

mDR Limited
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200009059G)

MINUTES OF 19TH ANNUAL GENERAL MEETING OF MDR LIMITED (“MDR” OR THE “COMPANY” AND TOGETHER WITH ITS SUBSIDIARIES THE “GROUP”) HELD BY WAY OF ELECTRONIC MEANS ON MONDAY, 29 JUNE 2020 AT 4:00 P.M.

PRESENT

Board of Directors

<i>In Attendance</i>	:	Mr Edward Lee Ewe Ming (“Chairman”) Mr Ong Ghim Choon (CEO / “Mr Ong”)
<i>Via live webcast</i>	:	Ms Connie Zhang (<i>Executive Director</i>) Mr Mark Leong Kei Wei (<i>Lead Independent Director</i>) Mr Oei Su Chi, Ian (<i>Independent Director</i>) Mr Lai Yew Fei (<i>Independent Director</i>)
<i>Shareholders who attended via live webcast or audio conference</i>	:	As set out in the attendance records maintained by the Company
<i>Company Secretary (In Attendance)</i>	:	Mr Madan Mohan
<u>BY INVITATION</u> <i>(Attended via live webcast)</i>	:	Mr Richard Siua (<i>Group COO</i>) Ms Yip Li San (<i>Group CFO</i>) Mr Hock Lee Ng (<i>Deloitte and Touche LLP</i>)

1. INTRODUCTION AND QUORUM

1.1 Chairman welcomed shareholders to the annual general meeting (“AGM” or “Meeting”). He noted that as he and Mr Ong are shareholders of the Company, a quorum in accordance with the Constitution of the Company was present. He declared the AGM of the Company open. Chairman expressed regret that due to the COVID-19 restriction orders in Singapore, shareholders are unable to attend the meeting in person. He then introduced the fellow Board members who had joined the AGM via webcast.

2. NOTICE OF MEETING

2.1 The Notice convening the AGM (“AGM Notice”) was taken as read.

2.2 Chairman informed the shareholders that voting at the Meeting had been conducted by poll and in view of the COVID-19 alternative arrangements for meetings, all resolutions had been voted prior to the AGM by appointing Chairman of the Meeting as proxy. As such, all resolutions for the Meeting were deemed proposed and seconded. Chairman informed the Meeting that he had been appointed as proxy to vote in respect of each resolution in accordance with member’s valid instructions given in the respective Proxy Forms. He noted that Samas Management Consultants Pte Ltd, the scrutineers for the Meeting had independently verified the votes based on Proxy Forms received 72 hours before the AGM, and we will announce the poll results after each resolution.

3. CORPORATE PRESENTATION, QUESTIONS & ANSWERS

- 3.1 Chairman informed the Meeting that this year we invited questions from shareholders prior to the AGM via online pre-registration website, email or post. Chairman further informed the Meeting that we have published our responses to the questions received from shareholders and Securities Investors Association (Singapore) (SIAS), both on SGXNET and mDR's corporate website. He thanked the shareholders who had submitted the questions in advance of the Meeting and invited shareholders to go through these to understand Management's strategies and the state of the Group.
- 3.2 Chairman made a presentation (attached as **Appendix A**) on the FY2019 financial results and the business outlook of the Group in FY2020. Going through the slides, he said:
- (a) Group's revenue and gross profits have improved from FY2018 to FY2019. However, Group's net profit after tax in FY2019 was lower because of non-cash impairments of S\$5.22m. Group's earnings before interest, tax, depreciation and amortisation (EBITDA) also improved in FY2019.
 - (b) He noted the performance of Company's investments and that investments generated approximately S\$7m in revenue.
 - (c) Shareholders receive intrinsic returns in three forms, dividends, share buy-backs and retained earnings (capital gains). Company had paid an interim dividend of approximately S\$2m in FY2019 which was same as the entire dividend for FY2018. However, the Company has been unable to declare a final dividend for FY2019 because of the non-cash impairments. Due to our strong cash flow we bought-back S\$1.65m worth of shares at the lowest possible trading price of 0.1c.
 - (d) It has been a difficult year so far for most businesses due to the COVID-19 pandemic. We are pleased to report that our outlets have now reopened and the outlets' performances are encouraging. Sales at some of these outlets are at pre COVID-19 levels, which is positive and taken together with the support we are receiving from the Government and malls (in the form of job support scheme, rental rebates) the numbers are promising.
 - (e) For the investment side we have continued to do well from cash flow perspective. As you would expect, there have been mark-to-market volatility, but we have managed to take advantage of this. The reason being that we had been expecting a financial crisis and dislocation for some time. As such, we were prepared with a balanced portfolio of a mix of equities and bonds. Bond portfolio with shorter duration allows us liquidity. During the recent crisis, we were able to take advantage and managed to swap some proportion of bonds with equities at a better price. The COVID-19 crisis will affect everybody in the short-term, but we believe that in the medium to long term the Company should emerge stronger and better. Historically, market crises or turmoil are rarely sharp and short. In most cases, recovery takes about 12 to 18 months. Financial markets have recently been quite exuberant. It took just 6 days for the bear market to turn to a bull market, which again is historically unprecedented. The economy is in recession and the effects of the recession take some time to play out. We believe there may be opportunities arising again and we will be ready to take advantage of that. Barring any unforeseen events, further to what we have seen from the COVID-19 situation, we believe that Company should be able to achieve a respectable performance for this year.
- 3.3 Chairman noted the names of shareholders from whom the Company received questions. He added that we also received a last minute question from a shareholder after the substantial and relevant questions and answers were published, and this question relates to his remuneration. He invited Mr Ian Oei ("**Mr Oei**"), the Remuneration Committee ("**RC**") Chairman and a Board member to address the said question.
- 3.4 Mr Oei noted that the policies and practices adopted by the Company in relation to remuneration, relationships between remuneration, performance and value creation, and

