M DEVELOPMENT LTD
(Company Registration No. 200201764D)

Unaudited Half Year Financial Statement and Dividend Announcement for the period ended 30 June 2020

Part 1 INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediate preceding financial year.

	1 Jan 20 to 30 Jun 20 S$'000	1 Jan 19 to 30 Jun 19 S$'000	Increase / (Decrease) %
Revenue	16	5	215%
Cost of sales	–	–	n.m.
Gross profit	16	5	
Other income	1,772	–	n.m.
General and administrative expenses	(859)	(364)	136%
Profit/(loss) before tax	929	(359)	
Income tax expense	–	–	n.m.
Profit/(loss) for the period	929	(359)	
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	–	(13)	
Total comprehensive income/(loss)	929	(372)	
Profit/(loss) for the period attributable to:			
Owners of the Company	929	(358)	
Non–controlling interests	–	(1)	
	929	(359)	
Total comprehensive income/(loss) attributable to:			
Owners of the Company	929	(371)	
Non-controlling interests	–	(1)	
	929	(372)	

(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Jun 20 S$'000	31 Dec 19 S$'000	30 Jun 20 S$'000	31 Dec 19 S$'000
ASSETS				
Non-current assets				
Investments in subsidiaries	–	–	141	142
Total non-current assets	–	–	141	142
Current assets				
Right-of-use assets	14	28	14	28
Trade and other receivables	1,236	–	1,236	–
Deposits	6	10	6	6
Prepayments	17	3	17	3
Cash held with the Company's lawyer	–	2,275	–	2,275
Cash and bank balances	3,849	934	3,849	730
Total current assets	5,122	3,250	5,122	3,042
Total assets	5,122	3,250	5,263	3,184
LIABILITIES				
Current liabilities				
Lease liability	14	27	14	27
Loan from a director	–	37	–	–
Loan from a third party	1,000	–	1,000	–
Other payables and accruals	1,215	1,222	520	332
Total current liabilities	2,229	1,286	1,534	359
Net current assets	2,893	1,964	3,588	2,683
EQUITY				
Share capital	41,806	41,806	41,806	41,806
Accumulated losses	(37,370)	(38,299)	(38,077)	(38,981)
Foreign currency translation reserve	43	43	–	–
	4,479	3,550	3,729	2,825
Non-controlling interests	(1,586)	(1,586)	–	–
	2,893	1,964	3,729	2,825
Total liabilities and equity	5,122	3,250	5,263	3,184

(b) (ii) Aggregate amount of group's borrowings and debt securities.

As at 30 June 2020, the Group had total borrowings of S$1 million from a loan provided from a third party. The loan has an interest of 30% per annum, and is repayable on 31 December 2020.

As at 31 December 2019, the Group had total borrowings of approximately S$37k (equivalent to RMB185k) from a loan provided from a director. The loan was interest-free and repayable on demand. The loan was with a subsidiary which was disposed in 1H2020.

Amount repayable in one year or less, or on demand

As at 30 Jun 20		As at 31 Dec 19	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
Nil	1,000	Nil	37

Amount repayable after one year

As at 30 Jun 20		As at 31 Dec 19	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
Nil	Nil	Nil	Nil

Details of any collaterals

Not applicable. There are no collateral on the Group's borrowings.

(c) A statement of cash flows (for the group), with a comparative statement for the corresponding period of the immediately preceding financial year.

	1 Jan 20 to 30 Jun 20 S$'000	1 Jan 19 to 30 Jun 19 S$'000
Operating activities		
Profit/(loss) before tax	929	(359)
Adjustments for:		
Interest income	(16)	(5)
Depreciation of right-of-use asset	20	–
Interest expense	71	–
Gain on disposal of subsidiaries	(36)	–
Operating cash flows before changes in working capital	968	(364)
Changes in working capital		
Decrease in trade receivables	–	116
Increase in other receivables and deposits	(1,236)	(5)
Increase in prepayments	(14)	–
Decrease in cash held with Company's lawyer	2,275	–
Decrease in trade payables	–	(116)
Decrease in other payables and accruals	(77)	(4)
Cash flows used in from operations	1,916	(373)
Interest received	16	5
Interest paid	(1)	–
Tax paid	–	–
Net cash flows used in operating activities	1,931	(368)
Financing activities		
Liquidation of subsidiaries, net of cash disposed of	3	–
Proceeds from loan from a third party	1,000	–
Payment of principal portion of lease liability	(19)	–
Net cash flows from financing activities	984	–
Net decrease in cash and cash equivalents	2,915	(368)
Effect of exchange rate changes	–	(13)
Cash and cash equivalents at beginning of the period	934	6,077
Cash and cash equivalents at end of the period	3,849	5,696

