

20 JUNE 2013

**M2L HOLDINGS LIMITED  
AND ITS SUBSIDIARIES  
(ARBN 154 095 897)  
(Incorporated in the Republic of Singapore)**

# **SUPPLEMENTAL ANNUAL REPORT**

FOR THE PERIOD FROM  
30 AUGUST 2011 (DATE OF INCORPORATION)  
TO  
30 SEPTEMBER 2012

## 1. Introduction

On 27 December 2012 M2L Holdings Limited (the “Company”) issued an audited financial statements for the period from 30 August 2011 (date of incorporation) to 30 September 2012 (the “Financial Year Under Review”) (the “Financial Statements”) for the Company and its subsidiaries (the “Group”). A copy of this audited financial statements is attached to this Supplemental Annual Report as Appendix A.

This Supplemental Annual Report is prepared to set out accompanying information required to be disclosed by the Company under NSX Listing Rule 6.9. Therefore, this Supplemental Annual Report must be read together and in conjunction with the aforesaid audited financial statements.

## 2. Principal Activities of the Group

The principal activities of the Company are to carry on business as a content developer and provider of Mandarin Chinese language programmes for adult non-native speakers. The Company was also to carry on business as organiser of short-term executive training programmes in partnership with the School of Continuing Education of a premier state funded university in China. The Company has not actively carried on business during the Financial Year Under Review.

The principal activities of the former subsidiaries (see Note 3 below) were provider of academic tuition and works skills certification.

## 3. Subsidiaries

As of end of the Financial Year Under Review (*i.e.*, 30 September 2012), the Company's subsidiaries were:

Name of Subsidiary	Country of Incorporation/ Principal country of operation	Percentage of equity held	Principal activities
M2L Blue Ocean Holdings Pte Ltd	Singapore	100%	Investment holding
<u>Held by a subsidiary</u>			
Xiamen Century Blue Ocean Tuition Centre	China	51%	Provide supplementary academic tuition
Beijing Century Educational Development Centre	China	51%	Provide work skills certification

Details of the subsidiaries are set out in Note 5 of the Financial Statements.

The subsidiaries held by a subsidiary were acquired from a former director in consideration for new shares in the Company issued to that former director. Subsequent to the end of the Financial Year Under Review, on 21<sup>st</sup> March 2013, the Company forfeited the shares issued to, inter alia, that former director for non-performance of his contractual obligations namely: (i) to provide operational and financial accounts of the two subsidiaries; and (ii) to transfer legal title of the two subsidiaries to the Company's wholly-owned subsidiary, M2L Blue Ocean Holdings

Pte Ltd. Following this forfeiture of shares, Xiamen Century Blue Ocean Tuition Centre and Beijing Century Educational Development Centre ceased to be subsidiaries of the Company.

#### 4. Directors' Interests in Securities

As at 30 September 2012, the interests of directors and officers of the Company in equity securities (shares and CDIs) of the Company are as follows:

	Directly Held		Deemed Interests	
	Date of appointment	30.09.2012	Date of appointment	30.09.2012
<i>The Company</i>				
Chong Hock Tat, Robin	1	20,000,000*	NIL	NIL
Tay Kwee Yong <sup>#</sup>	1	5,420,000*	NIL	NIL
Lan Shi Ren <sup>#</sup>	NIL	16,800,000*	NIL	100,000 <sup>@</sup>
Lam Peck Heng	NIL	NIL	NIL	NIL
Tham Khai Wor	NIL	NIL	NIL	NIL

\* Includes 1,000 ordinary shares in the share capital of the Company held in script form.

<sup>#</sup> Removed as Director at the Extra Ordinary General Meeting held on 5 December 2012.

<sup>@</sup> Mr Lan Shi Ren is deemed interested in these 100,000 ordinary shares in the share capital of the Company held by his spouse.

By virtue of Section 7 of the Companies Act (Cap. 50), Chong Hock Tat, Robin is deemed to have an interest in the ordinary shares of all subsidiaries of the Company.

Save as disclosed above, no director or officer of the Company (or his immediate family) has a vested right to receive any distribution made on the securities or is entitled to exercise or direct the exercise of the voting rights attaching to the securities.

As of the end of the Financial Year Under Review:

- (a) the Company and its subsidiaries does not have on issue any debt security; and
- (b) the Company has not granted any right to subscribe for any equity or debt security of the Company to any person, including a director or officer of the Company

#### 5. Forecast

The Company did not publish any forecast in relation to the Financial Year Under Review.

#### 6. Directors' Service Contract

During the Financial Year Under Review, there is no service contract in force with any director of the Company.

## **7. Material or Significant Contracts**

During the Financial Year Under Review:

- (a) M2L Blue Ocean Holdings Pte Ltd, a wholly-owned subsidiary of the Company, entered into an Equity Assignment Agreement with a former director to acquire his 51% stake in Xiamen Century Blue Ocean Tuition Centre, details which are set out in Note 5 of the Financial Statements and in the prospectus dated 29 February 2012 issued by the Company (the "Prospectus");
- (b) M2L Blue Ocean Holdings Pte Ltd entered into an Equity Assignment Agreement with the same former director to acquire his 51% stake in Beijing Century Educational Development Centre, details which are set out in Note 5 of the Financial Statements and in the Prospectus;
- (c) the Company entered into a Lease Agreement with, amongst others, Chong Hock Tat, Robin, a director of the Company, details which are set out in Note 6 of the Financial Statements and in the Prospectus;
- (d) the Company entered into an Assignment of Copyright Agreement with another former director of the Company, details which are set out in Note 7 of the Financial Statements and in the Prospectus; and
- (e) the Company entered into a Licence Agreement with a company in which a director of the Company has a substantial interest, details which are set out in the Prospectus.