procedure for setting remuneration, of the Executive Directors (including that of the Executive Chairman) are set out on page 43 of the Annual Report 2019. Individual Executive Directors' remuneration comprises fixed components and variable components. The fixed component comprises salary plus other benefits. The variable component comprises performance bonus and/or share award. The level and structure of remuneration is linked to the strategic objectives of the Company and is proportionate to the sustained performance and value creation of the Group. The RC assesses the performance of the Executive Directors, based on a holistic balanced approach, comprising both financial and non-financial metrics that promote commitment, performance and loyalty to the Group. The Group's remuneration system for the Executive Directors (including that of the Executive Chairman) takes into consideration, the individual's performance, the performance of the Group, Company's growth in shareholders' equity and total assets, and industry practices. The RC has also recently engaged the world's largest executive search and human resource consultant to provide an independent review and proposal for the remuneration packages of the Executive Directors comprising both fixed component, variable performance-linked component and clawback conditions for talent retention. This will be implemented for 2020.

- 3.5 Chairman expressed regret that we have been unable to conduct a spontaneous questions and answers session this year. He requested shareholders to email any follow-up question that they may have to the Investor Relations email. Chairman thereafter proceeded for the resolutions tabled at the AGM.

ORDINARY BUSINESS

4. RESOLUTION 1: DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

- 4.1 Chairman noted Resolution 1 as set out in the AGM Notice.

- 4.2 The results of the proxy votes received were as follows:

Ordinary Resolution	Total	For		Against	
		No. of Shares	%	No. of Shares	%
Directors' Statement and audited Financial Statements for the year ended 31 December 2019	62,490,394,023	62,485,394,023	99.99	5,000,000	0.01

- 4.3 Based on the results, Chairman declared that Resolution 1 was duly passed.

- 4.4 RESOLVED THAT the Directors' Statement and audited Financial Statements for the year ended 31 December 2019 together with the Auditors' Report thereon, be received and adopted.

5. RESOLUTION 2: RE-ELECTION OF MR EDWARD LEE EWE MING AS A DIRECTOR

- 5.1 Mr Ong noted Resolution 2 as set out in the AGM Notice.

- 5.2 The results of the proxy votes received were as follows:

Ordinary Resolution	Total	For		Against	
		No. of Shares	%	No. of Shares	%
Re-election of Mr Edward Lee Ewe Ming as a Director	62,490,394,023	62,485,394,023	99.99	5,000,000	0.01

- 5.3 Based on the results, Mr Ong declared that Resolution 2 was duly passed.
- 5.4 RESOLVED THAT Mr Edward Lee Ewe Ming be re-elected as Director of the Company.

6. RETIREMENT OF MR LAI YEW FEI

- 6.1 Chairman noted item 3 of the AGM Notice on the retirement of Mr Lai Yew Fei pursuant to Regulation 104(1) of the Company's Constitution.
- 6.2 On behalf of the Board, Management and the Company, Chairman expressed a note of thanks to Mr Lai for his contributions to the Company.

7. RESOLUTION 3: APPROVAL OF DIRECTORS' FEES OF UP TO S\$300,000 FOR THE YEAR ENDING 31 DECEMBER 2020

- 7.1 Chairman noted Resolution 3 as set out in the AGM Notice. He added that the proposed fees of up to S\$300,000 is same as FY2019 and that the actual Directors' fee paid for FY2019 was S\$164,000, significantly less than the approved fee of up to S\$300,000.
- 7.2 The results of the proxy votes received were as follows:

Ordinary Resolution	Total	For		Against	
		No. of Shares	%	No. of Shares	%
Approval of Directors' fees of up to S\$300,000 for the year ending 31 December 2020	62,264,809,823	62,259,809,823	99.99	5,000,000	0.01

- 7.3 Based on the results, Chairman declared that Resolution 3 was duly passed.
- 7.4 RESOLVED THAT Directors' fees of up to S\$300,000 for the year ending 31 December 2020 be and is hereby approved.

8. RESOLUTION 4: TO RE-APPOINT DELOITTE AND TOUCHE LLP AS THE AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

- 8.1 Chairman noted Resolution 4 as set out in the AGM Notice.
- 8.2 The results of the proxy votes received were as follows:

Ordinary Resolution	Total	For		Against	
		No. of Shares	%	No. of Shares	%
To re-appoint Deloitte and Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration	62,490,394,023	62,485,394,023	99.99	5,000,000	0.01

- 8.3 Based on the results, Chairman declared that Resolution 4 was duly passed.
- 8.4 RESOLVED THAT Deloitte and Touche LLP be re-appointed as the Auditors of the Company and the Directors be authorised to fix their remuneration.

