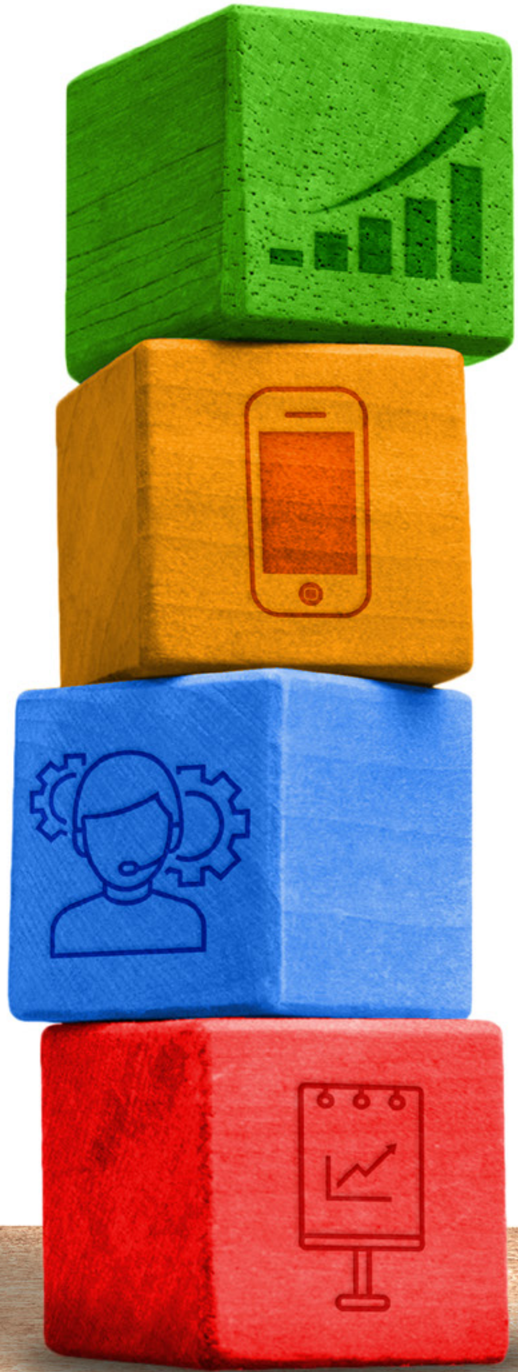
# SHAPING PROGRESS AND GROWTH

Annual Report 2022



MDR Limited

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# CORPORATE **PROFILE**

**mDR Limited ("mDR")** is a Singapore based corporation with diversified investment business, and is engaged in the distribution and retail of telecommunication products and services, after-market services, and large format digital inkjet printing. mDR was incorporated in Singapore on 21 October 2000, and listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) on 14 March 2003.

## BUSINESS SEGMENTS

# CORPORATE **PROFILE**

## About mDR

mDR Ltd ("mDR") is a Singapore based corporation with diversified investment business, and is engaged in the distribution and retail of telecommunication products and services, after-market services, and large format digital inkjet printing.

The Group is one of the largest distributors and retailers of mobile devices for leading manufacturers, and also manages one of the largest network of retail stores offering Singtel products and services in Singapore. mDR is also the after-market service partner for Samsung in Singapore.

mDR's subsidiary Pixio, is a leading large format digital inkjet printer in Malaysia.

Established in year 2000, mDR has offices in Singapore and Malaysia.

MDR Limited

**Vision and Mission**

We aspire to be a high growth and profitable company and to be the leading complete service provider of telecommunication products and services in Singapore.

Our Mission is to improve shareholders' returns from diverse and sustainable revenue streams and contribute to the development of our stakeholders.

