardar Mr. Yap Kian Peng
COMPANY SECRETARY	:	Ms. Claudia Teo Kwee Yee
COMPANY AUDITOR	:	ERNST & YOUNG LLP Chartered Accountants 1 Raffles Quay #18-01 Singapore 048583 Partner-in-charge: Mr. Low Bek Teng Appointed with effect from financial year ended 26 April 2011
SHARE REGISTRAR	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
PRINCIPAL BANKERS	:	Malayan Banking Berhad 2 Battery Road #16-01 Maybank Tower Singapore 049907 DBS Bank Limited 6 Shenton Way DBS Building Singapore 068809

Directors' Statement

The directors hereby present their statement to the members together with the audited consolidated financial statements of M Development Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

During the financial year, all subsidiaries of Winsta Holding Pte Ltd were placed under creditors' voluntary liquidation on 3 August 2015 or 4 August 2015. The consolidated cash flow statement and certain notes to the financial statements of the Group for the financial year ended 31 December 2015 includes the amounts arose from all liquidated subsidiaries of Winsta Holding Pte Ltd from 1 January 2015 to 3 August 2015 or 4 August 2015.

In relation to above, only financial records previously provided by all liquidated subsidiaries of Winsta Holding Pte Ltd and retained by the Group were available for the preparation of its consolidated financial statements for the year ended 31 December 2015.

The Board has used its best efforts to ensure the preparation of the consolidated cash flow statements and certain notes to the consolidated financial statements are drawn up in accordance with the provisions of the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the cash flows of the Group for the financial year ended on that date. Due to the limitation of information available to the Group, the Board was unable to determine with certainty that the amounts arose from all liquidated subsidiaries of Winsta Holding Pte Ltd from 1 January 2015 to 3 August 2015 or 4 August 2015 used in the preparation of the consolidated cash flow statement and certain notes to the financial statements were complete and appropriate.

The independent auditor has highlighted the above inadequacies in their Auditor's Report dated 6 April 2016 and the Board concurred with their findings.

In the opinion of the directors,

(i) the accompanying balance sheets, consolidated statement of comprehensive income, statement of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Huang Wen-Lai
Chin Yew Choong David
Dali Kumar Bin Sardar
Yap Kian Peng
Li Liping

Directors' Statement

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following director, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest	
Name of director	**At the beginning of the financial year/ date of appointment**	**At the end of the financial year**
Ordinary shares of the Company		
Huang Wen-Lai	27,269,818	27,269,818

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company (other than emoluments paid or payable by a related corporation), or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Audit committee

The audit committee (AC) carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Directors' Statement

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Huang Wen-Lai
Director

Chin Yew Choong David
Director

Singapore
6 April 2016

Independent Auditor's Report

For the financial year ended 31 December 2015
To the Members of M Development Ltd.

Report on the financial statements

We have audited the accompanying financial statements of M Development Ltd. (the "Company") and its subsidiaries (collectively the "Group") set out on pages 32 to 82, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income, and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the financial position and changes in equity of the Group and the Company and financial performance of the Group. However, because of the matter described in the "Basis for Disclaimer of Opinion" paragraphs below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the cash flows of the Group and certain items in notes to the financial statements, included in notes on discontinued operations, property, plant and equipment, trade receivables, provisions and advances, related party transactions and segment reporting (collectively, the "Winsta Affected Notes").

Independent Auditor's Report

For the financial year ended 31 December 2015
To the Members of M Development Ltd.

Basis for Disclaimer of Opinion

The consolidated cash flow statement of the Group for the financial year ended 31 December 2015 includes the cash flows of Winsta Holding Pte Ltd and its subsidiaries from 1 January 2015 to 3 August 2015 or 4 August 2015, being the dates of liquidation of subsidiaries of Winsta Holding Pte Ltd ("Winsta's subsidiaries"). We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the cash flows of the Winsta's subsidiaries from 1 January 2015 to 3 August 2015 or 4 August 2015 are appropriate and proper for inclusion in the consolidated cash flow statement of the Group for the financial year ended 31 December 2015.

The Winsta Affected Notes include certain amounts attributable to the liquidated subsidiaries from 1 January 2015 to 3 August 2015 or 4 August 2015, which have been presented as "Amounts arising from liquidated subsidiaries". We were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves as to whether these amounts are appropriate and proper for the preparation of Winsta Affected Notes.

Disclaimer of Opinion on consolidated cash flow statement and Winsta Affected Notes

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated cash flow statement for the year ended 31 December 2015 and Winsta Affected Notes. Accordingly, we do not express an opinion on cash flows of the Group and Winsta Affected Notes.

Opinion on financial performance, financial position and equity

In our opinion, the balance sheets and statement of changes in equity of the Group and the Company and the consolidated statement of comprehensive income of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

6 April 2016

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015	2014
			(Restated)
		$'000	$'000
Continuing operations			
Revenue	4	700	13,349
Cost of sales	5	–	(12,092)
Gross profit		700	1,257
Other income	6	85	607
General and administrative expenses		(688)	(414)
Other expenses		(984)	(123)
Interest expense		(28)	(100)
(Loss)/profit before tax from continuing operations	7	(915)	1,227
Income tax expense	9	(49)	(122)
(Loss)/profit from continuing operations, net of tax		(964)	1,105
Discontinued operation			
Loss from discontinued operation, net of tax		(2,266)	(1,011)
(Loss)/profit for the year		(3,230)	94
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		83	–
Total comprehensive (loss)/profit		(3,147)	94

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015	2014
			(Restated)
		$'000	$'000
(Loss)/profit for the year attributable to:			
Owners of the Company			
(Loss)/profit from continuing operations, net of tax		(793)	1,006
Loss from discontinued operation, net of tax	13	(1,156)	(521)
		(1,949)	485
Non-controlling interests			
(Loss)/profit from continuing operations, net of tax		(171)	99
Loss from discontinued operation, net of tax	13	(1,110)	(490)
		(1,281)	(391)
Total comprehensive (loss)/profit attributable to:			
Owners of the Company			
Total comprehensive (loss)/profit from continuing operations, net of tax		(710)	1,006
Total comprehensive loss from discontinued operations, net of tax		(1,156)	(521)
		(1,866)	485
Non-controlling interests			
Total comprehensive (loss)/profit from continuing operations, net of tax		(171)	99
Total comprehensive loss from discontinued operations, net of tax		(1,110)	(490)
		(1,281)	(391)
(Loss)/earnings per share attributable to owners of the Company (cents)			
Basic and diluted	10	(0.10)	0.03