SPECIAL BUSINESS

9. RESOLUTION 5: AUTHORITY TO ISSUE ORDINARY SHARES

9.1 Chairman noted Resolution 5 as set out in the AGM Notice.

9.2 The results of the proxy votes received were as follows:

Ordinary Resolution	Total	For		Against	
		No. of Shares	%	No. of Shares	%
Authority to issue ordinary shares	62,490,394,023	62,485,394,023	99.99	5,000,000	0.01

9.3 Based on the results, Chairman declared that Resolution 5 was duly passed.

9.4 RESOLVED THAT pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore (the “**Companies Act**”) and the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue ordinary shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, notwithstanding that the authority conferred by this Resolution may have ceased to be in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall be less than ten per cent (10%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below);
- (2) (subject to such manner of calculation and adjustment as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares, excluding treasury shares and subsidiary holdings, at the time this Resolution is passed, after adjusting for:
- (i) new Shares arising from the conversion or exercise of any convertible securities or

share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

- (ii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

In this Resolution 5, “subsidiary holdings” shall have the meaning ascribed to it in the SGX-ST Listing Manual.

10. RESOLUTION 6: AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE MDR SHARE PLAN 2018

10.1 Chairman noted Resolution 6 as set out in the AGM Notice.

10.2 The results of the proxy votes received were as follows:

Ordinary Resolution	Total	For		Against	
		No. of Shares	%	No. of Shares	%
Authority to allot and issue Shares under the mDR Share Plan 2018	16,332,685,543	16,327,685,543	99.97	5,000,000	0.03

10.3 Based on the results, Chairman declared that Resolution 6 was duly passed.

10.4 RESOLVED THAT the Directors be and are hereby authorised to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of Awards under the mDR Share Plan 2018, provided that the aggregate number of Shares to be allotted and issued pursuant to the mDR Share Plan 2018 and any other share-based incentive schemes that may be implemented by the Company, shall not exceed 15% of the total issued and paid-up Shares (excluding treasury shares and subsidiary holdings) on the day preceding the date on which the Award shall be granted.

11. RESOLUTION 7: PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

11.1 Mr Ong noted Resolution 7 as set out in the AGM Notice.

11.2 The results of the proxy votes received were as follows:

Ordinary Resolution	Total	For		Against	
		No. of Shares	%	No. of Shares	%
Proposed renewal of the Share Buy-back Mandate	22,702,979,723	22,697,979,723	99.98	5,000,000	0.02

11.3 Based on the results, Mr Ong declared that Resolution 7 was duly passed.

11.4 RESOLVED THAT:

- (a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50) of Singapore (the “**Companies Act**”) and such other laws and regulations as may for the time being be applicable, the exercise by the directors of the Company (“**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued and paid-up ordinary shares in the share capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:
- (i) on-market purchases transacted through the trading system of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), or as the case may be, any other securities exchange on which the Shares may for the time being be listed on (“**Market Purchase**”); and/or
 - (ii) off-market purchases otherwise than on a securities exchange, in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the SGX-ST Listing Manual (“**Off-Market Purchase**”),

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the SGX-ST Listing Manual, be and is hereby authorised and approved generally and unconditionally (“**Share Buy-back Mandate**”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-back Mandate shall, at the discretion of the Directors, either be cancelled or held as treasury shares and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors to purchase Shares pursuant to the Share Buy-back Mandate may be exercised by the Directors any time and from time to time, on and from the date of the passing of this resolution, up to the earliest of:
- (i) the date on which the next annual general meeting is held or is required by law to be held;
 - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by Shareholders in a general meeting;
- (d) in this resolution:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the date of the Market Purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the Off-Market Purchase from the holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, and other related expenses) to be paid for the Shares as determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

“Prescribed Limit” means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

- (e) the Directors and/or any of them be and are hereby authorised to do any and all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the matters referred to in this resolution and the taking of any and all actions whatsoever, by any Director on behalf of the Company in connection with the proposed Share Buy-back Mandate prior to the date of the passing of this resolution be and are hereby approved, ratified and confirmed.

12. **CLOSURE**

- 12.1 There being no other business, Chairman declared the AGM closed at 4:19 pm. He then proceeded for the EGM of the Company held on the same date immediately after the AGM.

Approved by:

Mr Edward Lee
Chairman
mDR Limited

Appendix A



Annual General Meeting

29 June 2020

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Financial Results: YoY Segmental Breakdown of Revenue (Continuing Operations)



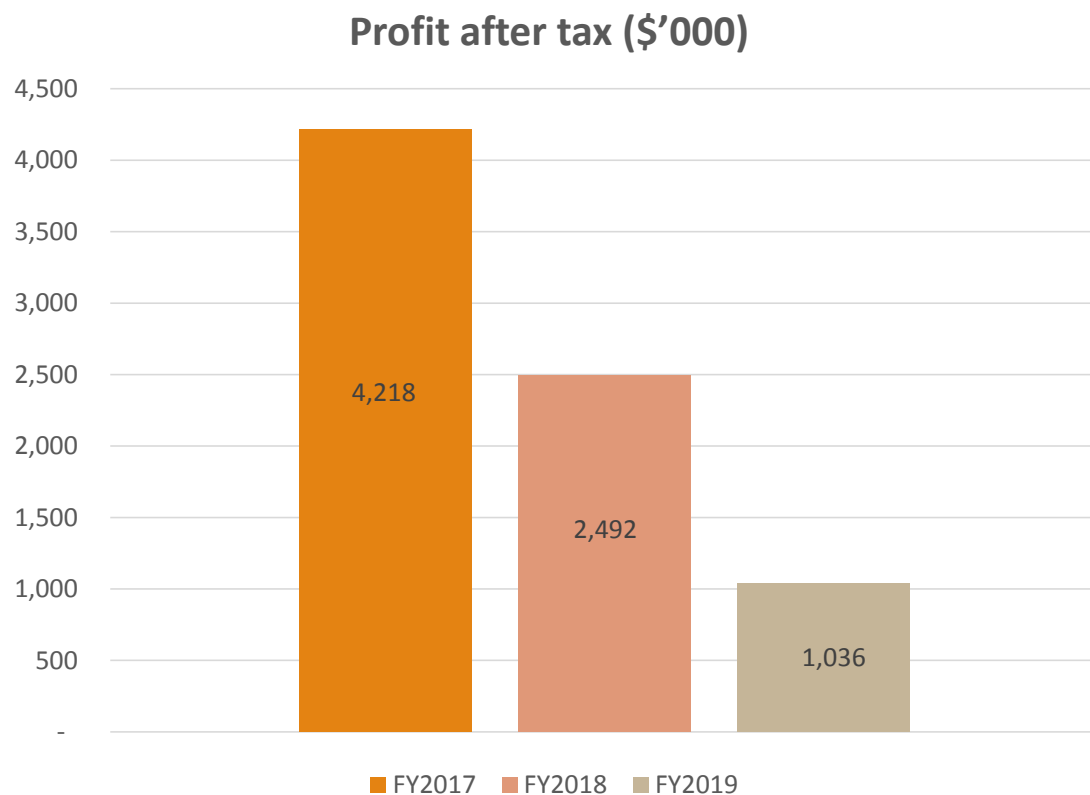
(\$'000)	FY 2019	FY 2018
DMS	253,048	232,847
AMS	19,864	24,240
DPAS	5,793	6,153
INVESTMENT	6,986	1,629
Total	285,691	264,869