## Our Business Network



## Major Principals

oppo SAMSUNG Singtel vivo

## mDR Group's businesses include:

### INVESTMENT

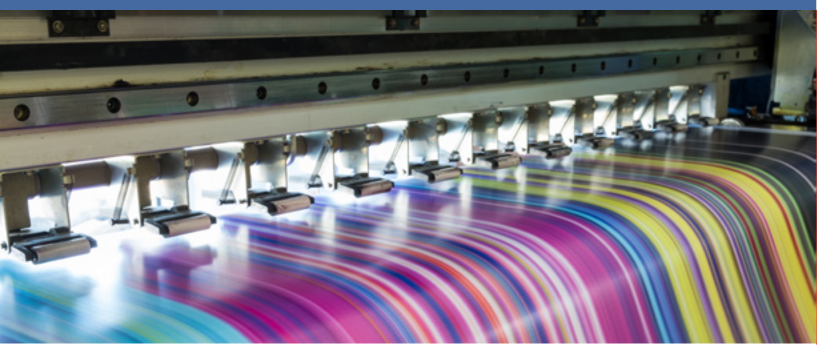
- Diversified Investment business

### DISTRIBUTION MANAGEMENT SOLUTIONS

- Partner of Samsung for its retail concept stores in Singapore
- Owner of ZYM Mobile (MVNO)
- Authorised distributor and/or retailer of mobile devices and accessories for brands such as Oppo, Samsung and Vivo
- Key partner of telecommunications service provider, Singtel, through retail distribution network under 3 Mobile
- Distribution of Singtel prepaid cards and services in Singapore under SDS

### AFTER-MARKET SERVICES

- Provider of after-market services to end consumers of Samsung for equipment repairs and technical services in Singapore



### DIGITAL INKJET PRINTING FOR OUT-OF-HOME ADVERTISING SOLUTIONS

- Provision of digital inkjet printing for Point-Of-Sale and Out-Of Home advertising solutions in Malaysia

# CHAIRMAN'S **STATEMENT**


Dear Shareholders,

On behalf of the Board of Directors (the "Board") of mDR Limited (the "Company", and together with its subsidiaries, the "Group"), I am pleased to present to you our annual report for the financial year ended 31 December 2022.

With the transition from pandemic to COVID-19 being endemic, global economies have started recovering gradually. The Group's performance also improved in FY2022 and the Group recorded $7.31m in profits (before tax) for the year.

## FINANCIAL REVIEW

Year-on-year ("YoY") Group's revenue decreased by 7% to $175.48m (FY2021: $189.28m) mainly due to slower demand for Distribution Management Solutions ("DMS") division's products and services. DMS division's slowdown however was mitigated by an increase in revenue from the other three business segments: After-Market Services ("AMS"), Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("DPAS") and Investment.

AMS division's YoY revenue increased by 2% to $17.33m (FY2021: $16.95m), primarily due to an increase in spare parts volume. Revenue contribution from DMS decreased by 12% to $142.11m (FY2021: $160.90m), mainly due to reduced sales for prepaid cards and retail operations. DPAS division achieved revenue of $4.42m which was 39% higher than the FY2021 revenue (FY2021: $3.17m), mainly due to the recovery of domestic demand in Malaysia.

The Investment division recorded revenue of $11.62m (FY2021: $8.26m). As at 31 December 2022, MDR has a portfolio of approximately $164.85m of quoted equities and debt securities (after loss allowance on investment in debt securities) assets, generating dividend and coupon payments. The Group's investment portfolio in equities registered a total return of negative 0.29% in 2022. During the same period, the total return (inclusive of dividend) of STI and FTSE ST Catalist was 8.40% and negative 17.9% respectively, and HSI's return was negative 15.5%.

The Group's net tangible assets as at 31 December 2022 was $151.23m (31 December 2021: $159.38m). Cash and cash equivalents of the Group as at 31 December 2022 was $12.77m (31 December 2021: $25.01m).

# CHAIRMAN'S **STATEMENT**

## The Group is one of the largest distributor, retailer and aftermarket service provider of mobile phones in Singapore.

**TOTAL RETAIL OUTLETS**

**11**

**REVENUE**

**$175.48m**

**TOTAL NET TANGIBLE ASSETS**

**$151.23m**

### BUSINESS OPERATIONS

Singapore Operations

The Group is one of the largest distributor, retailer and aftermarket service provider of mobile phones in Singapore. The Company is Samsung's authorised after-market services provider for mobile phones and other consumer electronic goods. The AMS division manages and operates Samsung's 4 service centres at Plaza Singapura, VivoCity, Westgate and Causeway Point. The DMS division currently operates and manages an island-wide network of 11 retail outlets in Singapore comprising: (a) 6 Singtel retail outlets; (b) 2 Handphoneshop (HPS) multi-brand stores offering lifestyle goods and accessories and ZYM Mobile services; and (c) 3 Samsung concept stores at Plaza Singapura, VivoCity and Westgate. Group's investment business pertains to investments in equity, debt securities, and provision of loans to corporate entities.

Malaysia Operations

The DPAS operations in Malaysia under Pixio offers a range of large format digital printing solutions. Pixio uses state of the art colour-management systems and latest machinery.

