



MDR Limited

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

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## RESPONSE TO SGX-ST'S QUERIES

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The Board of Directors (the “**Board**”) of mDR Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the following queries received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to the Company’s financial statements for the half-year ended 30 June 2022 (“**1H-FY2022**”). The Board wishes to respond to the SGX-ST’s queries as follows:

### **SGX queries:**

1. **In respect of the Group’s non-current other receivables and prepayments of S\$1,080,000, please disclose the Board’s assessment of the recoverability of the non-current other receivables.**

#### **Company’s response:**

The Group’s non-current other receivables and prepayments comprised of security deposits of S\$532,000 due from landlords for the rental of outlets and office premises in Singapore, for which the lease term expire between 1 to 3 years, and lease receivables of S\$548,000 recoverable from one of the Group’s principal for the rental support provided for certain outlets. As most of the counterparties are reputable shopping malls and a well-known global brand principal, the Board believes that these amounts owing are recoverable when due.

2. **Please provide the reason(s) for the significant trade and other payables of S\$21,164,000 when the Group recorded cash and bank balances of \$21,116,000.**

**Please also disclose a breakdown of current trade and other payables of S\$20,360,000. For other payables, please disclose the identity of the counterparties, the aging and nature of these other payables.**

#### **Company’s response:**

The trade and other payables of S\$21,164,000 comprised mainly of payments to third parties, GST payables, accrued staff costs, accrued expenses, and deferred income.

The current trade and other payables of S\$20,360,000, mainly comprise of the following components:

- (i) *Trade payables – third parties:* Comprised of S\$11,449,000 mainly due to Group’s principals (including operators) for the purchase of inventories.
- (ii) *Trade payables – GST payables:* Comprised of S\$899,000 output tax payable to IRAS.

- (iii) *Other payables – third parties*: Comprised of S\$375,000 mainly due to vendors/service providers in relation to rental, utilities, professional fees, office expenses, maintenance costs and sell out support for customers, with most of the outstanding amount aged within 90 days.
- (iv) *Other payables – accrued staff costs*: Comprised of accruals of S\$3,881,000 in relation to staff salaries, directors' fees, bonuses, CPF and incentive payments to staff.
- (v) *Other payables – accrued expenses*: Comprised of accruals of S\$1,894,000 mainly pertaining to operating expenses, compliance costs, audit fees, professional fees, sell out support for customers.
- (vi) *Other payables – deferred income*: Comprised of S\$1,862,000 mainly attributable to rental support from Group's principal for certain outlets, which would be recognised over the lease period. A subsidiary of the Group operates the MVNO business (ZYM Mobile) in which subscribers would purchase 12 month SIM/handset bundle plans. The revenue for these bundle plans are set aside under deferred income to recognise over the contract period.

3. **Given the Group's significant current liabilities of S\$68,820,000 and cash and bank balances of only S\$21,116,000, please disclose the Board's assessment how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.**

**Company's response:**

The Group has current assets of S\$92,931,000 and total current liabilities of S\$68,820,000 as at 30 June 2022, which will result in net current assets of S\$24,111,000 (i.e. current assets less current liabilities). The Group's current assets are 1.35 times of its current liabilities as at 1H-2022.

Of the Group's total current liabilities, S\$44,176,000 pertain to bank overdrafts and loans of which S\$41,088,000 are loans/overdrafts advanced for the purchase of quoted securities. Though the overdrafts/loans are classified under current liabilities (based on the Singapore Financial Reporting Standards (SFRS)) as they are renewed every 1 to 7 days, the likelihood of a recall of these loans is low as they are secured by a charge over the quoted securities.

The investments in equity securities of S\$97,476,000 comprised of quoted equities of S\$95,777,000, which are classified under non-current assets due to the Company's intention to hold these investments on a long term basis. The Group's quoted equity securities are assets with high liquidity. In aggregate, the Group's current assets and quoted equities are 2.74 times of its current liabilities as at 1H-2022. As such, the Board believes that the Group can meet its significant payment obligations in the next 12 months.

**BY ORDER OF THE BOARD**

**Madan Mohan**  
*Company Secretary*

17 October 2022