Financial Results: YoY Segmental Breakdown of Gross Profits (Continuing Operations)



(\$'000)	FY 2019	FY 2018
DMS	18,619	17,131
AMS	5,266	6,102
DPAS	1,684	1,900
INVESTMENT	6,986	1,629
Total	32,555	26,762

FY2019 Financial Highlights: Profit after Tax

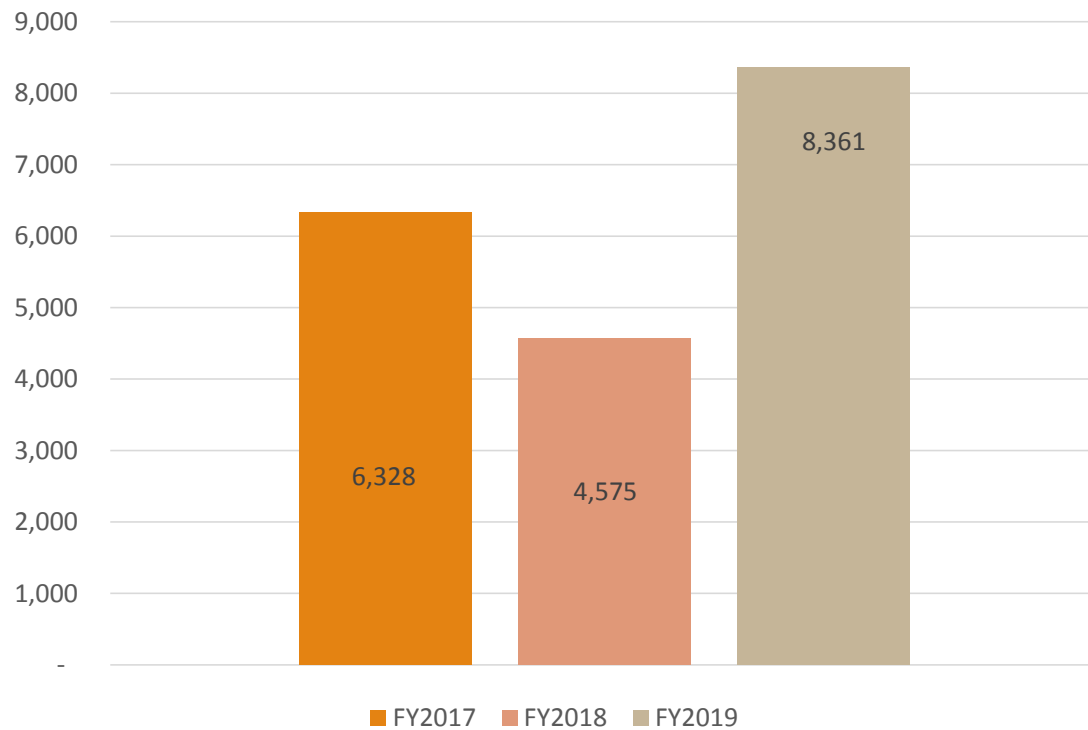


Non-cash impairments (\$'000)	FY 2019
Continuing Operations	
Profit for the year	1,041
<u>Impairment impact:</u>	
Impairment of right-of-use assets	571
Impairment of investment in debt securities	1,851
Impairment of goodwill	2,798
Total impairments	5,220
Profit for the year (excluding non-cash impairments)	6,261

FY2019 Financial Highlights: EBITDA



EBITDA (\$'000)



Note: EBITDA for FY2019 includes approximately \$4m arising from the adoption of SFRS(I) 16 *Leases*.