### FUTURE OUTLOOK

Singapore's economy grew by 3.6% in 2022 and GDP growth forecast for 2023 is 0.5% to 2.5%. The Group maintains a cautious outlook for 2023 as inflationary pressure may weigh on consumers spending. DMS division faces strong competition from various online business platforms and rising costs have further added pressure to DMS's challenging operating environment. DMS is therefore pivoting its focus to the MVNO business – ZYM Mobile, which offers SIM plans and bundled products. ZYM Mobile's subscribers' base has grown gradually since the service was commercially launched in September 2021. Dividend income will continue to remain the main revenue source for the Investment division. AMS and DPAS divisions are expected to remain stable with disciplined cost and inventory management, although they may face margin pressure. The Group remains committed to exercise cost discipline and will continue to explore potential business opportunities to strengthen its revenue streams in the long term. Barring any unforeseen event, the Group is committed to achieve better performance in 2023.

## DIVIDEND

The Board is pleased to propose a final dividend of up to S$4.25m (approximate) for shareholders' approval at the forthcoming annual general meeting. The proposed dividend for FY2022 is higher than the FY2021 dividend of S$4m (approximate).

## INVESTOR RELATIONS

We have been holding management conference calls with shareholders/analysts/media since March 2019. We are currently holding management conference calls on a semi-annual basis after the publication of the Group's half-yearly results. We welcome shareholders to join our half-yearly conference call and share their feedback.

## NOTE OF APPRECIATION

I express my sincere thanks to shareholders, business partners, bankers and customers, for their support and confidence. I also extend my heartfelt appreciation to my fellow Directors, management and employees of the Company for their dedication, efforts and guidance that has contributed to the Group's performance and growth. We look forward to a bright and successful year ahead.

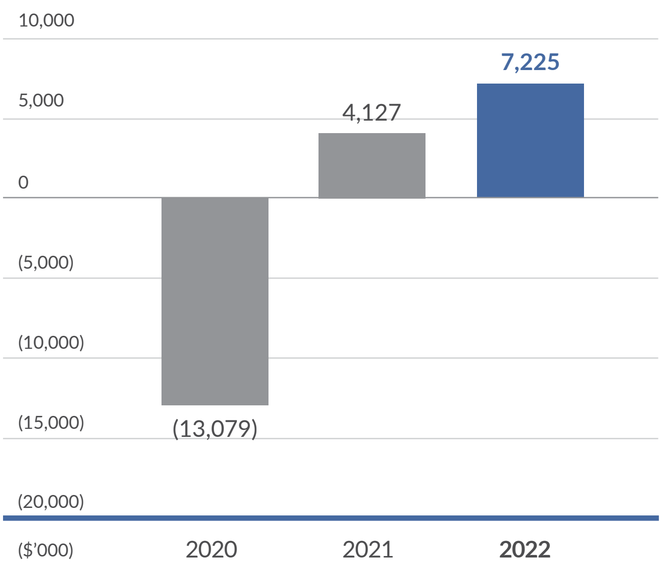
**EDWARD LEE**
*Executive Chairman*

28 March 2023

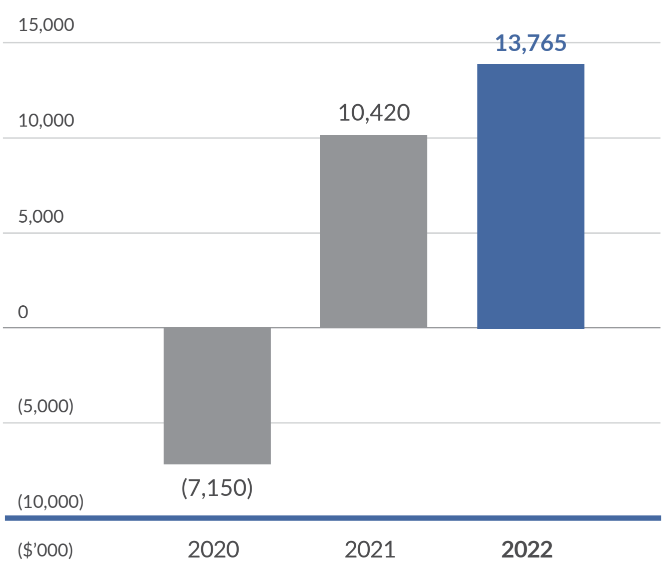
# FINANCIAL **HIGHLIGHTS**

| | 2020 $'000 | 2021 $'000 | 2022 $'000 |
|---|---|---|---|
| Profit/(Loss) after tax | (13,079) | 4,127 | 7,225 |
| EBITDA | (7,150) | 10,420 | 13,765 |
| Net Assets Value | 128,491 | 159,377 | 151,231 |
| Dividends | – | 4,000 | 4,250 |

