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

LODGEMENT OF POLICE REPORT IN RELATION TO SUSPECTED MISAPPROPRIATION OF GROUP'S ASSETS

— COMPLETION OF INCENTIVE REBATES INTERNAL CONTROLS REVIEW

The board of directors (the "**Board**" or "**Directors**") of mDR Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 18 December 2021 ("**18 December Announcement**") and 28 February 2022 in relation to the Suspected Misappropriation (collectively, the "**Previous Announcements**"). Unless otherwise defined, all capitalised terms shall bear the same meanings as ascribed to them in the Previous Announcements.

The Board wishes to update shareholders that Nexia TS Risk Advisory Pte. Ltd. ("**Nexia**") has completed the Incentive Rebates Internal Controls Review. The purpose of the Incentive Rebates Internal Controls Review was to identify possible weaknesses of the current internal controls in relation to the use of the marketing incentive funds and to provide recommendations to minimise the risk that the Group may face.

Following the Incentive Rebates Internal Controls Review, the Group will be implementing the following measures with effect from 1 August 2022, in addition to the initial measures set out in the 18 December Announcement, in relation to the use of the marketing incentive funds as part of its efforts to continuously strengthen the internal controls:

(a) the Group will formalise written guidelines on:

(i) the purposes and criteria for utilisation of the marketing incentive fund and approval for such utilisation;

(ii) verification of delivery orders for such utilisation for VIP/testing/seeding units delivered to third parties; and

(iii) the monitoring, analysis and reporting of the purposes and usages of the marketing incentive fund to a senior management on a periodic basis.

Such formalised written guidelines will be duly approved by senior management and thereafter circulated to the relevant department(s) for adherence;

(b) any utilisation of the marketing incentive fund for VIP/testing/seeding units will have to be substantiated with the appropriate acknowledgement form(s) or delivery order(s) to be signed off by the recipients and retained by the Company;

(c) the purposes and usages of the marketing incentive fund will be monitored, analysed and reported to senior management on a periodic basis; and

(d) housekeeping will be performed on customer accounts in the system on a periodic basis to identify the inactive customers. The relevant accounts will be deactivated in the system to prevent unauthorised sales order being created for inactive customers.

The internal audit division of the Group will conduct a review of the internal controls in relation to the use of the marketing incentive funds on a periodic basis and report to the Audit and Risk Committee, to ensure that the above measures as well as the initial measures set out in the 18 December Announcement have been implemented and adhered to in accordance with the Incentive Rebates Internal Controls Review.

BY ORDER OF THE BOARD

Madan Mohan
Company Secretary

5 July 2022