(d) (i) Statement (for the issuer and the group) showing (i) all changes in equity or (ii) changes in equity other than those arising from capitalization and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company					
	Share capital S$'000	Accumulated losses S$'000	Foreign currency translation reserve S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
GROUP						
Balance as at 1 Jan 19	46,226	(39,790)	46	6,482	(1,584)	4,898
Total comprehensive loss for the period	–	(358)	(13)	(371)	(1)	(372)
Balance as at 30 Jun 19	46,226	(40,148)	33	6,111	(1,585)	4,526
Balance as at 1 Jan 20	41,806	(38,299)	43	3,550	(1,586)	1,964
Total comprehensive income for the period	–	929	–	929	–	929
Balance as at 30 Jun 20	41,806	(37,370)	43	4,479	(1,586)	2,893

	Share capital S$'000	Accumulated losses S$'000	Total equity S$'000
COMPANY			
Balance as at 1 Jan 19	46,226	(41,583)	4,643
Total comprehensive loss for the period	–	(358)	(358)
Balance as at 30 Jun 19	46,226	(41,941)	4,285
Balance as at 1 Jan 20	41,806	(38,981)	2,825
Total comprehensive income for the period	–	904	904
Balance as at 30 Jun 20	41,806	(38,077)	3,729

(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There are no changes in the Company's share capital since the end of the previous period reported (31 December 2019).

(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30 Jun 20 Number of ordinary shares	31 Dec 19 Number of ordinary shares
Balance at beginning and end of period	1,921,637,787	1,921,637,787

(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Yes.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	30 Jun 20	30 Jun 19
Profit/(loss) attributable to ordinary shareholders (S$'000)	929	(358)
Weighted average and fully diluted ordinary shares for the purpose of calculating basic loss per share ('000)	1,921,638	1,921,638
Profit/(loss) per share (cents)	0.05	(0.02)

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

No diluted loss per share is presented as there is no potential dilutive ordinary share for the years ended 30 June 2020 and 31 December 2019.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	30 Jun 20	31 Dec 19	30 Jun 20	31 Dec 19
Net asset value per ordinary share (cents)	0.15	0.10	0.19	0.15

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

Other income (increased by S$1,772k) – Included in other income is S$1,736k of damages, costs and disbursements awarded to the Company from the Lawsuit(1) (collectively known as "Damages") and S$36k gain on the disposal of subsidiaries(2).

Revenue (increased by S$11k) – Revenue in FY2019 and FY2020 relates to interest income. FY2020 includes 5.33% p.a. interest earned on the outstanding Damages.

General and administrative expenses(3) (increased by S$495k) – Mainly due to RTO(4) professional cost and interest incurred of S$643k, partially offset by lower director' remuneration and legal costs incurred for the Lawsuit(1). Final billing for legal costs was received in 1H2020.

The Group recorded a net profit of S$929k for 1H2020 as compared to a net loss of S$359k for the same period in 2019. The increase in was mainly due to the Damages awarded, partially offset by higher expenses as mentioned above.

Note 1: The Lawsuit refers to litigation and appeal which was previously announced by the Company.

Note 2: The Company disposed the following subsidiaries in 1H2020:

M Strategic Investment Ltd - The Company sold 100% shareholding in M Strategic Investment Ltd for a cash consideration of S$16,828. The cash consideration was determined taking into account that the buyer was willing to pay an additional premium of S$5,000 on top of the cash balance, secretarial fees and transfer admin fee. The net liability value represented by such shares was S$28,853.

Ally Cypress (Xiamen) Limited - The Company, through its wholly-owned subsidiary United Force Trading Pte. Ltd., sold 100% shareholding in Ally Cypress (Xiamen) Limited for a cash consideration of S$2. The cash consideration was determined taking into account that the buyer was willing to bear Ally Cypress's accumulated losses and take over Ally Cypress as its current condition with no issued and paid up capital, and there was no need to repay the outstanding loan of RMB185,000. The net liability value represented by such shares was RMB154,197 (approximately S$30,840).

