



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

PROPOSED CONSOLIDATION OF EVERY ONE HUNDRED (100) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A RECORD DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of mDR Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a share consolidation (the “**Proposed Share Consolidation**”) of every one hundred (100) existing issued ordinary shares in the capital of the Company (the “**Existing Shares**”) held by shareholders of the Company (the “**Shareholders**”) as at a record date to be determined by the Directors at a later date (the “**Record Date**”) into one (1) ordinary share in the capital of the Company (the “**Consolidated Shares**”).
- 1.2 As a result of the Proposed Share Consolidation, each Shareholder will receive one (1) Consolidated Share for every one hundred (100) Existing Shares held prior to the proposed Share Consolidation as at the Record Date.

2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

- 2.1 Under the Proposed Share Consolidation, every one hundred (100) Existing Shares registered in the name, or standing to the credit of the securities account, of each Shareholder or Depositor (as the case may be) as at the Record Date will be consolidated into one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded⁽¹⁾ on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in board lots of 100 Consolidated Shares.

Note:

- (1) One (1) Consolidated Share which is a scrip Share will not be listed or traded on the Mainboard of the SGX-ST.
- 2.2 Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of Existing Shares as at the Record Date, will be rounded up to the nearest whole Consolidated Share.

The Company's shareholding distribution as at 3 June 2020 is as follows:

Size of Shareholdings	No. of Shareholders	%	No. of Existing Shares (excluding treasury shares)	%
1 – 99	42	0.42	1,206	0.00
100 – 1,000	280	2.79	179,165	0.00
1,001 – 10,000	1,531	15.23	10,291,772	0.01
10,001 – 1,000,000	6,875	68.39	1,466,555,984	1.65
1,000,001 and above	1,324	13.17	87,562,713,292	98.34
Total	10,052	100.00	89,039,741,419	100.00

As at 3 June 2020, there are 42 Shareholders who each hold less than one hundred (100) Existing Shares per Shareholder, in aggregate representing 0.42% of the total number of Shareholders. The Company will be issuing one (1) Consolidated Share to each of these 42 Shareholders, such that they will each hold one (1) Consolidated Share following the completion of the Proposed Share Consolidation.

Upon completion of the Proposed Share Consolidation, 1,261 Shareholders will hold less than one hundred (100) Consolidated Shares (including the 42 Shareholders who will each hold one (1) Consolidated Share following the completion of the Proposed Share Consolidation) representing an aggregate value of approximately S\$4,559.10, with an average value of approximately S\$3.62 per Shareholder, and a maximum value of S\$9.50 held by the two shareholders who hold 9,500 shares each before the Proposed Share Consolidation.

Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade in odd lots on the SGX-ST should note that the SGX-ST's unit share market is available to allow trading in odd lots with a minimum size of one (1) Consolidated Share on the SGX-ST. The unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying Consolidated Shares. As odd lots of Consolidated Shares can be traded on the unit share market of the SGX-ST, no separate arrangement will be made for the trading of such odd lots. The unit share market for trading of such odd lots may be illiquid. Shareholders who hold odd lots may have to bear disproportionate transaction costs in trading their shares and may find difficulty in realising the fair market price of such Consolidated Shares. Shareholders who wish to trade on the unit share market should contact their stockbroker, bank manager, or other professional adviser for details on trading.

- 2.3 As at 3 June 2020, the Company has an issued and paid-up share capital of S\$154,454,814 comprising 90,707,739,719 Existing Shares (including 1,667,998,300 treasury shares and 100 scrip Shares). On the assumption that there will be no new Existing Shares issued by the Company up to the Record Date and the Company rounds up the shareholdings of 286 Shareholders who would otherwise hold a fraction of a Consolidated Share to the nearest whole Consolidated Share, and subject to Shareholders' approval being obtained for the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S\$154,454,814 comprising 907,077,546 Consolidated Shares (including 16,679,983 consolidated treasury shares and 1 scrip Share⁽¹⁾) following the completion of the Proposed Share Consolidation, with the total number of Consolidated Shares calculated as follows:

	<u>Number of Shares</u>
No. of Existing Shares prior to Proposed Share Consolidation	90,707,739,719
No. of Shares post-Proposed Share Consolidation, on the basis of 100 Existing Shares to one (1) Consolidated Share, and assuming fractional entitlements are disregarded	907,077,260 (including 1 scrip Consolidated Share)
Allotment of one (1) Consolidated Share to each Shareholder who would otherwise hold a fraction of a Consolidated Share, including Shareholders who would otherwise be entitled to nil Consolidated Shares	286
Total	<u><u>907,077,546</u></u>

Note:

- (1) The scrip Share will not be listed or traded on the Mainboard of the SGX-ST.

2.4 The Proposed Share Consolidation will:

- (a) have no impact on the dollar value of the issued and paid-up share capital of the Company;
- (b) not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company;
- (c) have no effect on the Shareholders' funds of the Group;
- (d) not require any payment to the Company in respect of the Proposed Share Consolidation;
- (e) not result in any return of capital to Shareholders; and
- (f) not cause any material changes to the percentage shareholding of each Shareholder, other than changes due to rounding.

