



MDR Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 200009059G)

UPDATES ON GROUP'S BUSINESS AND OPERATIONS

The Board of Directors (the "Board") of mDR Limited (the "Company", and together with its subsidiaries, the "Group") wishes to provide the following updates on its business and operations in Singapore and Malaysia amid the COVID-19 pandemic outbreak.

Impact on Business and Operations and mitigation measures

On 3 April 2020, the Singapore Government announced Circuit Breaker measures to minimise the spread of COVID-19 for the period from 7 April 2020 to 4 May 2020, which has since been extended until 1 June 2020 (the "Circuit Breaker Period"). In Malaysia, the Government announced a Movement Control Order to minimise the spread of COVID-19, which came into effect on 18 March 2020 and has been further extended until 12 May 2020 (the "MCO Period").

The Group's Retail business under the Distribution Management Solutions ("DMS") division currently operates 9 Singtel stores, 8 M1 stores, 2 Samsung stores, and 1 VT Cosmetics store, in Singapore. These physical retail stores have temporarily closed their operations during the Circuit Breaker Period. Online and distribution businesses of DMS are operational through remote working arrangements. In response, DMS division is actively promoting online sales via various E-commerce channels such as Lazada and Qoo10. The Group's operations under the After Market Services ("AMS") division continues to operate as an essential service provider, with 4 service centres open for Samsung mobile phones and Inhome consumer electronic products repairs and services. The Group's Investment division in Singapore is operational through remote working arrangements.

Digital Inkjet Printing for Out-Of-Home Advertising Solution ("DPAS") division's operations in Malaysia are temporarily closed during the MCO Period.

Financial assessments and impact

In general, the COVID-19 pandemic situation is expected to have a negative material impact on the Group's financial performance for the period ending 30 June 2020 ("1H-FY2020"). Based on a preliminary review and estimates of the unaudited management accounts of the Group as at the date of this announcement, the financial assessments and impact on the Group from the COVID-19 pandemic situation for 1H-FY2020 are as follows:

- (a) Group revenue for the period ended 31 March 2020 is 11.8% lower than the corresponding period in FY2019. Revenue for Q2-FY2020 is expected to be significantly lower, as compared

to the corresponding period in FY2019, due to, *inter alia*, a decline in sales from the above-mentioned closures of the physical retail stores and the DPAS division's operations, and the delay in the receipt of dividends. Group's overhead expenses are partially mitigated by the various support measures from the Singapore Government such as Job Support Scheme and waiver of foreign worker levy, and also from the rental assistance and/or rental subsidies from the malls in which the Group has its stores. Investment division historically receives final dividends from its various investments in the month of May. However, the postponement of annual general meetings by companies this year will result in the receipt of dividends slightly later than the historical payment dates.

- (b) There is a general slow-down in terms of purchase orders, sales and delivery of the goods and services for the DMS division. Group's accounts receivables are taking slightly longer than customary, however, there is no default by any of the key customers. The Group has currently sufficient inventory to meet its customers' demands.
- (c) With the decline in net income, cash flow from operating activities is expected to be lower. Barring any unforeseen circumstances, the probable decline in revenue and net income is not expected to affect the Group's ability to continue as going concern and its ability to fulfill its near-term obligations, taking into account the Group's financial position in terms of the net asset value and cash and bank balances available to the Group. Nonetheless, as there are uncertainties over how long the COVID-19 outbreak will last, and the large-scale economic impact from the COVID-19 pandemic situation, the Group has successfully applied for Government assisted loan as a standby option to cater for any liquidity issue.

Further updates

The Company will continue to monitor the evolving situation amid the COVID-19 outbreak and will make the appropriate announcement(s) to keep shareholders updated on any material developments.

Shareholders and potential investors are reminded to exercise caution when dealing or trading in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

BY ORDER OF THE BOARD

Madan Mohan
Company Secretary

25 April 2020