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

**MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The Board of Directors (the "**Board**") of M Development Ltd (the "**Company**"), together with its subsidiaries, the "**Group**") refers to its unaudited full year financial results announcement for the financial year ended 31 December 2019 ("**FY2019**") released via the SGXNET on 17 February 2020 (the "**Unaudited Financial Statements**").

Pursuant to Rule 704(6) of Listing Manual, the Company would like to highlight and clarify the material variances between the Unaudited Financial Statements and the audited financial statements for FY2019 (the "**Audited Financial Statements**").

Details and explanation of the material variances between the Unaudited Financial Statements and the Audited Financial Statements are set out in the Appendix to this announcement.

Shareholders are advised to read the Audited Financial Statements in the Company's annual report for FY2019.

BY ORDER OF THE BOARD
M DEVELOPMENT LIMITED

Huang Wen-Lai
Executive Chairman and Director
15 April 2020

## Appendix

### Consolidated income statement and statement of comprehensive income for FY2019

| | AUDITED 1 Jan 19 to 31 Dec 19 S$'000 | UNAUDITED 1 Jan 19 to 31 Dec 19 S$'000 | MATERIAL VARIANCES S$'000 | NOTE |
|---|---|---|---|---|
| Revenue | 6 | 6 | | |
| Cost of sales | – | – | | |
| Gross profit | 6 | 6 | | |
| Other income | 2,275 | – | 2,275 | 1 |
| General and administrative expenses | (792) | (792) | | |
| Profit/(loss) before tax | 1,489 | (786) | 2,275 | 1 |
| Income tax expense | – | – | | |
| Profit/(loss) for the year | 1,489 | (786) | 2,275 | 1 |
| **Other comprehensive income, net of tax:** | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | |
| Currency translation differences arising from consolidation | (3) | (3) | | |
| **Total comprehensive income** | 1,486 | (789) | 2,275 | 1 |
| **Profit/(loss) for the year attributable to:** | | | | |
| Owners of the Company | 1,491 | (784) | 2,275 | 1 |
| Non-controlling interests | (2) | (2) | | |
| | 1,489 | (786) | 2,275 | 1 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the Company | 1,488 | (787) | 2,275 | 1 |
| Non-controlling interests | (2) | (2) | | |
| | 1,486 | (789) | 2,275 | 1 |

**Balance sheet (Group)**

| | Group | | | |
|---|---|---|---|---|
| | AUDITED 31 Dec 19 S$'000 | UNAUDITED 31 Dec 19 S$'000 | MATERIAL VARIANCES S$'000 | NOTE |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Plant and equipment | – | – | | |
| Investments in subsidiaries | – | – | | |
| **Total non-current assets** | – | – | | |
| | | | | |
| **Current assets** | | | | |
| Right-of-use assets | 28 | 28 | | |
| Trade receivables | – | – | | |
| Deposits | 10 | 10 | | |
| Prepayments | 3 | 3 | | |
| Cash held with the Company's lawyer | 2,275 | – | 2,275 | 1 |
| Cash and cash equivalents | 934 | 934 | | |
| **Total current assets** | 3,250 | 975 | 2,275 | 1 |
| | | | | |
| **Total assets** | 3,250 | 975 | 2,275 | 1 |
| | | | | |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Lease Liabilities | 27 | 27 | | |
| Trade payables | – | – | | |
| Other payables and accruals | 1,222 | 1,222 | | |
| Loan from a Director | 37 | 37 | | |
| **Total current liabilities** | 1,286 | 1,286 | | |
| | | | | |
| **Net current assets/(liabilities)** | 1,964 | (311) | | |
| | | | | |
| **EQUITY** | | | | |
| Share capital | 41,806 | 41,806 | | |
| Accumulated losses | (38,299) | (40,574) | 2,275 | 1 |
| Foreign currency translation reserve | 43 | 43 | | |
| | 3,550 | 1,275 | 2,275 | 1 |
| Non-controlling interests | (1,586) | (1,586) | | |
| | 1,964 | (311) | 2,275 | 1 |
| | | | | |
| **Total equity and liabilities** | 3,250 | 975 | 2,275 | 1 |
| | | – | | |