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non–current assets					
Property, plant and equipment	11	2	3,128	–	–
Investments in subsidiaries	12	–	–	159	1,146
Loan receivable	14	–	7,000	–	7,000
Other receivables and deposits	16	–	652	–	–
		2	10,780	159	8,146
Current assets					
Trade receivables	15	–	6,424	–	–
Other receivables and deposits	16	202	1,733	202	142
Loan receivable	14	7,000	–	7,000	
Prepayments		–	180	–	–
Income tax recoverable		12	46	–	–
Amounts due from related companies	17	–	8,635	–	–
Amount due from a subsidiary	17	–	–	–	3,094
Cash and short–term deposits	18	3,735	5,546	2,334	2,004
		10,949	22,564	9,536	5,240
Total assets		10,951	33,344	9,695	13,386
Current liabilities					
Trade payables	19	334	10,998	–	–
Other payables and accruals	20	987	4,954	145	55
Provisions and advances	21	–	2,687	–	–
Amounts due to related companies	17	–	393	–	–
Loans and borrowings	22	–	907	–	–
Income tax payable		49	148	49	–
		1,370	20,087	194	55
Net current assets		9,579	2,477	9,342	5,185
Non–current liabilities					
Other payables and accruals	20	–	97	–	–
Provisions and advances	21	–	60	–	–
Loans and borrowings	22	–	372	–	–
		–	529	–	–
Total liabilities		1,370	20,616	194	55
Net assets		9,581	12,728	9,501	13,331
Equity attributable to owners of the Company					
Share capital	24	46,226	46,226	46,226	46,226
Accumulated losses		(35,133)	(33,184)	(36,725)	(32,895)
Foreign currency translation reserve		82	(1)	–	–
		11,175	13,041	9,501	13,331
Non–controlling interests		(1,594)	(313)	–	–
Total equity		9,581	12,728	9,501	13,331
Total equity and liabilities		10,951	33,344	9,695	13,386

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

	Attributable to owners of the Company				Non–controlling interests	Total equity
	Share capital (Note 24)	Accumulated losses	Foreign currency translation reserve	Total		
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Balance as at 1 January 2014	46,226	(33,669)	(1)	12,556	54	12,610
Profit/(loss) for the year, representing total comprehensive income for the year	–	485	–	485	(391)	94
Disposal of non–controlling interest without a change in control	–	–	–	–	24	24
Balance as at 31 December 2014 and 1 January 2015	46,226	(33,184)	(1)	13,041	(313)	12,728
Loss for the year	–	(1,949)	–	(1,949)	(1,281)	(3,230)
Other comprehensive income, net of tax						
– foreign currency translation reserve	–	–	83	83	–	83
Total comprehensive (loss)/income for the year	–	(1,949)	83	(1,866)	(1,281)	(3,147)
Balance as at 31 December 2015	46,226	(35,133)	82	11,175	(1,594)	9,581

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

	Share capital (Note 24)	Accumulated losses	Total
	$'000	$'000	$'000
Company			
Balance as at 1 January 2014	46,226	(31,914)	14,312
Loss for the year, representing total comprehensive income for the year	–	(981)	(981)
Balance as at 31 December 2014 and 1 January 2015	46,226	(32,895)	13,331
Loss for the year, representing total comprehensive income for the year	–	(3,830)	(3,830)
Balance as at 31 December 2015	46,226	(36,725)	9,501

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2015

	2015	2014
		(Restated)
	$'000	$'000
Operating activities		
(Loss)/profit from continuing operations, before tax	(915)	1,227
Loss from discontinued operations, before tax	(2,269)	(1,146)
(Loss)/profit before tax, total	(3,184)	81
Adjustments for:		
Depreciation of property, plant and equipment	377	1,597
Property, plant and equipment written off	13	–
Impairment loss of property, plant and equipment	–	2
Gain arising from liquidated subsidiaries	(1,808)	–
Interest expense	28	100
Interest income	(700)	(156)
Realised currency translation gain	(1)	–
Write–back of impairment loss of deposit	–	(400)
Provision for reinstatement costs	112	10
Provision for onerous operating leases contract	–	150
Write–back of provision for onerous operating leases contract	–	(1,263)
Total adjustments	(1,979)	40
Operating cash flows before changes in working capital	(5,163)	121
Changes in working capital		
Increase/(decrease) in trade receivables	5,546	(5,575)
Increase in other receivables and deposits	122	743
Increase in prepayments	37	144
Increase/(decrease) in amounts due from related companies	7,504	(7,745)
(Decrease)/increase in trade payables	(6,639)	8,612
(Decrease)/increase in other payables and accruals	(3,013)	459
Decrease in provisions and advances	(112)	(1,071)
Increase in amounts due to related companies	–	106
Cash flows used in from operations	(1,718)	(4,206)
Interest paid	(28)	(7)
Interest received	677	14
Tax paid	(101)	(11)
Net cash flows used in operating activities	(1,170)	(4,210)
Investing activities		
Purchase of property, plant and equipment	(11)	(214)
Proceeds from disposal of non–controlling interest in a subsidiary	–	24
Loans disbursed	–	(7,000)
Net cash outflow arising from liquidated subsidiaries (Note 13)	(259)	–
Net cash flows used in investing activities	(270)	(7,190)
Financing activities		
Proceeds from loans and borrowings	665	–
Repayment of loans and borrowings	(1,119)	(1,116)
Interest paid	–	(94)
Net cash flows used in from financing activities	(454)	(1,210)
Net decrease in cash and cash equivalents	(1,894)	(12,610)
Effect of exchange rate changes	83	–
Cash and cash equivalents at beginning of the year	5,546	18,156
Cash and cash equivalents at end of the year (Note 18)	3,735	5,546

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2015

1. Corporate information

M Development Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807.

The principal activity of the Company is investment holding company. The principal activities of its subsidiaries are disclosed in Note 12.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000) except where otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

	Effective for annual periods beginning on or after
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 16 *Property, plant and equipment* and FRS 41: *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 27: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interest in Joint Operations*	1 January 2016
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

	Effective for annual periods beginning on or after
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 7 *Disclosure initiatives*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

FRS 109 *Financial Instruments (cont'd)*

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency***

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. Summary of significant accounting policies (cont'd)

2.7 ***Property, plant and equipment (cont'd)***

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Electrical and office equipment	–	Lower of 5 years or remaining lease term including option to renew (2 to 4 years)
Furniture and fittings	–	Lower of 5 years or remaining lease term including option to renew (2 to 4 years)
Renovations	–	Remaining lease term including option to renew (2 to 6 years)
Electrical installations	–	Remaining lease term including option to renew (2 to 6 years)
Computers	–	1 year
Air conditioners	–	Lower of 5 years or remaining lease term including option to renew (2 to 4 years)
Linens and consumables	–	2 years
Motor Vehicles	–	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 years.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of non-financial assets (cont'd)*

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 *Financial instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 ***Financial instruments (cont'd)***

(b) *Financial liabilities (cont'd)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.11 ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.14 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(a) *Provision for reinstatement costs*

The Group recognised a provision for reinstatement cost when there is obligation to restore the property, plant and equipment to its original condition upon termination of the contract leases. The reinstatement cost is estimated when modification are performed on the properties, based on quotations from contractors and management's experience. The provision for reinstatement cost is reviewed annually and adjusted as appropriate. The estimated reinstatement cost is included as part of cost of property, plant and equipment as stated in Note 2.7.