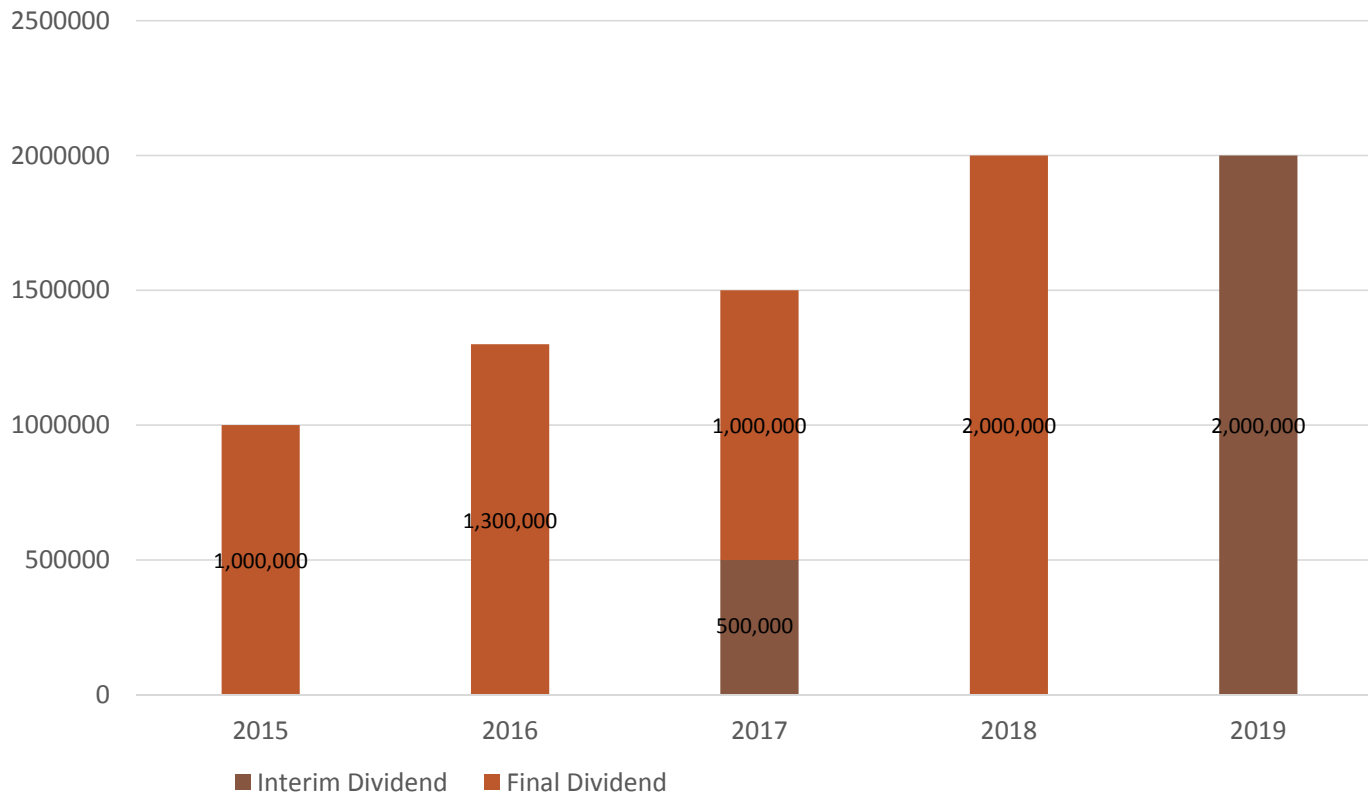
Investments: Performance Overview



(\$'000)	FY 2017	FY 2018	FY 2019
Investment performance (inclusive of dividends from equity investment and accrued interest income from bond investment)	(1,457)	(2,705)	3,664

(\$'000)	1Q-2019	2Q-2019	3Q-2019	4Q-2019
Investment performance (inclusive of dividends from equity investment and accrued interest income from bond investment)	4,110	(1,207)	(4,750)	5,511

Dividend



2020 Outlook



- Investment division expected to be Group's growth engine
- Barring any unforeseen event, Group committed to achieve better performance in FY2020
- COVID-19 outbreak and uncertainties in the global economy may exert pressure on the Group's profit targets for FY2020
- DMS division's performance to be impacted by the competitive pressures from the challenging retail environment and the economic effects of the COVID-19 outbreak

Substantial and relevant questions

Questions from shareholders

1. The current crisis provides opportunities for superior investment performance. Can management provide an update on the performance of its Investment division and also the broad investment strategies management intends to increase the profitability of the Company using the cash from the exercise of warrants by shareholders?

Kindly refer to the Investment division's performance for the year ended 31 December 2019 on page 7 of the Annual Report 2019 (refer to 'Financial Review' section).

As mentioned in the Chairman's Statement in the Annual Report 2019, the current financial meltdown and global recession that may follow, will likely present the opportunities that we are patiently waiting for. The Investment team had in 2018 already been anticipating a severe financial crisis (refer to Chairman's Statement, page 9 of the Annual Report 2018) and had planned incoming proceeds from the conversion of Tranche 1 Warrants and Tranche 2 Warrants accordingly. No financial forecast is ever certain, therefore consistent with our long-term investment strategy, the Investment team adopted a balanced approach in allocating the Company's investment funds in both equity and short duration debt instruments to safeguard capital while earning a decent yield. We adopted this approach as we waited for a market dislocation, as well as to position ourselves for potential capital appreciation should our prediction of financial turmoil be premature. As at end 2019, our investment portfolio allocation was 66% to equity and 34% to fixed income. During the recent market correction, mDR took advantage of price volatility and was active in swapping bond exposure for equity exposure. The asset allocation as of May-end 2020 was 80% equity and 20% fixed income. mDR will continue to unlock liquidity from its bond portfolio to increase the equity exposure as the recession runs its course and we expect to have 100% allocation to equities within a year.

