



MDR Limited

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

ANNOUNCEMENT PURSUANT TO RULE 704(5)(b) OF THE LISTING MANUAL

Pursuant to Rule 704(5)(b) 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 FY2023 Audited Financial Statements), with respect to the suspected unauthorized use of the Group’s marketing incentive rebates by 2 former employees, in the audit reports (the “**Independent Auditor’s Reports**”) of the Group’s subsidiaries, 3 Mobile Telecom Pte Ltd, A-Mobile Pte Ltd, Distribution Management Solutions Pte Ltd, and Handphoneshop Pte Ltd (collectively the “**Subsidiaries**”) for the financial year ended 31 December 2024 (the “**FY2024 Audited Financial Statements**”).

The extracts of the Independent Auditor’s Reports and related notes in the FY2024 Audited Financial Statements of the Subsidiaries are set out in **Appendix A** of this announcement.

The opinion of the Auditor in the FY2024 Audited Financial Statements of the Subsidiaries remains unqualified.

Shareholders of the Company are advised to read this announcement in conjunction with the Company’s announcements dated 18 December 2021, 29 August 2022, 9 May 2023, 10 May 2024 and the Group’s audited financial statements which form part of the Annual Report 2024 of the Company published on 9 April 2025.

BY ORDER OF THE BOARD

Madan Mohan
Company Secretary

9 June 2025

APPENDIX A

3 MOBILE TELECOM PTE. LTD.

Emphasis of matter

We draw attention to Note 26 to the financial statements which discloses the investigation outcome and the on-going legal proceedings involving the ex-employees charged regarding the suspected misappropriation of assets identified during the financial year ended 31 December 2021. Our opinion is not modified in respect of this matter.

Note 26:

26. 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 \$1,055,376. The total cost comprising of \$97,584 for 2020 and \$957,792 for 2021 were charged to the consolidated statement of comprehensive income as inventories written off in prior years.

On 31 December 2024, the Relevant Persons have been charged for allegedly committing criminal breach of trust offences. The investigation by the Commercial Affairs Department on the Relevant Persons has completed and the value of the alleged misappropriation amounted to \$1,677,432. A difference of \$622,056 is noted as compared to the amount of \$1,055,376 previously disclosed and reported. The difference mainly relates to premiums misappropriated, which have \$Nil inventory cost. The differences in the misappropriated amount have been considered and no further adjustments were made to the financial statements.

As at the date of the financial statements, the legal proceedings are still on-going. The outcome could uncover other matters which could result in further adjustments to the financial statements.

Emphasis of matter

We draw attention to Note 24 to the financial statements which discloses the investigation outcome and the on-going legal proceedings involving the ex-employees charged regarding the suspected misappropriation of assets identified during the financial year ended 31 December 2021. Our opinion is not modified in respect of this matter.

Note 24:

24. 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 \$212,491. The total cost comprising of \$132,700 for 2020 and \$79,791 for 2021 were charged to the consolidated statement of comprehensive income as inventories written off in prior years.

In 2022, the Company has recovered inventories amounting to \$5,185 and has recorded a write back of inventories loss in the statement of comprehensive income.

On 31 December 2024, the Relevant Persons have been charged for allegedly committing criminal breach of trust offences. The investigation by the Commercial Affairs Department on the Relevant Persons has completed and the value of the alleged misappropriation amounted to \$244,560. A difference of \$32,069 is noted as compared to the amount of \$212,491 previously disclosed and reported. The difference mainly relates to premiums misappropriated which have \$Nil inventory cost. The remaining differences relate to inventories for which misappropriation could not be proven during the investigation. The differences in the misappropriated amount have been considered and no further adjustments were made to the financial statements.

As at the date of the financial statements, the legal proceedings are still on-going. The outcome could uncover other matters which could result in further adjustments to the financial statements.

Emphasis of matter

We draw attention to Note 30 to the financial statements which discloses the investigation outcome and the on-going legal proceedings involving the ex-employees charged regarding the suspected misappropriation of assets identified during the financial year ended 31 December 2021. Our opinion is not modified in respect of this matter.

Note 30:

30. 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.

On 31 December 2024, the Relevant Persons have been charged for allegedly committing criminal breach of trust offences. The investigation by the Commercial Affairs Department on the Relevant Persons has completed and the value of the alleged misappropriation amounted to \$2,746,000. A difference of \$663,000 is noted as compared to the amount of \$2,083,000 previously disclosed and reported. The difference mainly relates to premiums misappropriated, which have \$Nil inventory cost. The remaining differences relate to inventories for which misappropriation could not be proven during the investigation. The differences in the misappropriated amount have been considered and no further adjustments were made to the financial statements.

As at the date of the financial statements, the legal proceedings are still on-going. The outcome could uncover other matters which could result in further adjustments to the financial statements.

Emphasis of matter

We draw attention to Note 26 to the financial statements which discloses the investigation outcome and the on-going legal proceedings involving the ex-employees charged regarding the suspected misappropriation of assets identified during the financial year ended 31 December 2021. Our opinion is not modified in respect of this matter.

Note 26:

26. 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 \$815,584. The total cost comprising of \$30,629 for 2020 and \$784,955 for 2021 were charged to the consolidated statement of comprehensive income as inventories written off in prior years.

On 31 December 2024, the Relevant Persons have been charged for allegedly committing criminal breach of trust offences. The investigation by the Commercial Affairs Department on the Relevant Persons has completed and the value of the alleged misappropriation amounted to \$823,584. A difference of \$8,000 is noted as compared to the amount of \$815,584 previously disclosed and reported. The difference mainly relates to premiums misappropriated, which have \$Nil inventory cost. The differences in the misappropriated amount have been considered and no further adjustments were made to the financial statements.

As at the date of the financial statements, the legal proceedings are still on-going. The outcome could uncover other matters which could result in further adjustments to the financial statements.