



Development Limited

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

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

Unless otherwise defined, all capitalised terms used herein shall have the same meanings given to them in the announcement dated 7 October 2014 (the "Announcement").

1. INTRODUCTION

1.1 The board of directors (the "Board" or the "Directors") of M Development Ltd (the "Company") wishes to provide shareholders with updates on the loan of S\$7,500,000 (the "Loan") provided by the Company to Visualedge Technology Co., Ltd. ("Visualedge"), which had been disclosed in the Announcement and the annual report of the Company for the financial year ended 31 December 2014 ("Annual Report").

1.2 To recapitulate, it was previously disclosed in the Annual Report that:

- (a) the Company had, on 7 October 2014, entered into a loan agreement with Visualedge to provide the Loan;
- (b) the Company had disbursed the amounts of S\$4,000,000 and S\$3,000,000 on 8 October 2014 and 31 October 2014 respectively;
- (c) the loan receivable stated at amortised cost, bears an interest rate of 10% per annum and is payable quarterly;
- (d) 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; and
- (e) the loan receivable matures on 24 August 2016.

1.3 Please refer to the Appendix for further background information on the Loan.

2. UPDATE ON THE LOAN

2.1 As at the date of this announcement:

- (a) the Company has disbursed an amount of S\$7,000,000 under the Loan to Visualedge;
- (b) Visualedge has disbursed the entire amount of the PT ISJ Convertible Loan (as defined in the Appendix) to PT ISJ (as defined in the Appendix); and
- (c) PT ISJ has paid IDR277,745,700,000 (or approximately S\$27,680,456¹), being the aggregate consideration in relation to the Land Acquisition (as defined in the Appendix), to PT AGR (as defined in the Appendix), pursuant to the Land SPAs (as defined in the Appendix).

2.2 Further, as at the date of this announcement, the Company has received interest payments in the aggregate of S\$489,330 from Visualedge, for all quarterly interest payments up to 30 June 2015. The interest income and receipts of the said income, where applicable, for the financial year ended 31 December 2014 and the 6-month period ended 30 June 2015, were disclosed in the Annual Report and the 6-month results announcement appropriately.

3. OTHER INFORMATION

As at the date of this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Loan, other than through their shareholdings in the Company.

Shareholders are advised to read the Announcement, this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD
M DEVELOPMENT LIMITED

Huang Wen-Lai
Executive Chairman and Director
10 September 2015

¹ This is based on an exchange rate of IDR10,034:S\$1, which was the prevailing forex exchange rate as at 3 September 2015. The foregoing forex exchange rate will be used for the purposes of this announcement.

THE APPENDIX

The background of the Loan is set out below:

(a) Purpose of Loan

(i) Land Acquisition

PT Indo Sinar Jaya ("PT ISJ") had, on 11 September 2014, entered into six sale and purchase agreements with PT Alfa Goldland Realty ("PT AGR") for the acquisition of the property located at Jl. Alam Sutera Boulevard Lot No. 10N-1, 10N-2, 10N-3, 10N-5, 10N-6, 10N-7, Alam Sutera, Tangerang, Serpong, Indonesia ("Land Acquisition") (collectively, the "Land SPAs").

The shareholders of PT ISJ are Ong Tiong Yun and Andy Wijaya. Ong Tiong Yun is a 4.42% shareholder of the Company as at 1 September 2015.

PT AGR is an indirect subsidiary of PT Alam Sutera Realty Tbk, an integrated property developer, which focuses its business activities in the construction and management of residential, commercial areas, industrial areas, and also the management of shopping centres, recreation centres and hospitality (mixed used development). PT Alam Sutera Realty Tbk is part of the Argo Manunggal Group, which is majority owned by The Ning King. The Ning King was listed at number 46 on the Forbes's List of Indonesia's 50 Richest in 2014.

(ii) PT ISJ Convertible Loan

For the purpose of funding the Land Acquisition, PT ISJ had, on 24 August 2014, entered into a convertible loan agreement ("Convertible Loan Agreement") with Visualedge pursuant to which Visualedge granted PT ISJ a convertible term loan facility of a total principal amount of IDR277,745,600,000 (or approximately S\$27,680,456) ("PT ISJ Convertible Loan").

The sole shareholder of Visualedge is Lu Hsiang-Tai ("Mr. Lu"). Visualedge is principally involved in the trading of electronic products, such as LED components and computer memory chips. Mr. Lu and Visualedge are not related to any of the Directors or controlling shareholders of the Company.