(b) *Provision for onerous contracts*

The Group recognises a provision for onerous contracts when it expects the lease rental payable to the lessor exceeds the future economic benefits, which is expected to receive over the remaining lease term of the contracts. The provision has been calculated based on the estimated future discounted cash outflows to complete the operating lease contract.

In addition, before a separate provision for an onerous contract is established, the Group recognised impairment loss that has occurred on property, plant and equipment dedicated to that contract which is in accordance with FRS 36 *Impairments.*

2. Summary of significant accounting policies (cont'd)

2.15 ***Government grants***

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.16 ***Employee benefits***

Defined contribution plans

The Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.17 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) *As lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.18(a). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.18 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Rental income*

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(b) *Rendering of services*

Revenue from rendering of services is recognised when services are rendered.

(c) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(d) *Interest income*

Interest income is recognised using the effective interest method.

2.19 ***Taxes***

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.19 ***Taxes (cont'd)***

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements

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2. Summary of significant accounting policies (cont'd)

2.19 ***Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.20 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.21 ***Discontinued operation***

A component of the Group is classified as a discontinued operation, when the criteria to be classified as held for sale have been met or it has been disposed/liquidated of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

2.22 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

2. Summary of significant accounting policies (cont'd)

2.22 *Contingencies (cont'd)*

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2.23 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgments which has the most significant effect on the amounts recognised in the financial statements.

Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgment is required to determine if any such evidence or indication exists, based on the evaluation of both internal and external sources of information. If any such indication exists, management assesses the recoverable amount of the investments in subsidiaries to the extent of the net assets held by the subsidiaries or value in use at the end of the reporting period. If the recoverable amount of the investments in subsidiaries is less than its carrying amount, an impairment loss is recognised in profit or loss to reduce the carrying amount of the investments in subsidiaries to its recoverable amount. For the financial year ended 31 December 2015, impairment losses of $1,752,000 (2014: $765,000) were recognised, as disclosed in Note 12.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgments and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. As at 31 December 2015, the Group has trade receivables that are past due but not impaired which amounted to Nil (2014: $5,953,000) and the carrying amount of the loans and receivables at the end of the reporting period is disclosed in Note 15.

4. Revenue

	Group	
	2015	**2014**
		(Restated)
	$'000	$'000
Trading of electronic products	–	13,193
Interest income	700	156
	700	13,349

5. Cost of sales

The following item has been included in arriving at cost of sales:

	Group	
	2015	**2014**
		(Restated)
	$'000	$'000
Purchases of electronic products	–	12,092

6. Other income

	Group 2015 $'000	Group 2014 (Restated) $'000
Miscellaneous income	71	192
Government grant	14	15
Write-back of allowance for impairment loss on deposit	–	400
	85	607

7. (Loss)/profit before tax from continuing operations

The following items have been included in arriving at (loss)/profit from operating activities:

	Group 2015 $'000	Group 2014 (Restated) $'000
Audit fees:		
- auditors of the Company	60	74
Non-audit service fees:		
- auditors of the Company	2	2
Employee benefits expense (Note 8)	1,058	1,333
Directors' fees	165	179
Depreciation of property, plant and equipment	10	4

8. Employee benefits expense

	Group 2015 $'000	Group 2014 (Restated) $'000
Salaries and bonuses	598	497
Directors' remuneration (including directors' fees)	346	729
Central Provident Fund and other contributions	96	97
Staff allowance and welfare	18	10
	1,058	1,333

9. Income tax expense

(a) ***Major components of income tax expense***

The major components of income tax expense for the financial years ended 31 December 2015 and 2014 are:

	Group	
	2015	**2014**
		(Restated)
	$'000	$'000
Consolidated statement of comprehensive income		
Current income tax from continuing operations:		
- Current income tax	49	4
- Overprovision in respect of previous years	–	(30)
	49	(26)
Deferred income tax from continuing operations:		
- Origination and reversal of temporary differences	–	148
Income tax expense attributable to continuing operations recognised in profit or loss	49	122

(b) ***Relationship between tax expense and accounting (loss)/profit***

A reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2015 and 2014 is as follows:

	Group	
	2015	**2014**
		(Restated)
	$'000	$'000
(Loss)/profit before tax from continuing operations	(915)	1,227
Loss before tax from discontinued operations	(2,269)	(1,146)
(Loss)/profit before tax	(3,184)	81
Tax expense at statutory rate of 17%	(541)	14
Adjustments:		
Non-deductible expenses	417	145
Income not subject to taxation	–	(1)
Effect on partial tax exemption	173	(87)
Utilisation of previously unrecognised tax losses	–	(115)
Deferred tax assets not recognised	–	196
Overprovision of income tax in respect of previous years	–	(30)
Income tax expense recognised to profit or loss	49	122

At the end of the reporting period, the Group has tax losses from continuing operations of approximately $292,000 (2014: $10,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation.

10. (Loss)/earnings per share from continuing operation

Basic earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the financial performance and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2015	**2014**
		(Restated)
	$'000	$'000
(Loss)/profit for the year attributable to owners of the Company	(1,949)	485
	No of shares	**No of shares**
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	1,921,638	1,921,638
Basic and diluted (loss)/earnings per share (cents)	(0.10)	0.03

11. Property, plant and equipment

Group	Electrical and office equipment	Furniture and fittings	Renovations	Electrical installations	Computers	Air conditioners	Linens and consumables	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 January 2014	873	3,401	6,053	1,376	131	352	137	–	12,323
Additions	8	28	56	24	4	–	84	225	429
Written off	(282)	(1,681)	(2,179)	(1,018)	(6)	–	(21)	–	(5,187)
At 31 December 2014 and 1 January 2015	599	1,748	3,930	382	129	352	200	225	7,565
Currency translation differences	–	–	1	–	–	–	–	–	1
Additions	–	–	–	–	5	–	–	–	5
Additions arising from liquidated subsidiaries	–	–	2	4	–	–	–	–	6
Written off	–	–	(19)	–	–	–	–	–	(19)
Attributable to discontinued operations arising from liquidated subsidiaries (Note 13)	(599)	(1,748)	(3,914)	(386)	(125)	(352)	(200)	(225)	(7,549)
At 31 December 2015	–	–	–	–	9	–	–	–	9

