



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

## EXTRAORDINARY GENERAL MEETING TO BE HELD ON 31 MARCH 2026

### — RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The board of directors (the “**Board**”) of mDR Limited (the “**Company**” and together with its subsidiaries the “**Group**”) has received a set of questions from the Securities Investors Association (Singapore) (“**SIAS**”)¹ in relation to the circular to shareholders for the Company’s upcoming Extraordinary General Meeting on 31 March 2026 (“**EGM**”). The following are the Company’s responses to the questions from the SIAS:

- Q1.** The company is proposing a renounceable, non-underwritten rights cum warrants issue on the basis of five rights shares for every three existing shares, together with one warrant for every one rights share subscribed.

The proposed rights issue was first announced on 30 June 2025, and subsequently revised on 11 July 2025 and again on 31 October 2025.

The changes to the terms are shown below:

	Superseded Rights cum Warrants Issue announced on 30 June 2025	Superseded Rights cum Warrants Issue announced on 11 July 2025	Revised terms of the Rights cum Warrants Issue
<b>Issue price per Rights Share</b>	S\$0.03	S\$0.03	S\$0.045
<b>Exercise price per Warrant</b>	S\$0.01	S\$0.01	S\$0.045
<b>Provisional allotment</b>	Four (4) Rights Shares for every three (3) Shares	Five (5) Rights Shares for every three (3) Shares	No Change
<b>Warrant ratio</b>	Five (5) Warrants for every one (1) Rights Share subscribed	Five (5) Warrants for every one (1) Rights Share subscribed	One (1) Warrant for every one (1) Rights Share subscribed
<b>Warrant tenure</b>	3 years	3 years	5 years

(Source: company announcement dated 31 October 2025)

On 25 February 2026, the company received approval in-principle from the SGX-ST for the listing of and quotation for the rights shares, warrants and warrant shares on the mainboard of the SGX-ST, subject to certain conditions.

¹ Available on SIAS website

- (i) **Can the board elaborate on the key factors that led to the multiple revisions to the terms of the rights cum warrants issue and the extended timeline since the initial announcement in June 2025?**
- (ii) **Did the company encounter any regulatory concerns or shareholder feedback indicating that the original structure, including the pricing and warrant mechanics, may have been considered excessively dilutive or not aligned with shareholder protection expectations?**

**Company's Response:**

The objective of a secondary equity fund raising is to maximise capital raise at the highest possible price per share with the lowest discount to existing market price. There is an inverse relationship between projected funds raise and the price of the proposed rights, therefore a delicate balance is required to offer an attractive enough discount to encourage participation by as many shareholders and to raise as much public funds in order to achieve a successful fund raising exercise. If the rights is priced too close to prevailing trading price and the discount is too small, the subscription rate would likely be low and the exercise would fail to meet the target fund raise. If the rights is priced too low with too high a discount, the rights may be oversubscribed, signalling that the company could have raised even more funds at a higher price. This is the fundamental principle in a secondary equity fund raising exercise.

The Company announced the Proposed Rights cum Warrants Issue on 30 June 2025 ("**30 June Announcement**") based on a proposed rights price with a discount considered sufficient to support the achievement of the targeted fund raise. Following the 30 June Announcement, the Company observed a significant increase in its share price and trading volume, which was positive direct market feedback indicative of investor confidence in the Company's growth and expansion strategy as well as the anticipated benefits from the additional capital to be raised. In light of the increased investor appetite and support for the Company's fund raising plans, the Company reassessed and proposed the revised terms of the Rights cum Warrants Issue and announced revised terms thereof on 11 July 2025 ("**11 July Announcement**"). The revised terms increased the fund-raising target while maintaining the rights and warrants price constant as it was not yet clear whether investor interest would be sustainable or merely temporary, so it was prudent to maintain the same pricing discount. The increase in target fund raise was also measured at approximately 25% reflecting market uncertainty and the potential variability of the duration of investor interest. Following several months of sustained market activity and positive investor feedback, on 31 October 2025, the Company revised the rights and warrant price. The Board believes the revised fund raising target and rights and warrant price revision better align with prevailing investor appetite and current market conditions, optimise the funds to be raised at the highest price and lowest discount acceptable by the market.

The Company shared the rationale and reasoning of the proposed pricing and warrant mechanics with the regulator. It was the Company that suggested the revisions of pricing and warrant mechanics, led by the collective investor feedback through market dynamics of increased trading volume and higher share price.