2.5 Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the extraordinary general meeting (the "**EGM**") to be convened, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be based on their holdings of Existing Shares as at the Record Date.

3. ADJUSTMENTS TO WARRANTS

- 3.1 As at the date of this announcement, the Company has 49,732,237,977 unexercised warrants (“**Warrants**”) pursuant to the rights cum warrants issue completed in June 2018. A deed poll dated 15 May 2018 was executed by the Company for the purpose of constituting the Warrants (the “**Deed Poll**”). Pursuant to the terms and conditions of the Deed Poll (each, a “**Condition**”), the Proposed Share Consolidation will constitute an event giving rise to adjustments to the exercise price payable for each new Consolidated Share on the exercise of the Warrants and the number of Warrants.
- 3.2 Copies of the (i) Deed Poll, (ii) a certificate to be signed by the auditors of the Company stating that the adjustments are in accordance with Condition 5 of the Deed Poll, and (iii) a certificate to be signed by a Director setting out particulars of the adjustments, in accordance with Condition 5.6 of the Deed Poll, will in due course be made available for inspection at the registered office of the Company.
- 3.3 The adjustment will be effective from the close of the market day immediately preceding the date on which the Proposed Share Consolidation becomes effective. Pursuant to Conditions 5.4 and 5.5 of the Deed Poll, any adjustment to the exercise price will be rounded upwards to the nearest one tenth of one cent (S\$0.001) and any adjustment to the number of Warrants held by each warrantholder will be rounded downwards to the nearest whole Warrant.
- 3.4 The Company will make further announcements in relation to these adjustments when appropriate. Shareholders are advised that the adjustments to the Warrants arise as a result of the Proposed Share Consolidation (in accordance with the terms of the Deed Poll). There will be no adjustments to the Warrants if the Proposed Share Consolidation is not effected.

4. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

- 4.1 The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders having taken into consideration the following:

- (a) Increase in the market interest and attractiveness of the Company and its Consolidated Shares

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Existing Shares issued and outstanding. It is expected that, all other things being equal, the theoretical trading price and net tangible asset (“**NTA**”) of each Consolidated Share following the decrease in the number of Existing Shares in issue after the Proposed Share Consolidation would be higher than the current trading price and NTA of each Existing Share.

In addition, the Proposed Share Consolidation may facilitate corporate actions and also increase market interest and activity in the Consolidated Shares, and generally make the Consolidated Shares more attractive to investors, including institutional investors and coverage of the Company amongst research houses and fund managers, thus providing a more diverse shareholder base, liquidity and exposure for strong corporate brand value.

- (b) Potential reduction of fluctuation in magnitude of the Company's market capitalisation and reduction of percentage transaction cost for trading in each board lot of Consolidated Shares

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), trading in lowly-priced shares may translate to higher transaction costs, relative to the trading price, for each board lot of shares. In addition, lowly-priced shares are generally more prone to speculation and market manipulation, which may result in excessive share price volatility.

The Board therefore believes that the Proposed Share Consolidation may serve to (i) reduce the volatility of its share price and reduce fluctuations in the Company's market capitalisation, and (ii) reduce the percentage transaction cost for trading in each board lot of Consolidated Shares.

- 4.2 **Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the above desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

5. APPROVALS AND CONDITIONS

- 5.1 The Proposed Share Consolidation is subject to, *inter alia*, the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation of the Consolidated Shares, and adjusted Warrants on the Mainboard of the SGX-ST (the "AIP") and the approval of the Shareholders by ordinary resolution of the Proposed Share Consolidation at the EGM to be convened.

- 5.2 An application has been made to the SGX-ST and the AIP has been obtained by the Company from the SGX-ST on 4 June 2020 for the listing of, dealing in, and quotation for, (i) 907,077,545 Consolidated Shares arising from the Proposed Share Consolidation⁽¹⁾; (ii) all the adjusted Warrants arising from the adjustments to the Warrants; and (iii) all the new Consolidated Shares to be issued upon the exercise of the adjusted Warrants on the Mainboard of the SGX-ST, subject to:

- (a) Shareholders' approval being obtained at the forthcoming EGM for the Proposed Share Consolidation; and

- (b) compliance with the SGX-ST's listing requirements.

The SGX-ST's AIP is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the adjusted Warrants, the new Consolidated Shares to be issued upon the exercise of the adjusted Warrants on the Mainboard of the SGX-ST, the Company and/or its subsidiaries.

Note:

- (1) One (1) Consolidated Share which is a scrip Share will not be listed or traded on the Mainboard of the SGX-ST.

6. CIRCULAR

The circular to Shareholders containing, *inter alia*, the details of the Proposed Share Consolidation and the notice of EGM will be despatched and/or published in due course.

7. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Existing Shares. The Proposed Share Consolidation is subject to certain conditions and as at the date of this announcement, there is no certainty or assurance that the Proposed Share Consolidation will be completed. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Madan Mohan
Company Secretary

4 June 2020