11. Property, plant and equipment (cont'd)

Group	Electrical and office equipment $'000	Furniture and fittings $'000	Renovations $'000	Electrical installations $'000	Computers $'000	Air conditioners $'000	Linens and consumables $'000	Motor vehicles $'000	Total $'000
Accumulated depreciation and impairment losses									
At 1 January 2014	715	2,794	3,403	818	114	70	111	–	8,025
Charge for the year	84	293	766	203	19	120	101	11	1,597
Written off	(282)	(1,681)	(2,179)	(1,018)	(6)	–	(21)	–	(5,187)
Impairment losses	1	–	–	–	–	–	1	–	2
At 31 December 2014 and 1 January 2015	518	1,406	1,990	3	127	190	192	11	4,437
Charge for the year	19	76	172	40	6	18	33	13	377
Charge for the year arising from liquidated subsidiaries									
Written off	–	–	(6)	–	–	–	–	–	(6)
Attributable to discontinued operations arising from liquidated subsidiaries (Note 13)	(537)	(1,482)	(2,156)	(43)	(126)	(208)	(225)	(24)	(4,801)
At 31 December 2015	–	–	–	–	7	–	–	–	7
Net carrying amount									
At 31 December 2015	–	–	–	–	2	–	–	–	2
At 31 December 2014	81	342	1,940	379	2	162	8	214	3,128

11. Property, plant and equipment (cont'd)

Assets held under finance lease

During the year, the Group acquired motor vehicle by means of hire purchase payables (Note 22). The cash outflow for the acquisition amounts to Nil (2014: $205,000). The carrying amount of the motor vehicle under finance lease amounted to Nil (2014: $214,000).

Capitalisation of provision for reinstatement costs

The Group's total additions of renovations during the year includes estimated reinstatement costs of $112,000 (2014: $10,000) (Note 21).

Impairment of assets

During the financial year, the Group had recognised an impairment loss of Nil (2014: $2,000) (Note 7), representing the write-down of the recoverable amounts as the expected lease rental payable to the lessor under the operating leases contracts exceeds the future economic benefits of which these assets are used to generate, as disclosed in Note 26.

12. Investments in subsidiaries

	Company	
	2015	**2014**
	$'000	$'000
Unquoted shares, at cost	1,911	1,735
Acquisition of subsidiaries	–	200
Disposal of non-controlling interests in subsidiary	–	(24)
	1,911	1,911
Less: Impairment losses	(1,752)	(765)
	159	1,146

12. Investments in subsidiaries (cont'd)

Composition of the Group

Details of the subsidiaries at 31 December are as follows:

	Name of company	Country of incorporation	Principal activities	Cost of investment 2015	Cost of investment 2014	Percentage of equity held by the Company 2015	Percentage of equity held by the Company 2014
				$'000	$'000	%	%
	Held by the Company						
#	M Strategic Investment Ltd.	British Virgin Islands	Investment holding	1	1	100	100
* [(1)]	Winsta Holding Pte. Ltd.	Singapore	Investment holding	1,734	1,734	51	51
* [(1)]	United Force Development (S) Pte. Ltd. (Note A)	Singapore	Investment holding	76	76	76	76
*	United Force Trading Pte. Ltd. (Note B)	Singapore	Trading of electronic products	100	100	100	100
				1,911	1,911		

	Name of company	Country of incorporation	Principal activities	Percentage of equity held by the Company 2015	Percentage of equity held by the Company 2014
				%	%
	Held by Winsta Holding Pte. Ltd.				
* [(2)]	Evan Hostel Pte. Ltd.	Singapore	To provide hostel accommodation and services	–	51
* [(2)]	Global Residence Pte. Ltd.	Singapore	To provide lodging and board houses, and hostel and real estate activities	–	51
* [(2)]	Pearl Hill Hostel Pte. Ltd.	Singapore	To provide hostel accommodation and services	–	51
* [(2)]	The Hill Lodge @ Mount Vernon Pte. Ltd.	Singapore	To provide hostel accommodation and services	–	51
* [(2)]	Carlisle Hostel Management Pte. Ltd.	Singapore	To provide lodging and board houses, real estate activities and building management services	–	51
* [(2)]	Katong Hostel Pte. Ltd.	Singapore	To provide hostel accommodation and services	–	51
* [(2)]	Queensway Student Hostel Pte. Ltd.	Singapore	To provide hostel accommodation and services	–	51

* Audited by Ernst & Young LLP, Singapore.

Not required to be audited under the laws of country of incorporation.

(1) During the year, the Company had recognised an impairment loss of $1,752,000 (2014: S$765,000).

(2) During the year, these subsidiaries were placed under creditors' voluntary liquidation.

12. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Acquisition of subsidiaries and disposal of non-controlling interest in a subsidiary

Note:

(A) On 11 April 2014, the Company had incorporated a wholly-owned subsidiary, United Force Development (S) Pte. Ltd. comprising of one ordinary share for $1 each for a cash consideration of $1.

On 26 August 2014, the Company had further increased its investment by subscribing an additional 99,999 ordinary shares of $1 each for a total cash consideration of $99,999.

On 12 September 2014, the Company disposed off 24% equity interest to a third party for a total cash consideration of $24,000.

(B) On 7 March 2014, the Company incorporated a wholly-owned subsidiary, United Force Trading Pte. Ltd., comprising of one ordinary share for $1 each for a cash consideration of $1.

On 30 May 2014, the Company had further increased its investment by subscribing an additional 99,999 ordinary shares of $1 each for a total cash consideration of $99,999.

(C) On 3 August 2015 or 4 August 2015, the subsidiaries of Winsta Holding Pte. Ltd. were placed under creditors' voluntary liquidation.

Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal activities	Proportion of ownership interest held by NCI	Loss allocated to NCI during the reporting period	Accumulated NCI at the end of the reporting period
			$'000	$'000
2015				
Winsta Holding Pte. Ltd.	Investment holding	49%	(168)	(1,570)
2014				
Winsta Holding Pte. Ltd. and its subsidiaries	Investment holding	49%	(388)	(343)

12. Investments in subsidiaries (cont'd)

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of its subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	2015	2014
	$'000	$'000
Current		
Assets	50	5,444
Liabilities	1,721	9,377
Net current liabilities	(1,671)	(3,933)
Non-current		
Assets	–	3,761
Liabilities	–	528
Net non-current assets	–	3,233
Net liabilities	(1,671)	(700)

Summarised statement of comprehensive income

	2015	2014
	$'000	$'000
Revenue	–	(23,607)
Loss before tax	(343)	(953)
Income tax credit	-	161
Loss for the year, representing total comprehensive income for the year	(343)	(792)

Cash flow statement

	2015	2014
	$'000	$'000
Net cash flows used in operations	(539)	(1,603)

13. Discontinued operations

During the financial year, the Group ceased its operation of hostel accommodation and other real estate activities. Subsidiaries involved in these activities were placed under creditors' voluntary liquidation on 3 August and 4 August 2015. As such, the results of the Subsidiaries have been reclassified as discontinued operations.

