



MDR Limited

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

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**ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE LISTING MANUAL IN RELATION  
TO THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2023**

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Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors (the “**Board**”) of mDR Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the independent auditors of the Company, Ernst & Young LLP (the “**Auditor**”) has included an emphasis of matter (similar to the FY2022 Audited Financial Statements), with respect to the suspected unauthorised use of the Group’s marketing incentive rebates by 2 former employees, in the audit report of the Group (the “**Independent Auditor’s Report**”) for the financial year ended 31 December 2023 (the “**FY2023 Audited Financial Statements**”).

The extracts of the Independent Auditor’s Report and Note 42 to the FY2023 Audited Financial Statements is annexed to this announcement.

The opinion of the Auditor in the FY2023 Audited Financial Statements remains unqualified.

The Independent Auditor’s Report and a complete set of the FY2023 Audited Financial Statements will form part of the Company’s annual report for FY2023 (“**FY2023 Annual Report**”). The electronic copy of the FY2023 Annual Report will be published on SGXNET and the Company’s website before the reporting deadline of 15 April 2024. Shareholders of the Company are advised to read this announcement in conjunction with the Company’s announcements dated 18 December 2021, 8 July 2022, 30 March 2023, and the FY2023 Annual Report.

**BY ORDER OF THE BOARD**

**Madan Mohan**  
*Company Secretary*

31 March 2024

**EXTRACT OF THE EMPHASIS OF MATTER FROM THE INDEPENDENT AUDITOR'S REPORT:**

***Emphasis of matter***

We draw attention to Note 42 to the financial statements which discloses the on-going investigation by the Commercial Affairs Department in respect of the suspected misappropriation of assets identified in prior financial year. Our opinion is not modified in respect of this matter.

**EXTRACT OF NOTE 42 TO THE FY2023 AUDITED FINANCIAL STATEMENTS:**

**42. Suspected misappropriation of assets**

On 18 December 2021, it was announced that the Group had on 10 December 2021 and 13 December 2021 discovered two separate cases of suspected unauthorised use of the Group's marketing incentive rebates by 2 employees (referred to as "Relevant Persons"), comprising of rebates from the Group's principals which are typically used for marketing or promotional support, in its subsidiaries through the suspected unauthorised sale of handsets and phone accessories and misappropriation of proceeds from such sale ("suspected misappropriations").

The Group had conducted internal investigations and also engaged an independent audit firm to conduct forensic analysis and to review the internal controls and procedures on the use of the marketing incentive rebates. Based on the internal investigations performed, the aggregate cost of the suspected misappropriations amounted to approximately \$2,083,000. The total cost comprising of \$261,000 for 2020 and \$1,822,000 for 2021 were charged to the consolidated statement of comprehensive income as inventories written off in prior years.

In 2022, the Group has recovered inventories amounting to \$5,000 and has recorded a write back of inventories loss in the consolidated statement of comprehensive income (Note 16).

As at the date of the financial statements, the investigation by the Commercial Affairs Department on the Relevant Persons is still on going. The investigation could uncover other matters which could result in further adjustments to the financial statements.