Substantial and relevant questions



2. What are mDR's future plans/projects in 2021/2022? What is the vision of mDR in the next three to five years?

The Group will continue to maintain the forward momentum to accelerate growth and create shareholder value and to improve its profitability, dividend and visibility. A financial crisis may present compelling distressed opportunities, in which case, the Group will work towards its next transformation phase into physical real estate with sustainable rental cash flow. The DMS and DPAS divisions will focus on maintaining their profitability, and will stay nimble and look for opportunities and additional revenue streams for expansion and growth. We expect mDR to have a stronger balance sheet and increased profitability in the next three to five years.

3. Is the Group considering to venture into AI in the near term, considering that we are gradually moving into a digital space amidst this pandemic?

The Group is not considering to venture into AI in the near term. While AI is a promising and upcoming field, it is still evolutionary and requires substantial capital expenditure and resources. We will continue to focus on our strengths in Investments and the Telecommunication and DPAS businesses. The Group believes it is prudent to invest in businesses and areas that the management is familiar with.

Substantial and relevant questions

4. Can we shareholders request for dividend, moving forth?

The Company remains committed to achieving better performance and dividend payment to shareholders in the future. The Company declared an interim dividend of S\$2 m (approximate) in 1H-FY2019. As mentioned in the Chairman’s Statement in the Annual Report 2019, in view of the impairment losses, the Company has been unable to declare a final dividend for FY2019. Despite these non-cash impairment losses, the positive EBITDA enabled mDR to conduct its share buy-back in lieu of a final dividend. Barring unforeseen circumstances or exceptional events, the Company will endeavour to maintain dividend payment of 50% of its distributable net profits to shareholders.

Shareholders receive intrinsic returns in three forms, dividends, share buy-backs and retained earnings (capital gains). Fortunately, barring any unforeseen event, the Group should remain cash flow positive and this will enable management to evaluate which of these three forms is optimal to return shareholder value in the prevailing economic climate.



Substantial and relevant questions

5. Will the price for each share be adjusted to S\$0.01 after the proposed share consolidation?

The 6-months volume average weighted price of Company's shares is S\$0.001. Subject to shareholders' approval, upon the completion of the proposed consolidation of every existing 100 shares into 1 share, the theoretical 6-months volume average weighted price of Company's shares should be S\$0.10.

6. Are we looking at any more rights issues or bonus warrants after the proposed consolidation of shares?

The Company is not planning any rights issue or bonus warrants in the near future after the proposed consolidation of shares.

Substantial and relevant questions

7. The trading volume of mDR remains low for a prolonged period of time. Besides share consolidation, is there any other avenue the Board is exploring?

Trading volume is a function of matching willing buyers and willing sellers for any given price. More efficient pricing will allow for a more precise pricing equilibrium, which would result in greater liquidity and this in turn would lead to a natural increase in volume that would reflect greater demand for more liquid shares. A company with more liquid shares would also likely attract more analyst coverage and market exposure. However, apart from pricing efficiency, management believes that ultimately demand for mDR shares should be driven by core fundamentals such as business growth and stability, paired with tangible corporate governance actions and returns to shareholders in the form of dividends, share buy-backs and reinvestment of retained earnings.

8. mDR holds listed shares and bond in its investment portfolio for long term purpose. Lately, due to COVID-19, most shares have come down by 20% or more. Can the Company share some figures like what is the mark-to-market value of these investments?

Please refer to Note 40 on page 159 of the Annual Report 2019.

Substantial and relevant questions



9. What is the remuneration of the Executive Chairman linked to, especially with regards to his performance managing the investments?

The policies and practices adopted by the Company in relation to remuneration, relationships between remuneration, performance and value creation, and procedure for setting remuneration, of the Executive Directors (including that of the Executive Chairman) are set out on page 43 of the Annual Report 2019.

As mentioned on page 43, individual Executive Directors' remuneration, comprises fixed components and variable components. The fixed component comprises salary plus other benefits. The variable component comprises performance bonus and/or share award. The level and structure of remuneration is linked to the strategic objectives of the Company and is proportionate to the sustained performance and value creation of the Group. The Remuneration Committee ("RC") assesses the performance of the Executive Directors, based on a holistic balanced approach, comprising both financial and non-financial metrics that promote commitment, performance and loyalty to the Group. The Group's remuneration system for the Executive Directors (including that of the Executive Chairman) takes into consideration, the individual's performance, the performance of the Group, Company's growth in shareholders' equity and total assets, and industry practices. The RC has also recently engaged the world's largest executive search and human resource consultant to provide an independent review and proposal for the remuneration packages of the Executive Directors comprising both fixed component, variable performance-linked component and clawback conditions for talent retention. This will be implemented for 2020.

Substantial and relevant questions

Questions from SIAS

10. Would the board/management provide shareholders with better clarity on the following operational/strategic matters? Specifically:

(i) **DMS:** The group has a distribution management solutions (DMS) segment and which generated approximately \$253 million in revenue. The segment result, before unallocated costs, was a loss of \$(35,000) in FY2019. Management has stated that the group is adapting well to the disruptive headwinds affecting the distribution and retail businesses. Would the company elaborate further on the competitive strengths of its DMS segment? What are the growth prospects of the distribution and retail businesses in view of the disruptors in the market and the changing consumer patterns? What are the expected returns of DMS given that the group has more than \$72 million of segment assets?