**Balance sheet (Company)**

| | Company | | | |
|---|---|---|---|---|
| | AUDITED 31 Dec 19 S$'000 | UNAUDITED 31 Dec 19 S$'000 | MATERIAL VARIANCES S$'000 | NOTE |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Plant and equipment | – | – | | |
| Investments in subsidiaries | 142 | 142 | | |
| **Total non-current assets** | 142 | 142 | | |
| | | | | |
| **Current assets** | | | | |
| Right-of-use assets | 28 | 28 | | |
| Trade receivables | – | – | | |
| Deposits | 6 | 6 | | |
| Prepayments | 3 | 3 | | |
| Cash held with the Company's lawyer | 2,275 | – | 2,275 | 1 |
| Cash and cash equivalents | 730 | 730 | | |
| **Total current assets** | 3,042 | 767 | 2,275 | 1 |
| | | | | |
| **Total assets** | 3,184 | 909 | 2,275 | 1 |
| | | | | |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Lease Liabilities | 27 | 27 | | |
| Trade payables | – | – | | |
| Other payables and accruals | 332 | 332 | | |
| Loan from a Director | – | – | | |
| **Total current liabilities** | 359 | 359 | | |
| | | | | |
| **Net current assets** | 2,683 | 408 | 2,275 | 1 |
| | | | | |
| **EQUITY** | | | | |
| Share capital | 41,806 | 41,806 | | |
| Accumulated losses | (38,981) | (41,256) | 2,275 | 1 |
| Foreign currency translation reserve | – | – | | |
| | 2,825 | 550 | 2,275 | 1 |
| Non-controlling interests | – | – | | |
| | 2,825 | 550 | 2,275 | 1 |
| | | | | |
| **Total equity and liabilities** | 3,184 | 909 | 2,275 | 1 |

## Consolidated cash flow statement

| | AUDITED 1 Jan 19 to 31 Dec 19 S$'000 | UNAUDITED 1 Jan 19 to 31 Dec 19 S$'000 | MATERIAL VARIANCES S$'000 | NOTE |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Profit/(loss) before tax | 1,489 | (786) | 2,275 | 1 |
| Adjustments for: | | | | |
| Other income | (2,275) | – | (2,275) | 1 |
| Depreciation of right-of-use assets | 37 | 37 | | |
| Interest income | (6) | (6) | | |
| Interest expense | 2 | 2 | | |
| Total adjustments | 33 | 33 | | |
| **Operating cash flows before changes in working capital** | (753) | (753) | | |
| Changes in working capital | | | | |
| Decrease in trade receivable | 116 | 116 | | |
| (Increase)/decrease in deposits | (3) | (3) | | |
| Decrease in prepayments | – | – | | |
| (Decrease)/increase in trade payables | (116) | (116) | | |
| Increase in other payables and accruals | 153 | 153 | | |
| **Cash flows used in operations** | (603) | (603) | | |
| Interest received | 6 | 6 | | |
| Interest paid | (2) | (2) | | |
| **Net cash flows used in operating activities** | (599) | (599) | | |
| **Financing activities** | | | | |
| (Repayment)/proceeds from loan from a Director | (83) | (83) | | |
| Cash distribution to shareholders | (4,420) | (4,420) | | |
| Lease payments | (38) | (38) | | |
| **Net cash flows used in financing activities** | (4,541) | (4,541) | | |
| **Net decrease in cash and cash equivalents** | (5,140) | (5,140) | | |
| Effect of exchange rate changes | (3) | (3) | | |
| Cash and cash equivalents at beginning of the year | 6,077 | 6,077 | | |
| **Cash and cash equivalents at end of the year** | 934 | 934 | | |

## Statements of changes in equity (Group)

| | Attributable to owners of the Company | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | Share capital S$'000 | Accumulated losses S$'000 | Foreign currency translation reserve S$'000 | Total S$'000 | S$'000 | S$'000 |
| **AUDITED** | | | | | | |
| Balance as at 1 Jan 19 | 46,226 | (39,790) | 46 | 6,482 | (1,584) | 4,898 |
| Total comprehensive income for the year | – | 1,491 | (3) | 1,488 | (2) | 1,486 |
| Capital reduction | (4,420) | – | – | (4,420) | – | (4,420) |
| Balance as at 31 Dec 19 | 41,806 | (38,299) | 43 | 3,550 | (1,586) | 1,964 |