**Q2.** When the fund raising was first announced, the reported net tangible asset (NTA) per share was \$0.14145 and the warrant exercise price was proposed at \$0.01. Under the original terms, shareholders would get 20 warrants, exercisable at \$0.01, for every three shares held.

Following subsequent revisions, the last reported NTA per share was \$0.1649 as at 12 March 2026. Notwithstanding these revisions, the fundraising remains materially dilutive to shareholders.

The issue price and exercise price represent:

- a discount of 34.78%, 40.79%, 34.78% and 34.78% to the volume weighted average price (VWAP) of the shares for the 1-month, 3-month, 6-month and 12-month periods prior to the announcement respectively;
- a discount of 30.77% to the VWAP of the shares of approximately \$0.065 for the period up to the Latest Practicable Date;
- a discount of approximately 73.62% to the group's net asset value per share of \$0.171 as at 31 December 2024; and
- the exercise price is priced at a discount of 14.89% to the theoretical ex-rights price of \$0.053.

The company is also seeking a whitewash resolution that would result in the controlling shareholder group increasing their stake from 45.78% to as high as 85.25%.

- (i) Who initially proposed the rights cum warrants exercise, including the initial pricing and warrant structure, and how did the board evaluate the proposal, specifically the valuation benchmarks applied, the dilution impact, and the overall fairness to minority shareholders, prior to approving the proposed terms?**
- (ii) How did the independent directors assess whether the final terms appropriately balance the company's capital raising objectives with the need to minimise economic value transfer from minority shareholders, particularly considering the deep discounts to net asset value and the concurrent whitewash resolution?**

**Company's Response:**

Management proposed the Rights cum Warrants Issue, including the initial pricing and warrant structure, which the Board evaluated having regard primarily to the following factors:

- (a) The Rights cum Warrants Issue is being offered on a *pro rata* basis to entitled shareholders. Shareholders will have the option to accept (in full or in part), decline or otherwise renounce or trade their provisional allotments of the Rights Shares with Warrants on the SGX-ST during the provisional allotment trading period. Shareholders who are unable or unwilling to commit additional capital retain the flexibility to "right-size" their holdings without any economic loss or disadvantage (except for transaction cost).
- (b) The Board recognises that dilution and economic impact or economic value transfer are separate concepts. Dilution means owning a smaller percentage of the company, however post capital raise, the company as a whole would be worth more by the amount of increased capital. So shareholders who did not participate in their *pro-rata* entitlement

would own a smaller percentage of a larger company, and could also receive proceeds from the sale of their nil-paid rights, resulting in no economic gain or loss (except for transaction cost). In principle, there is no economic value transfer for any renounceable rights issues, as shareholders are afforded an equal opportunity to participate or realise value by trading their rights and this is especially so in the case of MDR when the shares are trading above the rights price for nearly a year since the initial announcement in June 2025 thereby providing all shareholders (including minority shareholders) ample opportunity to right-size efficiently.

- (c) The Board recognises that the level of discount has limited impact with regard to economic impact because in a renounceable rights issue, minority shareholders are able to monetise their entitlements and adjust or "right size" their participation through various mechanisms. For instance, shareholders without committing more capital can sell a portion of their nil-paid rights after the ex-date and use the sales proceeds from the sale of a portion of their respective nil-paid rights to subscribe for the remaining portion of their rights entitlement. The larger the discount, the greater the value of their nil-paid rights and the higher the corresponding sales proceeds that they will receive to "right-size" their rights subscription. The level of discount would be neutralized by the sales proceeds received from the disposal of nil-paid rights; the greater the discount, the higher the value of the nil-paid rights and the higher the corresponding sales proceeds received, hence the proportion of nil-paid rights needed to be sold would be less than with a lower discount rights issue price. Alternatively, minority shareholders could also sell a portion of their mother shares cum-rights entitlement before the ex-date and to "right-size" their subscription with the sales proceeds. In a third alternative, minority shareholders could also keep all their rights and exercise all by using sales proceeds from the sale of a portion of their mother shares ex-rights. In all three "right-sizing" scenarios, whether "right-sizing" their position before or after the ex-date, whether by selling some mother shares cum-rights or mother shares ex-rights, or selling some nil-paid rights, the theoretical economic outcome would be broadly equivalent subject to transaction costs and prevailing market conditions.
- (d) The Rights cum Warrants Issue will have the support of the controlling shareholder who has provided an undertaking to subscribe for his full *pro rata* entitlement.
- (e) The Board assessed the Group's estimated funding requirements and determined that the proceeds from the Rights cum Warrants Issue would strengthen the Company's balance sheet and enhance financial flexibility, enabling the Group to pursue growth opportunities through investments and/or acquisitions, and to repay debt where appropriate.
- (f) The Warrants, with a five (5)-year exercise period, are intended to provide a mechanism for gradual and stable future funding. This structure affords investors the opportunity to monitor the Company's growth trajectory and track record, based on financial results, prior to making further investment decisions through the exercise of the Warrants.
- (g) The Company has not undertaken any fund-raising exercise for several years. Over the last decade, the Company has accessed the capital markets on one prior occasion, being the rights cum warrants issue undertaken in 2018.

