



MDR Limited

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

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

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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 FY2022 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 Handphonestop Pte Ltd (collectively the “**Subsidiaries**”) for the financial year ended 31 December 2023 (the “**FY2023 Audited Financial Statements**”).

The extracts of the Independent Auditor’s Reports and related notes in the FY2023 Audited Financial Statements of the Subsidiaries are set out in **Appendix A** of this announcement.

The opinion of the Auditor in the FY2023 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 and the Group’s audited financial statements which form part of the Annual Report 2023 of the Company published on 9 April 2024.

### BY ORDER OF THE BOARD

**Madan Mohan**  
*Company Secretary*

10 May 2024

## APPENDIX A

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### 3 MOBILE TELECOM PTE. LTD.

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#### ***Emphasis of matter***

We draw attention to Note 27 to the financial statements which discloses the on-going investigation by the Commercial Affairs Department in respect of the suspected misappropriation of assets identified in prior financial year. Our opinion is not modified in respect of this matter.

#### **Note 27:**

#### **27. Suspected misappropriation of assets**

On 18 December 2021, it was announced that the Company's ultimate holding company, mDR Ltd, together with its subsidiaries, (collectively, the "Group") has 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 statement of comprehensive income as inventories written off in prior years.

As at the date of the financial statements, the investigation by the Commercial Affairs Department on the Relevant Persons is still on going. The investigation could uncover other matters which could result in further adjustments to the financial statements.

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### A-MOBILE PTE. LTD.

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#### ***Emphasis of matter***

We draw attention to Note 24 to the financial statements which discloses the on-going investigation by the Commercial Affairs Department in respect of the suspected misappropriation of assets identified in prior financial year. 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 Company's ultimate holding company, mDR Ltd, together with its subsidiaries, (collectively, the "Group") has 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 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 (Note 13).

As at the date of the financial statements, the investigation by the Commercial Affairs Department on the Relevant Persons is still on going. The investigation could uncover other matters which could result in further adjustments to the financial statements.

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## DISTRIBUTION MANAGEMENT SOLUTIONS PTE. LTD.

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### ***Emphasis of matter***

We draw attention to Note 31 to the financial statements which discloses the on-going investigation by the Commercial Affairs Department in respect of the suspected misappropriation of assets identified in prior financial year. Our opinion is not modified in respect of this matter.

### **Note 31:**

#### **31. Suspected misappropriation of assets**

On 18 December 2021, it was announced that the Company’s immediate holding company, mDR Ltd, together with its subsidiaries, has 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 \$2,084,000. The total cost comprising of \$261,000 for 2020 and \$1,823,000 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 (Note 14).

As at the date of the financial statements, the investigation by the Commercial Affairs Department on the Relevant Persons is still on going. The investigation could uncover other matters which could result in further adjustments to the financial statements.

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## HANDPHONESHOP PTE. LTD

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### ***Emphasis of matter***

We draw attention to Note 26 to the financial statements which discloses the on-going investigation by the Commercial Affairs Department in respect of the suspected misappropriation of assets identified in prior financial year. 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 Company's ultimate holding company, mDR Limited, together with its subsidiaries, (collectively, the "Group") has 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 statement of comprehensive income as inventories written off in prior years.

As at the date of the financial statements, the investigation by the Commercial Affairs Department on the Relevant Persons is still on going. The investigation could uncover other matters which could result in further adjustments to the financial statements.