The results of discontinued operations from 1 January 2015 to 3 August and 4 August 2015 are as follows:

	2015	**2014**
	$'000	$'000
Revenue	9,373	23,597
Cost of sales	(8,944)	(19,436)
Other operating income	774	3,058
General & admin expenses	(1,761)	(5,608)
Other operating expenses	(3,491)	(2,656)
Interest expense	(28)	(101)
Gain arising from liquidated subsidiaries	1,808	-
Loss before tax from discontinued operations	**(2,269)**	**(1,146)**
Income tax credit	3	135
Loss from discontinued operation, net of tax	**(2,266)**	**(1,011)**

The major classes of assets and liabilities discontinued operations as at liquidation dates of 3 August and 4 August 2015 are as follows:

	Note	**2015**
		$'000
Assets		
Property, plant and equipment	11	2,748
Trade receivables	15	842
Other receivables and deposits	16	2,120
Prepayments		106
Income tax recoverable		3
Amounts due from related parties	17	774
Cash and cash equivalents		297
Total assets		**6,890**
Liabilities		
Trade payables	19	(4,026)
Other payables and accruals	20	(4,351)
Amount due to related parties	19	(37)
Income tax payable		(14)
Provisions and advances	21	(270)
Total liabilities		**(8,698)**
Net liabilities derecognised, representing gain arising from liquidated subsidiaries		(1,808)
Less: Attributable to non-controlling interests		886
Net liabilities derecognised representing gain arising from liquidated subsidiaries, attributable to owners of the Company		**(922)**

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13. Discontinued operations (cont'd)

The cash flows attributable to discontinued operations are as follows:

	2015 $'000
Operating activities	
Loss from discontinued activities, before tax	(2,269)
Adjustments for:	
Depreciation of property, plant and equipment	367
Interest expense	28
Interest income	(11)
Gain arising from liquidated subsidiaries	(1,808)
Total adjustments	384
Operating cash flows before changes in working capital	(3,693)
Changes in working capital	
Increase in trade receivables	559
Increase in other receivables and deposits	109
Increase in prepayments	32
Decrease in amounts due from related companies	(128)
Increase in trade payables	3,519
Decrease in other payables and accruals	(1,901)
Increase in amounts due to related companies	434
Cash flows used in operations	(1,069)
Interest paid	(28)
Interest received	11
Tax refund	53
Net cash flows used in operating activities	(1,033)
Investing activity	
Purchase of property, plant and equipment, representing net cash flows used in investing activity	(6)
Financing activities	
Proceeds from loans and borrowings	665
Repayment of loans and borrowings	(1,118)
Advances from holding company	556
Net cash flows generated from financing activities	103
Net decrease in cash and cash equivalents	(936)
Cash and cash equivalents at beginning of the year	1,195
Cash and cash equivalents at end of the year	259

14. Loan receivable

On 7 October 2014, the Company had entered into a loan agreement with a third party, Visualedge Technology Co. Ltd. ("Visualedge"), to provide a secured loan in multiple tranches up to an aggregate of $7,500,000. On 8 October 2014 and 31 October 2014, the Company had disbursed out an amount of $4,000,000 and $3,000,000, respectively.

The loan receivable stated at amortised cost, bears an interest rate of 10% per annum and is payable quarterly. The loan is secured by an assignment of Visualedge's rights, title and interest of the following:

(i) assignment of receivables of Visualedge's convertible loan issued to another third party;

(ii) assignment of conversion option note to convert the indebtedness into equity interest of the other third party; and

(iii) proceeds from the enforcement of the deed of share pledge entered into between the shareholders of the other third party and Visualedge.

The loan receivable matures on 24 August 2016 and became current asset.

15. Trade receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Trade receivables	–	6,435	–	–
Less: Allowance for doubtful debts (trade)	–	(11)	–	–
	–	6,424	–	–
Other receivables and deposits (Note 16)	202	2,385	202	142
Amounts due from related companies (Note 17)	–	8,635	–	–
Amount due from a subsidiary (Note 17)	–	–	–	3,094
Total trade and other receivables	202	17,444	202	3,236
Add: Cash and cash equivalent (Note 18)	3,735	5,546	2,334	2,004
Add: Loan receivable (Note 14)	7,000	7,000	7,000	7,000
Total loans and receivables	10,937	29,990	9,536	12,240

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

15. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to Nil (2014: $5,953,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2015	**2014**
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	–	222
30 to 60 days	–	41
More than 60 days	–	5,690
	–	5,953

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2015	**2014**
	$'000	$'000
Trade receivables – nominal amounts	–	11
Less: Allowance for doubtful debts	–	(11)
	–	–
Movements in allowance accounts:		
At beginning of the year	11	11
Charge for the year	–	–
Written back	–	–
Amount arising from liquidated subsidiaries	(11)	–
At end of the year	–	11

Trade receivables that are individually determined to be impaired at the end of the reporting period relates to debtors that are in significant financial liabilities and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

16. Other receivables and deposits

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Current:				
Deposits	26	1,507	26	–
	26	1,507	26	–
Other receivables	176	175	176	142
Lease receivables	–	51	–	–
	202	1,733	202	142
Non-current:				
Deposits	–	652	–	–
Total other receivables and deposits	202	2,385	202	142

Deposits that are impaired

	Group	
	2015	**2014**
	$'000	$'000
Movements in allowance accounts:		
At beginning of the year	–	400
Write-back	–	(400)
At end of the year	–	–

17. Amounts due from/(to) related companies and a subsidiary

The amounts due from/(to) related companies and a subsidiary are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Amounts due from related companies are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Trade	–	7,603
Non-trade	–	1,032
	–	8,635

Amounts due from/(to) related companies and a subsidiary are non-trade in nature.

18. Cash and short-term deposits

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Cash and cash equivalents	3,735	5,546	2,334	2,004

19. Trade payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Trade payables	334	10,998	–	–
Other payables and accruals (Note 20)	987	5,051	145	55
Amounts due to related companies (Note 17)	–	393	–	–
Total trade and other payables	1,321	16,442	145	55
Add: Loans and borrowings (Note 22)	–	1,279	–	–
Total financial liabilities carried at amortised cost	1,321	17,721	145	55

Trade payables are non-interest bearing and are normally settled on 30 to 120 days terms.