The Group is one of the key distributors and retailers of mobile devices for leading manufacturers, and also currently manages one of the largest network of retail stores offering M1 and Singtel products and services in Singapore. DMS's competitive strengths are its island-wide retail and distribution network and long standing relationship with its business partners and principals. DMS's financial performance is dependent on the success of the newer flagship mobile phone models of its key principals, other electronic goods and services that it markets and sells.

While there are disruptive headwinds and changing consumer patterns in terms of online sales, the Group believes that the distribution and physical retail channels are still relevant in the Singapore market based on consumers' preferences for flagship phones. DMS will continue with its strategy to operate retail stores at locations which are strategic and profitable. With the closure of retail outlets during the Circuit-Breaker period, and the cessation of the M1 distribution business in the later part of this year, the performance of DMS is expected to be adversely affected in FY2020. Various support measures from the Singapore Government and the rental rebates/support have helped the Group, and DMS will continue to work towards profitability in FY2020.

The Group is unable to currently assess DMS's expected return for FY2020 given the uncertainties from the COVID-19 pandemic and the likelihood of a looming recession. The Group's and DMS's FY2020 half-yearly results to be announced in August 2020 will give an indication of DMS's expected performance for FY2020.

Substantial and relevant questions

(ii) **Investments:** The investment division is being viewed as the “future growth engine” of the group. Nearly \$80 million raised from the Rights cum Warrants issue million has been deployed (as at 17 March 2020). The group has taken a “conservative balanced approach” with some exposure to equities and some exposure to short duration bonds. How is the portfolio managed? What is the investment mandate and was it approved by the board? What is the level of oversight by the board? Has the group established a proper and robust risk management framework? Given the significance of the investment portfolio, would the company disclose the top holdings, the geographical distribution and the industry exposure?

The investment portfolio is managed by the executive directors under the guidance and supervision of the Board. The Group diversified in the Investment business upon shareholders’ approval in the EGM held in April 2018. Group’s Investment mandate is approved by the Board. Currently the Investment mandate is to earn a return/investment income (dividend and interest) using long term investment strategies. Investment related matters are approved by the Board.

The Group has adopted an “Investment Guidelines” and “Investment Proposals Policy and Guidelines to Prevent Issues of Conflicts” (collectively “Policies”) for investment-related matters. These Policies set out the internal controls to address, *inter alia*, approvals and usage of funds for investment matters.

Each investment proposal in terms of size, price and timing of acquisition/disposal is considered carefully by the entire Board. Research reports supporting the relevant proposed securities transactions are reviewed and documented. The Board also receives regular ongoing updates and news on the relevant securities investments within its portfolio or those that are of Company’s target interests.

For withdrawals of amounts above S\$5 million from the designated bank account holding the proceeds from the Rights cum Warrants Issue, an Independent Director is one of the signatories. Also, for transactions of a quantum of above S\$10 million, such transaction is conditional upon the positive recommendation of the Audit and Risk Committee.

The internal audit department of the Company conducts half-yearly reviews on the adequacy and adherence to the Policies. Based on such reviews, the Policies are updated from time to time to improve and strengthen the internal controls and processes. The Policies are also updated as and when market conditions and investment cycles change, and when new measures are developed to further safeguard the Company’s interests and investments.

Substantial and relevant questions



The Group has established a proper and robust risk management framework. A Risk Register is maintained, which: (a) identifies the risk areas that may be relevant to the Group; (b) assesses the extent of impact to, and vulnerability of, the Group, should such risks materialise; and (c) establishes mitigating practices to be implemented to address such risks. The Risk Register is updated periodically by the internal audit department, with inputs from the management. In 2019, the Group has also engaged an external independent audit firm, as well as its external auditors Deloitte, to review the ERM/Risk Register for the Investment division. In addition to the half-yearly review by the internal audit department, the Group has also engaged another independent audit firm this year to audit the Investment division, and the conduct of the audit is currently in progress.

The Company has been providing updates on, *inter alia*, its investments (based on business sectors), the geographical distribution and market capitalisation (please see page 8 and 9 of the FY2019 results*) in its financial results announcements. For confidential and competitive reasons, mDR does not disclose individual stock or bond names. Moving forward, the Company will also include the aforesaid updates in its Annual Report.

As at 31 December 2019, the Group invested in investment securities of companies which are broadly categorised within the following business sectors:

Business Sectors	%
Real estate	31.1%
Infrastructure	23.8%
Agriculture	16.9%
Sports	10.0%
Leisure and hospitality	7.3%
Transportation	6.2%
Commodities	4.7%
TOTAL	100.0%

Below is the key information of the investment securities as at 31 December 2019:

By Market Concentration	%
\$1 billion and above	87.6%
\$500 million to \$1 billion	10.0%
\$200 million to \$500 million	2.4%
\$200 million and below	0.0%
TOTAL	100.0%

By Exchange (based on primary listing and market value)	%
SGX	98.0%
HKEX	2.0%
TOTAL	100.0%

* https://links.sgx.com/1.0.0/corporate-announcements/Q6RJZOUOZVRQJBB7/4Q2019_Results.pdf

Substantial and relevant questions



(iii) Performance: In Note 10c (page 123 – Investment in equity securities), it was disclosed that a net fair value decrease of \$2,977,000 (2018: \$4,018,000) was recorded for the year. In addition, in Note 10d (page 124 – Investment in debt securities), as at December 31, 2019, management had assessed that there was significant increase in credit risk for a particular debt security and management had determined that an allowance of \$1,851,000 was required. How does the board evaluate the performance of the investment portfolio? What is an appropriate benchmark to use? Given the net fair value decreases of approximately \$7 million in the past two years, has the board reviewed the group’s strategy and execution?