Note 3 : General and administration expenses includes:

	1 Jan 20 to 30 Jun 20 S$'000	1 Jan 19 to 30 Jun 19 S$'000	Increase / (Decrease) %
Accounting/audit fees	5	25	(80)
Corporate expenses	29	25	16
Secretarial fees	18	13	38
Professional fees relating to Lawsuit	(49)	5	(1,080)
Other professional fees	572	30	1,807
Directors' fees	71	75	(5)
Directors' remuneration & CPF	26	98	(73)
Staff expenses	91	71	28
Interest expense	71	–	n.m.

Note 4: The Reverse Takeover ("RTO") refers to the proposed acquisition of Antai Mining International Holdings Company Limited.

Statements of Financial Position

Group

Current assets increased by S$1,872k mainly due to higher cash and other receivables due to the Damages awarded.

Current liabilities increased by S$943k mainly due to the S$1,000k loan received from a third party to fund the RTO costs.

Company

Current assets increased by S$2,080k mainly due to higher cash and other receivables due to the Damages awarded.

Current liabilities increased by S$1,175k mainly due to the S$1,000k loan received from a third party to fund the RTO costs.

Statement of Cash Flows

Cash and cash equivalents increased by S$2,915k mainly due to S$2,275k received from the Company's lawyer, S$500k of Damages received, and S$1,000k proceeds from the third party loan. This was partially offset by operating and RTO expenses incurred.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast, or a prospect statement, was previously disclosed to the shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Company refers to its announcement made on 10 January 2020, 31 January 2020 and 11 February 2020, on the proposed acquisition of entire issued and paid-up share capital of Antai Mining International Holdings Company Limited ("Proposed Acquisition"). Capitalised terms used herein, unless otherwise defined, shall have the definitions ascribed to them in those announcements.

The Company continues to pursue the Proposed Acquisition, and in this regard, has further appointed the following professionals:

(a) Commerce & Finance Law Offices in the role of legal adviser to the Company on the laws of the People's Republic of China;

(b) Wan & Tang in the role of legal adviser to the Company on the laws of Hong Kong;

(c) Conyers Dill & Pearman in the role of legal adviser to the Company on the laws of the British Virgin Islands and the Cayman Islands;

(d) Mazars LLP in the role of internal auditor;

(e) SRK Consulting (Hong Kong) Limited in the role of Qualified Person and Valuer; and

(f) Frost & Sullivan in the role of Industry Research Consultant.

The Company estimates that the professional costs and expenses of the Proposed Acquisition will be in the region of S$2.5 million to S$3 million and will initially be funded from the Company's own funds and/or a loan of S$1.6 million obtained from third party but will, pursuant to the terms of the SPA, ultimately be borne by: (1) the Company if the Proposed Acquisition is completed successfully or if the Company's shareholders do not approve the Proposed Acquisition at the relevant general meeting or if the Proposed Acquisition cannot complete due to the fault of the Company; (2) the Vendors if the Proposed Acquisition cannot complete due to the fault of the Vendors or if the Target does not comply with the applicable requirements of the Listing Manual; and (3) the Company and the Vendor equally if the Proposed Acquisition cannot complete due to events beyond the control of the parties or if any of the transactions contemplated in the SPA is not approved by the regulator notwithstanding that the Target complies with the applicable requirements of the Listing Manual.

The Proposed Acquisition if undertaken and completed, is expected to result in a reverse takeover of the Company under Rule 1015 of the Listing Manual of the SGX-ST ("Listing Manual") and will be subject to the approval of shareholders of the Company.

The Board is of the view that the Proposed Acquisition is in the best interest of the Company as the Proposed Acquisition presents an opportunity for the Company to acquire a business in the marble mining industry and maintain its listing status, thereby enhancing shareholder value.

Shareholders are advised that the Proposed Acquisition is subject to numerous conditions and further due diligence by the Vendors and the Company. As such, there is no assurance that the Proposed Acquisition will complete and that the shares of the Company will eventually resume trading on the SGX-ST. Shareholders are therefore asked to exercise caution when dealing in the shares of the Company and should consult their legal, financial, tax and other professional advisers if they have any doubt as to the action to take.

11 If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b) (i) Amount per share ..... cents

Not applicable.

(b) (ii) Previous corresponding period ..... cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no IPT mandate during the financial period.

14 Negative assurance confirmation under the SGX listing rule 705(5) of the listing manual.

To the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the half year ended 30 June 2020 to be false or misleading in any material respect.

15 Undertakings confirmation pursuant to Rule 720 (1) of the listing manual.

The Board of Directors of the Company hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

BY ORDER OF THE BOARD

David Chin Yew Choong
Non-Executive Chairman

Yap Kian Peng
Independent Director

14 August 2020