20. Other payables and accruals

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Current:				
Other payables	–	1,783	–	–
Deposits received	–	2,143	–	–
Accruals	987	382	145	55
Lease payables	–	646	–	–
	987	4,954	145	55
Non-current:				
Lease payables	–	97	–	–
Total other payables and accruals	987	5,051	145	55

Deposits received

Deposits received refer to the security deposits placed by the tenants with the Group for entering into operating leases with the Group's leased property.

21. Provisions and advances

	Group	
	2015	**2014**
	$'000	$'000
Current:		
Advance rental income received	–	1,662
Provision for reinstatement costs	–	98
Provision for onerous operating leases contract	–	927
	–	2,687
Non-current:		
Provision for reinstatement costs	–	60
Total provisions and advances	–	2,747

Advance rental income received

Advance rental income received refers to rental income received in advance of the commencement of rent. This is non-interest bearing and has an average term of 2 weeks to 6 months.

Provision for reinstatement costs

Provision for reinstatement costs refer to the estimated cost of reinstating the leased properties.

	Group	
	2015	**2014**
	$'000	$'000
Movements in provision for reinstatement costs:		
At beginning of the year	158	320
Additions arising from liquidated subsidiaries	112	10
Utilisation	–	(172)
Amount arising from liquidated subsidiaries	(270)	–
At end of the year	–	158

Provision for onerous operating leases contract

A provision was recognised as the Group expects the lease rental payable to the lessor exceeds the future economic benefits which is expected to receive over the remaining lease term of the contracts. The provision has been calculated based on the estimated future discounted cash outflows to complete the operating lease contract, after taken into consideration impairment of its property, plant and equipment amounting to Nil (2014: $2,000) (Note 11).

	Group	
	2015	**2014**
	$'000	$'000
Movements in provision for onerous operating leases contract		
At beginning of the year	927	2,040
Additions	–	150
Write–back	–	(1,263)
Amount arising from liquidated subsidiaries	(927)	–
At end of the year	–	927

Notes to the Financial Statements

31 December 2015

22. Loans and borrowings

	Group	
	2015	**2014**
	$'000	$'000
Current:		
Term loan	–	866
Hire purchase payable	–	41
		907
Non–current:		
Term loan	–	225
Hire purchase payable	–	147
	–	372
Total loans and borrowings	–	1,279

(i) *Term loan*

The term loan belongs to the subsidiaries under liquidation and is secured by way of joint and several personal guarantees of certain directors of one of the subsidiaries. The term loan in 2014 bore an interest rate of 6.0% per annum and is repayable over 30 monthly instalments commencing from 23 April 2013.

The Group has fully settled the term loan through liquidation process.

(ii) *Hire purchase payable*

The hire purchase belongs to the subsidiaries under liquidation and is obtained to finance the purchase of motor vehicle (Note 11). It bears an interest rate of 2.4% per annum and is repayable over 60 commencing from 13 August 2014.

The Group has fully settled the hire purchasing payable through liquidation process.

23. Deferred taxation

Deferred tax as at 31 December relates to the following:

	Group			
	Balance sheet		**Statement of comprehensive income**	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Deferred tax liability:				
Differences in depreciation for tax purposes	–	–	–	(123)

24. Share capital

	Group and Company			
	2015		2014	
	Number of ordinary shares '000	$'000	Number of ordinary shares '000	$'000
Issued and fully paid ordinary shares:				
At beginning and end of the year	1,921,638	46,226	1,921,638	46,226

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

25. Related party disclosures

(a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the related party took place on terms agreed between the parties during the financial year.

	Group	
	2015 $'000	2014 $'000
Related parties		
– Arising from liquidated subsidiaries:		
Commission paid	167	486
Administrative services paid	59	79
Rental expenses	870	2,113

(b) ***Compensation of key management personnel***

	Group	
	2015 $'000	2014 (Restated) $'000
Salaries and other short-term benefits	164	771
Central Provident Fund contributions	21	41
	185	812
Comprise amounts paid to:		
Directors of the Company	115	293
Directors of the subsidiaries	70	519
	185	812

26. Commitments

(a) *Operating lease commitments – as lessor*

The Group has entered into commercial property leases on its leased properties. These leases have remaining lease term of less than one year with no renewal option or contingent rent provision included in the contract.

Future minimum rental income receivable under the non-cancellable leases as at 31 December 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Within one year	–	3,227
Later than one year but not later than five years	–	–
	–	3,227

(b) *Operating lease commitments – as lessee*

The Group has entered into commercial property leases mainly for the purpose of subletting it as part of the property leasing business. These leases have a remaining lease term of up to three years with a renewal option of up to two years included in the contract.

Future minimum lease payments payable under the non-cancellable operating leases as at 31 December 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Not later than one year	–	11,271
Later than one year but not later than five years	–	426
	–	11,697

26. Commitments (cont'd)

(c) ***Finance lease commitments***

The Group has finance lease for its motor vehicle. The lease has a lease term of 3 years. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	Minimum lease payments 2015	**Present value of payments (Note 22) 2015**	**Minimum lease payments 2014**	**Present value of payments (Note 22) 2014**
	$'000	$'000	$'000	$'000
Not later than one year	–	–	46	41
Later than one year but not later than five years	–	–	161	147
Total minimum lease payments	–	–	207	188
Less: Amounts representing finance charges	–	–	(19)	–
Present value of minimum lease payments	–	–	188	188

27. Contingent liabilities

Deed of indemnity executed by the Company against claims by Liberty Insurance Pte Ltd ("Liberty Insurance")

Prior to the liquidation of Katong Hostel Pte Ltd and Evan Hostel Pte Ltd, they entered into tenancy agreements with the Government of the Republic of Singapore ("the Government") and were required to furnish 3 months' rental as deposits. These deposits were given via insurance bonds issued by Liberty Insurance. Aggregate insured sum under the Insurance Bonds is approximately S$2.1 million.

Counter-Guarantors for the bonds included directors of the Company. A total of $1,063,305 (50% of the insured amount) had been indemnified by the Company and the remaining 50% will be recoverable from Ms Sim Pei Yee, Ms Sim Pei San and Mr Sim Poh Ping ("the Sim Family"). The Company paid its indemnified amount in full whereas the balance remains outstanding from the Sim Family. In the event that the Sim Family defaults on the payment, the Company may be liable to settle the outstanding balance.

However, as the Sim family has negotiated with Liberty Insurance and agreed on a smaller sum payable of approximately S$890,000, payable over a period of 6 months, the Company is of the view that it is not probable that a liability will arise and accordingly no provision for any liability has been made in these financial statements.