- (h) The Company's shares have historically traded at a significant discount to NAV. The Board took this into account in determining the pricing of the Rights and Warrants, with a view to encouraging shareholders participation and maximising the likelihood of a successful outcome for the Rights cum Warrants Issue.
- (i) The Board notes that market practice is that rights and warrants are priced relative to the prevailing trading price of the shares. The prevailing trading price is generally regarded as the most relevant indicator of the current value of any company, if this were not the case, listed companies would consistently trade near or at NAV. Nevertheless, despite reference to NAV being of secondary relevance, the Board has reviewed pricing simulation models and is pleased that the proposed rights issue helps narrow the discount between the current trading price and NAV. By way of illustration, the Company's volume weighted average price as at the date of the 30 June Announcement represented a discount of approximately 77% to the then NAV per share of S\$0.141646. Under the revised terms of the Rights cum Warrants Issue as announced on 31 October 2025, this discount is expected to narrow to approximately 35% to the post-rights NAV per share of S\$0.081113<sup>2</sup> (assuming maximum subscription of Rights), based on the theoretical ex-rights price ("**TERP**") of S\$0.052875, and further to approximately 26% to the post-rights NAV per share of S\$0.067223<sup>3</sup> (assuming maximum subscription of Rights and full exercise of Warrants), based on the TERP of S\$0.049846.
- (j) The Board appreciates that the proposed Rights cum Warrants Issue would increase the share base of the Company, potentially increasing trading liquidity, price discovery and trading efficiency.
- (k) The Board also favours the potential of wider market interest by research analysts and institutional investors who favour companies with higher trading liquidity and market capitalisation, which in turn benefits all stakeholders including minority shareholders.
- (iii) How does the board intend to allocate excess rights shares and warrants in this exercise? In particular, what principles will govern the allocation process, and will the company provide sufficient transparency, including disclosure of allocation outcomes, to ensure that the process is conducted in a fair and equitable manner?**

**Company's Response:**

In the allotment of excess Rights Shares with Warrants, the Company will allocate the excess Rights Shares with Warrants in a manner deemed fit and appropriate, either proportionately based on (i) the shareholding of the Entitled Shareholders applying for excess Rights Shares with Warrants; or (ii) the number of excess Rights Shares with Warrants applied for by each Entitled Shareholder.

The allocation method will be decided based on the results of the Rights Shares with Warrants applications by the Directors after the Closing Date, in accordance with SGX Listing Rules. Preference will be given to the rounding of odd lots, and Directors, and Substantial Shareholders

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<sup>2</sup> Based on NAV per share as at 30 June 2025 and proceeds from Rights (excluding estimated expenses)

<sup>3</sup> Based on NAV per share as at 30 June 2025 and proceeds from Rights and Warrants (excluding estimated expenses)

who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants. The Company will also not make any allotment and issuance of any excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

**Q3.** The group's (loss)/profit for the past four years are:

- FY2025 (unaudited): \$(777,000)
- FY2024 (audited): \$5,476,000
- FY2023 (audited): \$(42,476,000)
- FY2022 (audited): \$7,225,000

Given the proposed capital raising, shareholders would appreciate greater clarity on the board's assessment of the group's strategy, capital allocation and execution.