The Board evaluates the performance of the investment portfolio based on an absolute return objective within the context of relative performance. The appropriate benchmark for absolute return is total return, whether positive or negative. As for relative context, given that the Group’s bulk of the public equity investments are in Singapore, a Singapore equity index could form a comparable benchmark. The weighted market cap of the Company’s investment portfolio can be said to be between the FTSE STI Index and the FTSE Catalist Index benchmarks. The investment portfolio lost S\$2,705,000 in 2018 (inclusive of dividends) and gained S\$3,664,000 in 2019 (inclusive of dividends and coupon interest). The equity allocation of the investment portfolio lost 3.2% in 2018 and gained 1.4% in 2019. The FTSE STI Index (including dividends) lost 6.5% in 2018 and gained 9.4% in 2019. The FTSE Catalist Index (including dividends) lost 32% in 2018 and lost 9.7% in 2019. The investment portfolio as a whole lost 3.2% in 2018 and gained 2.4% in 2019. Management is pleased with the cumulative positive total return of S\$959,000 generated from the investment portfolio from 2018 to 2019 from an absolute return objective, especially in light of its relative performance. The investment portfolio’s respectable performance was attributable to a deliberate decision to adopt a balanced approach in 2018 and 2019 in anticipation of a severe financial crisis (please see page 9 of our Annual Report 2018). Despite a positive return, the Board maintains the discipline to review the Group’s strategy and execution periodically. The Board also seeks independent external consultants to review and improve the investment controls and processes from time to time (please see the response above in Q10 (ii)).

Substantial and relevant questions



11. Share Buy-back

(i) Can the company help shareholders understand if it had conducted the share buyback in accordance with the SGX rules?

The Company has conducted the share buy-back in accordance with the relevant SGX rules.

(ii) Would the board, particularly the independent directors, help shareholders understand their level of oversight and the guidance given to the company on share buy-backs?

The Board, with active participation of the independent directors, discusses and deliberates on the quantity and price for share buy-back in accordance with the buy-back mandate approved by shareholders and the SGX rules. The Company carries out its share buy-back by way of market acquisition in the best interest of the Company. Management updates the Board of any share buy-back on the date of market purchase. The Company conducted share buy-back under the 2019 mandate only twice on 25 October 2019 and 28 February 2020. The Company bought back its shares at the lowest possible trading price of 0.1c when the per share NAV at the material time was 0.17c or 70% higher than the buy-back price. Any share buy-back below the Company's per share NAV would be NAV accretive.

Shares bought-back are held in the Company's treasury and these treasury shares do not receive any dividends from the Company. So for clarification, in addition to NAV accretion, given that mDR declares dividends in absolute amount such as \$2 million in 2019, for the same amount of dividend declared, the DPS for all other existing shareholders would be higher after each share buy-back. The Company also adheres to the policy on buy-back blackout periods prior to earnings announcements and proposed corporate actions.

Substantial and relevant questions



(iii) Would the board be reviewing the company's share buy-back practices (in price, volume and timing) to ensure that they are more in line with SGX rules? This would ensure that the company buys back shares in a responsible manner that does not artificially interfere with the price and volume of the security, as noted in the Regulator's Column.

The Board welcomes inputs and feedback from its shareholders and other parties. We will review our share buy-back policy practices, including to cap future daily share buy-back to 30% of the daily on-market traded volume.

12. Attendance of directors

(i) Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings?

Non-board committee members (i.e. the executive directors) and management usually attend the board committee meetings to provide inputs and updates/responses to the committee and contribute to the discussions in the meeting. For example, they attend the Audit and Risk Committee ("ARC") meeting together with the external auditors of the Company, when the ARC discusses the quarterly/half-yearly financial results/performance of the Group. It is the practice for the Chairman of the various committees to ask the executive directors and management to excuse themselves from committee meetings for matters that are related to or may affect the executive directors or management. The board committee members, all of whom are Independent Directors, also meet separately from time to time away from Company premises to discuss Company's various matters.

Substantial and relevant questions



(ii) Were there specific agenda items or reasons to invite the executive directors to all the board committee meetings?

There were no specific reasons to invite the executive directors to all the Board committee meetings. They attend the meetings together with the members of the management to provide inputs and updates/responses and contribute to the discussions in the meeting.

(iii) What is the dynamic of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors? Such board committee meetings would have included agenda items on interested party transactions, performance assessment and remuneration of the executive directors and on the audit/financial reporting/internal controls of the group.

Please refer to the response in Q12 (ii) above.

(iv) Do the executive directors also actively participate in the discussions during the board committee meetings? If so, how are board committee meetings different from the board meeting?

The executive directors do not actively participate in the discussions during the board committee meetings. The board committee meetings are chaired by the respective Chairman of the committee and executive directors and management provide their inputs and updates/responses where requested by the committee.

(v) Is there sufficiently strong independent element at such board committee meetings given that the Code specifically discourages the membership of executive directors?

The Company believes that there is strong independent element in the Board committee meetings, and that no individual or small group of individuals dominate the Board committee's decision-making process.

The Board welcomes inputs and feedback from its shareholders and other parties. We will review our practices related to board committee meetings.

Thank you

Disclaimer



This presentation should be read in conjunction with the FY2019 audited Financial Statements of MDR Ltd (“MDR”, and together with its subsidiaries, the “Group”).

The past performance of MDR is not necessarily indicative of its future performance.

This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, cost of capital and capital availability, competition from other companies, changes in operating expenses, and geopolitical factors.

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