27. Contingent liabilities (cont'd)

Legal claim

On 21 August 2015, a shareholder of the Company has commenced an action against the Company in respect of the affairs of the Company and Winsta Holding Pte Ltd having been conducted in a manner oppressive to the shareholder and in disregard of his interests as a shareholder of the Company and Winsta Holding Pte Ltd.

The Company has been advised by its legal counsel that it is not probable that the action will succeed and accordingly no provision for any liability has been made in these financial statements.

28. Subsequent events after year end

Legal proceedings

On 15 January 2016, the Company announced that it has been granted leave by the Singapore courts to be substituted as a party in the Legal Proceedings as a plaintiff in place of the Subsidiaries.

Intention to transfer to the Catalist

The Company intends to undertake the proposed transfer ("Proposed Transfer") of the listing of the Company from the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") to Catalist, the sponsor-supervised listing platform of the SGX-ST ("Catalist"). In connection therewith, on 23 February 2016, the Company applied to the SGX-ST to seek a waiver from the application of Rule 1311(2) of the Listing Manual of the SGX-ST.

The board of directors ("Board") believes that the Proposed Transfer will provide the Company with a more suitable platform for the listing and trading of shares as the Catalist provides a more conducive listing platform for companies who require a flexible regulatory system to float their shares. In light of this, the Board is of the view that the Proposed Transfer and a listing on the Catalist will position the Company appropriately and better allow the Company to attract investors in the future.

29. Fair value of financial instruments

A. *Financial instruments whose carrying amounts approximate fair value*

Trade and other receivables/payables, cash and short-term deposits, amounts due from/to related companies and a subsidiary

The carrying amounts of these financial assets and liabilities, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

29. Fair value of financial instruments (cont'd)

B. ***Fair value of financial instrument that are not carried at fair value and whose carrying amount is not reasonable approximation of fair value***

The fair value of financial liability that is not carried at fair value and whose carrying amount is not reasonable approximation of fair value is as follows:

	Group			
	Carrying amount 2015	**Fair value 2015**	**Carrying amount 2014**	**Fair value 2014**
	$'000	$'000	$'000	$'000
Group				
Financial asset:				
Loan receivable (Note 14)	7,000	7,597	7,000	8,297
Financial liability:				
Loans and borrowings (Note 22)	–	–	1,279	1,279
Company				
Financial asset:				
Loan receivable (Note 14)	7,000	7,597	7,000	8,297

Determination of fair value

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market lending rate for similar types of borrowing arrangement at the end of the reporting period.

30. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year the Group and the Company's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Group and the Company's exposure to the above mentioned financial risks and the objectives, policies and process for the management of these risks.

30. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables, loan receivable and amounts due from related companies. For other financial assets (including cash and short-term deposits), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk before taking into account any collateral held is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

In addition, the Group's loan receivable (Note 14) holds a security in respect of a loan agreement entered into with a third party.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring long past due trade and other receivables on an on-going basis.

The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period, approximately, is as follows:

- None (2014: 36%) of the Group's trade and other receivables were due from related parties.
- 99% (2014: 60%) of the Group's trade and other receivables were due from two main debtors.
- 97% (2014: 29%) of the Group's trade and other receivables relates to a loan given to a third party.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 15 and 16.

30. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its liquidity risk by placing its cash and cash equivalents with reputable banks and financing its trading activities through the use of bank borrowings and leasing arrangements.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less	**One to five years**	**Total**
	$'000	$'000	$'000
Group			
2015			
Financial assets:			
Loan receivable	7,597	–	7,597
Other receivables and deposits	202	–	202
Cash and short-term deposits	3,735	–	3,735
Total undiscounted financial assets	11,534	–	11,534
Financial liabilities:			
Trade payables	334	–	334
Other payables and accruals	987	–	987
Total undiscounted financial liabilities	1,321	–	1,321
Total net undiscounted financial assets	10,213	–	10,213

30. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

	One year or less $'000	One to five years $'000	Total $'000
Group			
2014			
Financial assets:			
Loan receivable	–	8,297	8,297
Trade receivables	6,424	–	6,424
Other receivables and deposits	1,733	652	2,385
Amounts due from related companies	8,635	–	8,635
Cash and short-term deposits	5,546	–	5,546
Total undiscounted financial assets	22,338	8,949	31,287
Financial liabilities:			
Trade payables	10,998	–	10,998
Other payables and accruals	4,954	97	5,051
Amounts due to related companies	393	–	393
Loans and borrowings	954	388	1,342
Total undiscounted financial liabilities	17,299	485	17,784
Total net undiscounted financial assets	5,039	8,464	13,503
Company			
2015			
Financial assets:			
Loan receivable	7,597	–	7,597
Other receivables and deposits	202	–	202
Cash and short-term deposits	2,334	–	2,334
Total undiscounted financial assets	10,133	–	10,133
Financial liability:			
Other payables and accruals	145	–	145
Total undiscounted financial liability	145	–	145
Total net undiscounted financial assets	9,988	–	9,988

30. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

	One year or less $'000	One to five years $'000	Total $'000
Company			
2014			
Financial assets:			
Loan receivable	–	8,297	8,297
Other receivables and deposits	142	–	142
Amount due from a subsidiary	3,094	–	3,094
Cash and short-term deposits	2,004	–	2,004
Total undiscounted financial assets	5,240	8,297	13,537
Financial liability:			
Other payables and accruals	55	–	55
Total undiscounted financial liability	55	–	55
Total net undiscounted financial assets	5,185	8,297	13,482

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings.

Sensitivity analysis for interest rate risk

The Group's exposure to interest rate risk is minimal. The sensitivity analysis for changes in interest rate is not disclosed as the effect on profit or loss is considered not to be significant.

31. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 2014. The Group is not subject to any externally imposed capital requirement and the capital of the Group comprises all components of shareholders' equity.

	Group	
	2015	**2014**
	$'000	$'000
Share capital	46,226	46,226
Accumulated losses	(35,133)	(33,184)
Foreign currency translation reserve	82	(1)
Total capital	11,175	13,041

32. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(a) The services segment is in the business of providing accommodation and lodging services as well as related facilities and multi-services from lodging and leasing.

(b) The trading segment is in the business of sales and purchase of electronic products (integrated circuits) within Hong Kong and People's Republic of China.

(c) The investment segment is in the business of providing loans within Hong Kong.