**(i) What has been the total shareholder return over the past five-, eight-and twelve-year periods?**

**Company's Response:**

The total shareholder return (TSR) over the past five-, eight-and twelve-year periods are as follows:

- 5 years (2021 - 2025) : -0.40%
- 8 years (2018 - 2025) : -58.08%
- 12 years (2014 - 2025) : -78.56% (current management in place since 2017)

**(ii) In approving the proposed rights cum warrant issues, did the board undertake a comprehensive review of the group's strategic plans and operating businesses? In particular, could the board elaborate on:**

**(a) the historical performance and prospects of the group's investment segment, keeping in mind the significant losses on debt securities incurred in the past; and**

**(b) whether it has assessed the depth and suitability of the group's investment capabilities, including decision making processes, risk controls, and talent, to ensure that capital is deployed in a disciplined and profitable manner?**

**Company's Response:**

The Board undertakes periodic reviews of the Group's strategic plans and operating businesses. In this regard, the Board considered the historical performance and prospects of the Group's Investment segment, including the depth and suitability of the Group's investment capabilities, decision-making processes, risk controls, and talent.

While the Group has gone through various phases of challenges, it is well on track in its transformation, and growth journey. Since the commencement of the Group's transformation

initiatives and management changes in 2017, the Group has achieved the following tangible long-term results:

- (a) Shareholders' Equity increased from \$64.3 million as at 31 December 2016 to \$139.1 million as at 31 December 2025
- (b) Total dividend of S\$15.75 million paid to shareholders from 2017 to 2025
- (c) Share buybacks, which are NAV accretive, of S\$3.2 million since February 2020
- (d) Cash return to shareholders, often defined as dividends paid and share buybacks, totalled \$18.95 million since management changes in 2017

The Investment segment has made a positive contribution to the Group and has generated value for shareholders. It is noted that under applicable accounting standards, fair value gains arising from equity investments held under the Investment segment are not recognised in the profit and loss statement, but are instead recorded in the Other Comprehensive Income statement ("**OCI**"). The performance of the Investment segment as reflected in OCI is set out below:

	<u>(S\$,000)</u>
2025	: 21,220
2024	: 18,348
2023	: (7,237)
2022	: (11,036)
2021	: 27,715
2020	: (9,667)
2019	: (2,977)
2018	: (4,018)
2017	: (1,850)
<b>Total</b>	<b>: 30,498</b>

- (iii) Irrespective of whether the rights cum warrants issue proceeds, what strategic priorities and operational milestones has the board set for management to improve the group's financial performance and deliver sustainable shareholder value?**

**Company's Response:**

The Board has identified business growth and stability as the Group's core strategic priorities. The following sets out the strategic priorities and outlook for each of the Group's operating divisions to improve the group's financial performance and deliver sustainable shareholder value.

The Group is a key distributor and retailer of mobile devices for leading manufacturers, supported by long-standing relationships with its business partners and principals. The performance of Distribution Management Solutions ("**DMS**") division is subject to manufacturers' upgrade cycles and new products launches. The Division will continue to invest in its omni-channel capabilities to strengthen both online and in-store performance.

The Group's Mobile Virtual Network Operator (MVNO) business, ZYM Mobile, has gained meaningful traction through a growing subscriber base, competitive service offerings, rising 5G

adoption, and an expanding suite of value-added services. The DMS Division aims to consolidate its position as a comprehensive mobile solutions provider.

In light of reduced repair volumes, the After Market Solutions ("**AMS**") division will continue to prioritise cost optimisation initiatives to protect margins and manage near-term revenue headwinds. The Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("**DPAS**") Division is expected to perform steadily, though rising operating costs will require careful management.

Dividend income is expected to remain the primary revenue driver for the Investment Division. The Division maintains a cautiously optimistic outlook on the long-term prospects of the Group's investment portfolio, anchored by a well-diversified portfolio of assets. The Group invests with a long term horizon, with the view that asset prices tend to converge towards intrinsic value over a full business cycle.

The Group's diversified business model supports a stable operating base. While the geopolitical developments, evolving trade policies, and shifting monetary conditions will continue to call for adaptability and strategic pivots, management will remain focused on maintaining strategic and operational discipline to navigate an uncertain external environment and to pursue growth opportunities across varying economic conditions. The Group will continue to follow disciplined cost management, operational flexibility, and focus on long-term value for its shareholders.

#### **BY ORDER OF THE BOARD**

**Madan Mohan**  
*Company Secretary*

25 March 2026