



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: M Development Ltd

Security: M Development Ltd

Meeting details:

Date: 21 Jun 2019

Time: 10.30 a.m.

Venue: 1 Raffles Boulevard, Room 307 Suntec City, Singapore 039593

Company Description

M Development Ltd is a Singapore-based investment holding company. The Company operates through three segments: services, trading and investment. The services segment is engaged in the business of providing accommodation and lodging services, as well as related facilities and multi-services from lodging and leasing. The trading segment is engaged in the business of sales and purchase of electronic products (integrated circuits) within Hong Kong and the People's Republic of China. The investment segment is engaged in the business of providing loans within Hong Kong. The Company's subsidiaries include M Strategic Investment Ltd., United Force Development (S) Pte. Ltd. and United Force Trading Pte. Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=N14)

Q1. As noted in the Letter to Shareholders, the company disclosed that it evaluated and proposed a reverse takeover attempt but to no success. On 28 November 2018, the company and the vendor have mutually agreed not to proceed with the proposed transaction and have ceased discussions in relation to the proposed transaction following further due diligence and negotiations.

- (i) Can the independent directors help shareholders understand their roles and involvement in the company's negotiation in the reverse takeover proposal?**
- (ii) What guidance has the board given to management to identify a suitable business that would meet the exchange's requirements?**
- (iii) Can the board clarify if the search for a new business is still ongoing?** The exchange has given notice to the company that no further extension will be granted and that the company will be removed from the Official List of SGX-ST (See question 2 below).
- (iv) What is the nature and scope of the company's trading activities?** In FY2018, the group recognised trading sales revenue of \$1.942 million.

Q2. The company highlighted that it was placed on the watch-list due to the minimum trading price entry criterion (the "MTP Watch-list") with effect from 5 June 2017 and it was deemed a cash company with effect from 8 September 2017.

In addition, trading in the company's shares was suspended with effect from 11 September 2017.

The company was informed on 5 December 2018 by SGX-ST that no further extension will be granted and the company will be removed from the Official List of SGX-ST. A cash exit offer in accordance with Rule 1309 of the listing manual ("Cash Exit Offer") should be made to Shareholders within 6 months (page 4 of the annual report).

- (i) Can the board help shareholders understand if it is still in discussion with the exchange on retaining its listing status? Would it be appealing to the exchange for more time to find a viable business that would meet the exchange's requirements?**
- (ii) On the other hand, in the event that the appeals are not successful, have the independent directors began any discussion with the issuer and/or the controlling shareholder on the cash exit offer as required by the exchange?**
- (iii) Would the independent directors help shareholders understand the expected net asset attributable to shareholders (with and without the \$2.3 million awarded to the company by the court) in the event of a liquidation?**

Q3. Since May 2015, the group has been embroiled in legal proceedings against a total of thirteen defendants who are alleged to have been responsible for and/or connected with improper acts which have caused the company's subsidiary, Winsta Holding Pte. Ltd. and its seven subsidiaries to suffer losses (page 4).

While the company was successful in its claim against the various defendants in the Lawsuit and was awarded equitable compensation assessed at S\$1,404,333 and costs of S\$870,261, some of the defendants have filed appeals against the judgement.

The date of the hearing of the appeals by the Court of Appeal is presently fixed in the third quarter of 2019.

- (i) Can the board help shareholders understand the additional costs that might be incurred with the additional hearing(s)?**
- (ii) Can the board clarify if the hearing of the appeals by the Court of Appeal would be the final option available to the defendants? Can the board confirm/clarify if the entire lawsuit against the defendants would be concluded following the conclusion of the hearing in the third quarter of 2019?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=M%20Development%20Ltd&cid=6787,4264>

The company's response could be found here: -----