For the financial year ended 31 December 2015, the Group's continuing operations derives revenue from the business segments (b) and (c) as indicated above. In the prior year, the Group carried out operations in the services segment. However, this was discontinued in the current year after the liquidation of the subsidiaries under Winsta Holding Pte. Ltd on 3 August 2015 and 4 August 2015. No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

32. Segment information (cont'd)

	Provision of accom-modations and lodging * $'000	Sales and purchase of electronic products $'000	Loan receivable $'000	Corporate $'000	Eliminations (Note A) $'000	Total $'000
2015						
Total revenue	9,373	–	700	–	–	10,073
Results						
(Loss)/profit from operations	(2,269)	10	(3,781)	(357)	3,213	(3,184)
Assets and liabilities						
Segment assets	6,890	1,270	9,695	145	(159)	17,841
Segment liabilities	(8,698)	9	194	1,755	(588)	(7,328)
2014						
Total revenue	23,607	13,193	–	–	(10)	36,790
Results						
(Loss)/profit from operations	(953)	1,217	–	(996)	813	81
Assets and liabilities						
Segment assets	9,205	14,869	–	13,510	(4,240)	33,344
Segment liabilities	9,906	13,700	–	104	(3,094)	20,616

* Discontinued operation in 2015 – Note 13

Note:

(A) Inter-segment sales, assets and liabilities are eliminated on consolidation.

32. Segment information (cont'd)

Geographical information

Revenue information based on the geographical location of customers is as follows:

	External sales	
	2015	**2014**
	$'000	$'000
Singapore	9,373	23,597
People's Republic of China	–	635
Hong Kong	700	12,558
Total	10,073	36,790

All non-current assets are located in Singapore.

33. Comparatives figures

Certain figures have been restated to conform to the current financial year presentation.

34. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 6 April 2016.

Statistics of Shareholdings

As at 17 March 2016

Number of shares in issue	:	1,921,637,787
Class of shares	:	Ordinary
Voting rights	:	One vote per share
Number of treasury shares held	:	Nil
Number of ordinary shares excluding treasury shares	:	1,921,637,787
Percentage of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 99	32	2.79	431	0.00
100 - 1,000	43	3.75	35,577	0.00
1,001 - 10,000	229	19.97	1,301,806	0.07
10,001 - 1,000,000	724	63.12	200,852,942	10.45
1,000,001 AND ABOVE	119	10.37	1,719,447,031	89.48
TOTAL	**1,147**	**100.00**	**1,921,637,787**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	WANG MINGLIANG	420,500,000	21.88
2	LI LIPING	231,000,000	12.02
3	CHONG THIM PHENG	162,500,000	8.46
4	CIMB SECURITIES (SINGAPORE) PTE. LTD.	98,342,000	5.12
5	ONG TIONG YUN	85,000,124	4.42
6	OCBC SECURITIES PRIVATE LIMITED	69,747,825	3.63
7	LIN CHUNG-MING	57,546,652	2.99
8	CHUA LEONG HAI @ CHUA LEANG HAI	35,901,000	1.87
9	CHING WILSON TAN	28,791,000	1.50
10	PHILLIP SECURITIES PTE LTD	27,223,584	1.42
11	TENGKU SINANNAGA @ CHENG MIN SIONG @ ZENG MING XIONG	27,000,000	1.41
12	YEAP PENG LEONG	25,000,000	1.30
13	KGI FRASER SECURITIES PTE. LTD.	24,010,000	1.25
14	CHOW BON TONG	23,804,219	1.24
15	WONG WENG HONG	18,173,100	0.95
16	RAFFLES NOMINEES (PTE) LIMITED	15,812,000	0.82
17	HO I-CHIN @PETER HO	15,500,000	0.81
18	TAN LIM HUI	13,500,000	0.70
19	PHUA HUA SENG	13,000,000	0.68
20	PIAK BOON SENG	12,500,000	0.65
	TOTAL	**1,404,851,504**	**73.12**

Substantial Shareholders

As at 17 March 2016

Name of substantial shareholders	Direct Interest	%	Deemed Interest	%
Chong Thim Pheng Winstedt	162,500,000	8.46	0	0
Li Liping	231,000,000	12.02	0	0
Wang Ming Liang	514,882,000	26.79	0	0

Shareholdings held in the hands of public

Based on the information provided and to the best knowledge of the Directors, approximately 51.31% of the issued ordinary shares of the Company are held in the hands of the public as at 17 March 2016. Therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of M Development Ltd. (the ***Company***) will be held at Level 3, 146 Robinson Road, Singapore 068909 on Friday, 22 April 2016 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$210,000 for the financial year ending 31 December 2016 to be paid quarterly in arrears (2015: S$210,000) **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:-

   (i) Mr. Huang Wen-Lai (Article 107) **(Resolution 3)**
   (ii) Ms. Li Liping (Article 117) **(Resolution 4)**

4. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

6. **AUTHORITY TO ISSUE SHARES**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (***SGX-ST***), the Directors of the Company be authorised and empowered to:-

   (a) (i) allot and issue Shares in the capital of the Company (***Shares***) (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, ***Instruments***) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

Notice of Annual General Meeting

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:-

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury Shares, if any) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty percent (20%) of the total number of issued Shares (excluding treasury Shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below); and

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury Shares, if any) shall be calculated based on the total number of issued Shares (excluding treasury Shares, if any) in the capital of the Company at the time of passing of this Resolution, after adjusting for:-

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note (i)] **(Resolution 6)**

By Order of the Board

Claudia Teo Kwee Yee
Company Secretary

Singapore, 6 April 2016

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed if passed, will empower the Directors to issue Shares in the Company up to 50% of the total number of issued Shares (excluding treasury Shares, if any) in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of Shares not to exceed 20% of the total number of issued Shares (excluding treasury Shares, if any) for such purposes as they consider to be in the interests of the Company.

Notes:

1. (a) A Member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A Member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a Member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 4 Shenton Way #17-01, SGX Centre 2, Singapore 068807 not less than forty-eight (48) hours before the time appointed for holding the Meeting and any adjournment thereof.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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M DEVELOPMENT LTD.

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

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy M Development Ltd.'s shares, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member / members of **M DEVELOPMENT LTD.** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Level 3, 146 Robinson Road, Singapore 068909 on Friday, 22 April 2016 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	No. of Votes For[1]	No. of Votes Against[1]
1	Adoption of Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2015		
2	Approval of Directors' fees for the financial year ending 31 December 2016 to be paid quarterly in arrears		
3	Re-election of Mr. Huang Wen-Lai as Director		
4	Re-election of Ms. Li Liping as Director		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors and authorise Directors to fix their remuneration		
6	Authority to issue shares		

[1] If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _______________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 4 Shenton Way #17-01, SGX Centre 2, Singapore 068807 not less than 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

1. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

2. <u>Personal Data Privacy</u>

   By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2016.

Development Limited

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4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807
Tel: 65 65350550 | Fax: 65 65380877

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