Further, Visualedge is one of the trading partners of Xiamen Xinyang and Benma Technology Co., Ltd ("Xinyang"). Wang Mingliang ("Mr. Wang") and his spouse collectively hold, directly and indirectly, 77.5% of the shares in the capital of Xinyang while Huang Wen-Lai ("Mr. Huang") indirectly holds 22.5% of the shares in the capital of Xinyang. Accordingly, Visualedge is known to the Company through Mr. Wang (who is a controlling shareholder of the Company)² and Mr. Huang (who is the Executive Chairman and Executive Director of the Company). The Company understands from Mr. Wang and Mr. Huang that the business relationship between Visualedge and Xinyang has been good, with no collectability issues.

The obligations of PT ISJ under the Convertible Loan Agreement are secured by:

² Mr. Wang is a 26.79% shareholder of the Company as at 3 September 2015.

- (A) the deed of share pledge granted by Ong Tiong Yun³ to Visualedge dated 24 August 2014 over 70% of the issued and paid-up share capital of PT ISJ ("OTY Share Pledge");
- (B) the deed of share pledge granted by Andy Wijaya⁴ to Visualedge dated 24 August 2014 over 30% of the issued and paid-up share capital of PT ISJ ("AW Share Pledge");
- (C) the conversion option note dated 24 August 2014 and amended on 5 October 2014 entered into between Visualedge and PT ISJ for the conversion of all or part of the PT ISJ Convertible Loan and the interest thereon ("Indebtedness") into equity interest in PT ISJ, to serve as a full or partial repayment of the Indebtedness ("Conversion Option Note"); and
- (D) the assignment of dividend agreement dated 24 August 2014 entered into between Visualedge, Ong Tiong Yun and Andy Wijaya for the assignment of their rights to dividends in favour of Visualedge.

(iii) Loan

The Loan was to be utilised by Visualedge to fund a portion of the PT ISJ Convertible Loan which was not yet disbursed by Visualedge to PT ISJ as at the date of the Announcement⁵.

(b) Security of the Loan

The obligations of Visualedge under the Loan Agreement are secured by an assignment of Visualedge's rights, titles, and interests in, to and under:

- (i) the amount disbursed to, and repayable by, PT ISJ under the Convertible Loan Agreement;
- (ii) the Conversion Option Note;
- (iii) the proceeds from the enforcement of the OTY Share Pledge; and
- (iv) the proceeds from the enforcement of the AW Share Pledge.

The Company understands that Visualedge is currently in discussions with PT ISJ to obtain an equity stake in PT ISJ.

(c) Repayment of the Loan

Under the terms of the Loan, Visualedge shall repay the Loan to the Company in full together with any and all interest thereon, without any deductions, on 24 August 2016.

³ Ong Tiong Yun holds 70% of the the issued and paid-up share capital of PT ISJ.

⁴ Andy Wijaya holds 30% of the issued and paid-up share capital of PT ISJ.

⁵ As at 7 October 2014, Visualedge had not disbursed IDR180,534,640,657 (or approximately S\$18,193,554) to PT ISJ under the terms of the PT ISJ Convertible Loan.

The interest payable by Visualedge on the Loan is calculated at the rate of 10 per cent per annum and interest is payable on 31 March, 30 June, 30 September and 31 December of each calendar year.

(d) Strategic Review by the Board

The Board had carefully considered the provision of the Loan by the Company to Visualedge, weighing both the economic benefits and risks (in particular, the collectability of the Loan). In light of the above, the Board is of the view that the risk of bad debt was mitigated by the following factors:

- (i) the obligations of Visualedge under the Loan Agreement are adequately secured;
- (ii) the various parties in respect of the Land Acquisition, the PT ISJ Convertible Loan and the Loan are either reputable business persons and/or parties who are known to the Company; and
- (iii) pursuant to the terms of the Land SPAs, in the event of PT ISJ's failure to make full payment in accordance with the Land SPAs, PT AGR shall have a right to terminate the Land SPAs. Upon such termination of the Land SPAs, PT AGR shall refund 75% of the total payment that has been made up to termination to PT ISJ. As stated in paragraph 2.1(c) of this announcement, as at the date of this announcement, PT ISJ has paid IDR277,745,700,000 (or approximately S\$27,990,094) to PT AGR.