Save as disclosed above and in the Financial Statements, there is no contract subsisting during or at the end of the Financial Year Under Review:

- (i) in which a director of the issuer is or was materially interested, either directly or indirectly; or
- (ii) between the Company, or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries; or
- (iii) for the provision of services to the Group by a controlling shareholder or any of its subsidiaries;

## **8. Other Discloseable Arrangements with Directors and Shareholders**

During and at the end of the Financial Year Under Review, there has been no arrangement under which:

- (a) a director has waived or agreed to waive any emoluments; or
- (b) a shareholder has waived or agreed to waive any dividends.

## **9. Comparative Financial Information**

The results and the assets and liabilities of the Group set out in the Financial Statements are for the first year which the Group has traded or subsisted. Therefore, no comparative table, of the results and of the assets and liabilities of the Group is prepared.

## **10. Directors' Review of Operations**

The Financial Year Under Review has been a difficult and challenging one for the Company. As disclosed in Note 3 above, and elsewhere in the Financial Statements and the Prospectus, during the this period, the Company acquired two 51%-owned subsidiaries in China from a former director. Notwithstanding completion of these acquisitions, and despite of repeated requests and demands by the Company, the former director, had refused, neglected and failed to:

- (i) provide operational and financial accounts of the two subsidiaries; and
- (ii) transfer legal title of the two subsidiaries to the Company's wholly-owned subsidiary, M2L Blue Ocean Holdings Pte Ltd.

As a result thereof, the directors are not able to provide any reliable and meaning review of the operations of the former subsidiaries.

Directors of the Company had actively sought and will continue to to identify and seek possible investments which the Company can make to turnaround the Company.

## **11. Statement of Main Corporate Governance Practices**

Given the size of the Company, the board has not formally adopted corporate governance procedures. However, in performing its duties and functions, the board closely follows the informal principles and guidelines set out in this Note 11. As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.

The primary responsibility of the board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the board is responsible for the overall corporate governance of the Company, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- (a) protection and enhancement of shareholder value;
- (b) formulation, review and approval of the objectives and strategic direction of the Company;
- (c) approving all significant business transactions, including acquisitions, divestments and capital expenditure;
- (d) monitoring the financial performance of the Company by reviewing and approving budgets and results;

- (e) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (f) identification of significant business risks and ensuring that such risks are adequately managed;
- (g) reviewing the performance and remuneration of executive directors and key staff; and
- (h) establishment and maintenance of appropriate ethical standards.

As of the end of the Financial Year Under Review, the Company had adopted a formal Share Trading Policy to regulate dealings by the Company's officers in shares, options and other securities issued by the Company.

As of the end of the Financial Year Under Review, the board comprise of two independent non-executive directors, namely Lam Peck Heng and Tham Khai Wor, and one executive director, Chong Hock Tat, Robin. Lam Peck Heng acts as chair of the Board.

At present, the board does not have a fixed number of meetings it will hold per annum. The board meets as frequently as may be required to deal with matters arising.

## 12. List of Top-10 Shareholders

As of 27 December 2012 (the date the Financial Statements is issued), the ten (10) largest holders of CDIs issued by the Company (including non-listed CDIs which are subject to escrow arrangements, but excluding CDIs held by the Company) are:

S/No.	Name of CDI-holder	Number of CDIs held	%
1.	Chong Hock Tat Robin <sup>#</sup>	19,999,000	32.56
2.	Lan Shi Ren <sup>#, @</sup>	16,799,000	27.35
3.	Tay Kwee Yong <sup>#, @</sup>	5,419,000	8.82
4.	Chua Soon Beng Ellen	2,797,000	4.55
5.	Chong Hock Huat Raymond	2,461,667	4.01
6.	Yan Bohan	2,420,000	3.94
7.	Baohua Liu	2,080,000	3.39
8.	Chua Kee Leng	2,000,000	3.26
9.	Tay Meow Kian	1,713,333	2.79
10.	Michael Lim Chung Khoon	1,100,000	1.79
		<hr/> 61,417,000	<hr/> 92.46
	Held by other CDI-holders	4,628,000	7.54
		<hr/> 61,417,000	<hr/> 100.00

# In addition to the number of CDIs held, each of these shareholders also hold 1,000 shares in the share capital of the Company in script form.

@ The CDIs held by these shareholders were forfeited for non-fulfilment of contractual obligations pursuant to a resolution passed at an extraordinary general meeting held on 5<sup>th</sup> December 2012.

On behalf of the board of Directors



CHONG HOCK TAT, ROBIN  
Singapore  
20 June 2013



LAM PECK HENG  
Singapore  
20 June 2013