| | Attributable to owners of the Company | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | Share capital S$'000 | Accumulated losses S$'000 | Foreign currency translation reserve S$'000 | Total S$'000 | S$'000 | S$'000 |
| **UNAUDITED** | | | | | | |
| Balance as at 1 Jan 19 | 46,226 | (39,790) | 46 | 6,482 | (1,584) | 4,898 |
| Total comprehensive income for the year | – | (784) | (3) | (787) | (2) | (789) |
| Capital reduction | (4,420) | – | – | (4,420) | – | (4,420) |
| Balance as at 31 Dec 19 | 41,806 | (40,574) | 43 | 1,275 | (1,586) | (311) |

| | Attributable to owners of the Company | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | Share capital S$'000 | Accumulated losses S$'000 | Foreign currency translation reserve S$'000 | Total S$'000 | S$'000 | S$'000 |
| **MATERIAL VARIANCES** | | | | | | |
| Balance as at 1 Jan 19 | – | – | – | – | – | – |
| Total comprehensive income for the year | – | 2,275 | – | 2,275 | – | 2,275 |
| Capital reduction | – | – | – | – | – | – |
| Balance as at 31 Dec 19 | – | 2,275 | – | 2,275 | – | 2,275 |

## Statements of changes in equity (Company)

| | Share capital S$'000 | Accumulated losses S$'000 | Total equity S$'000 |
|---|---|---|---|
| **AUDITED** | | | |
| Balance as at 1 Jan 19 | 46,226 | (41,583) | 4,643 |
| Total comprehensive income for the year | – | 2,602 | 2,602 |
| Capital reduction | (4,420) | – | (4,420) |
| Balance as at 31 Dec 19 | 41,806 | (38,981) | 2,825 |

| | Share capital S$'000 | Accumulated losses S$'000 | Total equity S$'000 |
|---|---|---|---|
| **UNAUDITED** | | | |
| Balance as at 1 Jan 19 | 46,226 | (41,583) | 4,643 |
| Total comprehensive income for the year | – | 327 | 327 |
| Capital reduction | (4,420) | – | (4,420) |
| Balance as at 31 Dec 19 | 41,806 | (41,256) | 550 |

| | Share capital S$'000 | Accumulated losses S$'000 | Total equity S$'000 |
|---|---|---|---|
| **MATERIAL VARIANCES** | | | |
| Balance as at 1 Jan 19 | – | – | – |
| Total comprehensive income for the year | – | 2,275 | 2,275 |
| Capital reduction | – | – | – |
| Balance as at 31 Dec 19 | – | 2,275 | 2,275 |

**Breakdown of sales as follows:-**

| | AUDITED 2019 S$'000 | UNAUDITED 2019 S$'000 | MATERIAL VAIRANCES S$'000 | NOTE |
|---|---|---|---|---|
| a) Sales reported for the first half year | 5 | 5 | | |
| b) Operating loss after tax before deducting non-controlling interests reported for the first half year | (359) | (359) | | |
| c) Sales reported for the second half year | 1 | 1 | | |
| d) Operating profit/(loss) after tax before deducting non-controlling interests reported for the second half year | 1,848 | (427) | 2,275 | 1 |

Note 1

Based on the Court of Appeal judgement released on 9 April 2020, The Company was successful in its claim against the various defendants in the Court of Appeal to increase the sum of compensation by $1,487,754 and additional costs to be agreed by both parties (“Additional Judgement”). The Court of Appeal has maintained the other sums previously awarded by the High Court of $1,404,334 and cost of $870,261 ("High Court Judgement"). The counter claims by the Sim Family were also dismissed.

The monies awarded under the High Court Judgement of $2,274,595 were paid by the defendants to the Company’s lawyer who held these sums on the Company’s behalf until the resolution of the appeals. Upon resolution of the appeals, this is an adjusting subsequent event, and accordingly the Company has recognised the monies awarded under the High Court Judgement of $2,274,595 as other income and the corresponding amount as cash held with the Company’s lawyer.

As a result of the changes above, the Group’s earnings per share (based on weighted average number of shares) for FY2019 was 0.08 cents instead of loss per share of 0.04 cents, and the net asset value per share of the Group and the Company as at 31 December 2019 was 0.10 cents and 0.15 cents respectively, instead of (0.02) cents and 0.03 cents respectively.