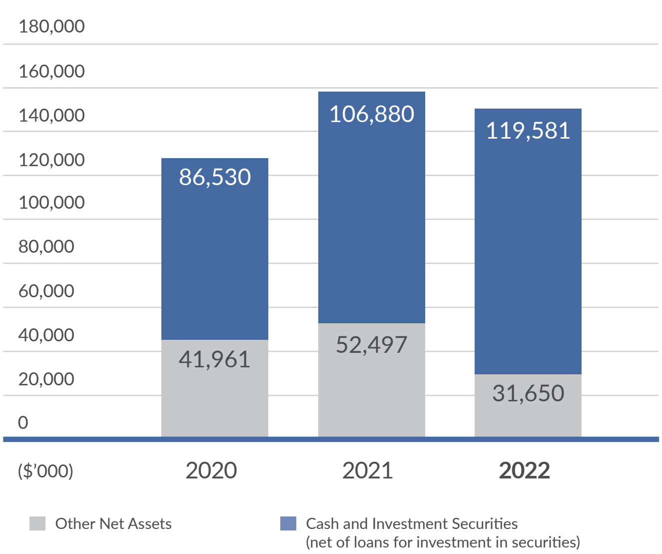
## Profit After Tax ($'000)



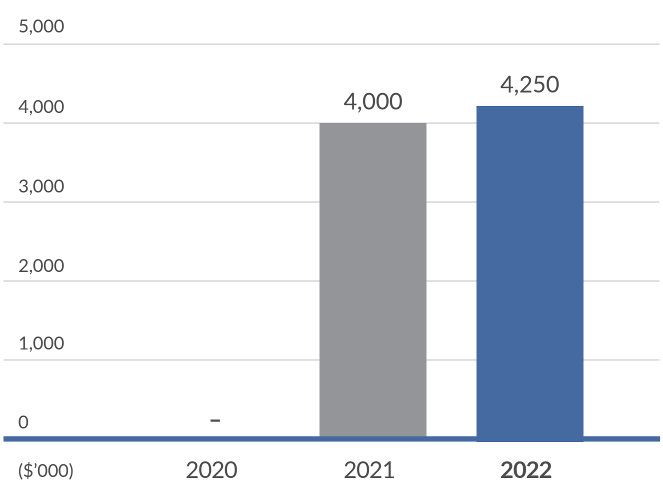

## EBITDA ($'000)




## Net Assets Value ($'000)

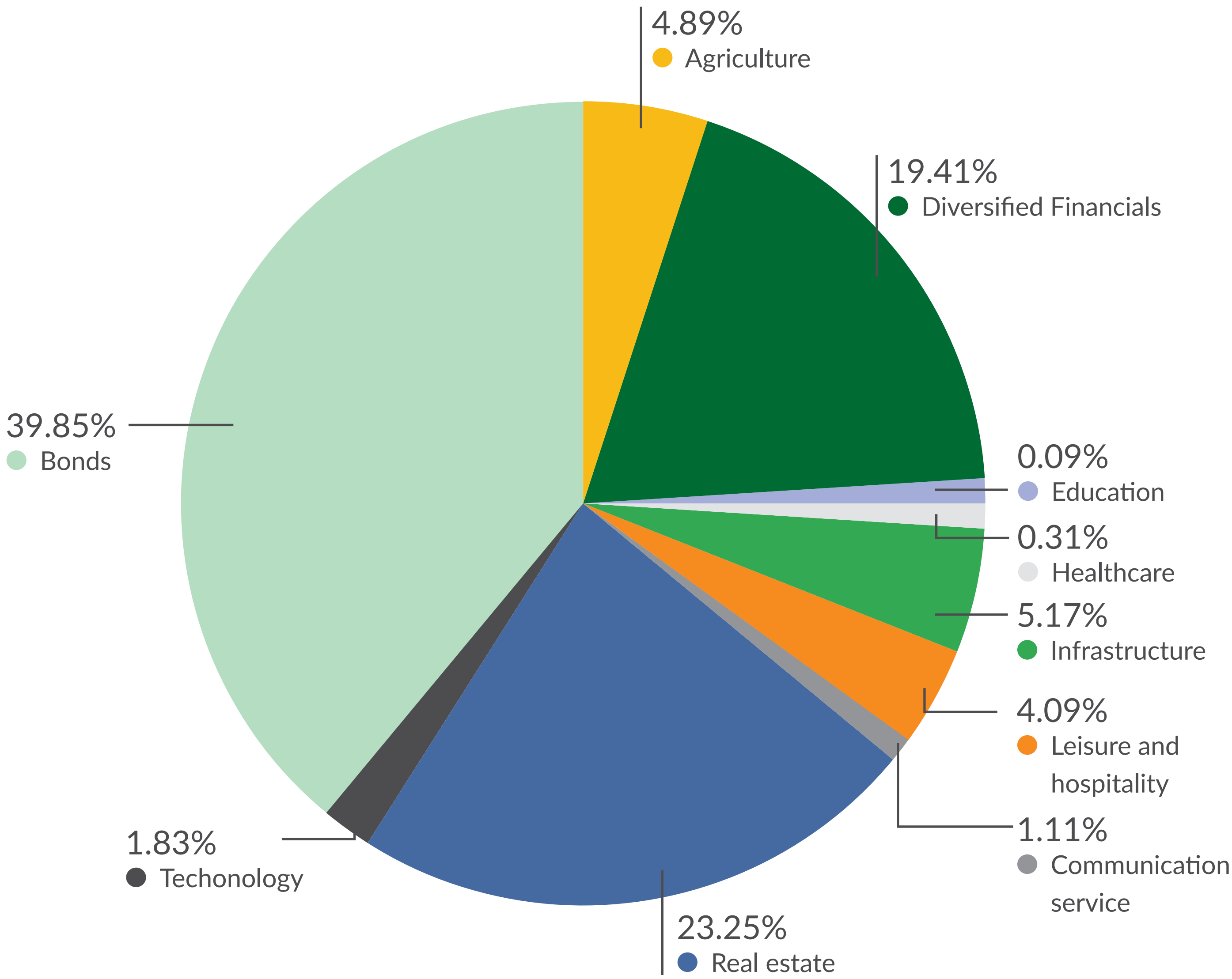



## Dividends ($'000)



## Investments Overview (Quoted Securities)

(As at 31 December 2022)



# BOARD OF **DIRECTORS**

## EDWARD LEE EWE MING

*Executive Chairman, Non-Independent Executive Director*

Mr Lee is the Executive Chairman of the Group since June 2017. He is also the Managing Director of Edward Lee Appartments Private Limited. Mr Lee was previously a Senior Consultant at Cambridge Associates where he led the firm's hedge fund research in Asia and constructed and oversaw hedge fund portfolios for a broad range of clients. Prior to joining Cambridge Associates, Mr Lee was the Corporate Finance Director of First World Capital. He was also previously an Investment Banking Analyst at Lehman Brothers, Inc. where he worked on mergers & acquisition, initial public offering, and debt restructuring exercises in the South East Asia region. Mr Lee received a Bachelor of Commerce in Accounting/Finance from the University of Melbourne and was a Deacons Graham James Scholar at the Melbourne Law School. Mr Lee was conferred the Spirit of Enterprise Award in 2016.

**Date of first appointment as a Director**
11 May 2017

**Date of last re-election as a Director**
27 July 2022

## ONG GHIM CHOON

*Chief Executive Officer, Non-Independent Executive Director*

Mr Ong is the Chief Executive Officer of the Group since February 2010. Mr Ong is responsible for the overall supervision and management of the business of the Group. He has extensive experience in the telecommunications industry, having been a pioneer in the establishment and management of several telecommunications companies since 1993, which engaged in the import, export, distribution and retail of telecommunications and related products and accessories.

**Date of first appointment as a Director**
19 August 2009

**Date of last re-election as a Director**
27 July 2022

## ZHANG YANMIN

*Executive Director, Non-Independent Director*

Ms Zhang is an Executive Director of mDR Ltd. Ms Zhang is also Advisor to Yann Investment Co., Ltd, where she takes on the role of chief investment officer and manages a portfolio of public equity investments. She graduated from the Singapore Polytechnic with a Diploma in Business Administration and attended The Royal Melbourne Institute of Technology (RMIT) majoring in Investments & Finance.

**Date of first appointment as a Director**
29 March 2018

**Date of last re-election as a Director**
30 April 2021

## MARK LEONG KEI WEI

*Lead Independent Non-Executive Director*

Mr Leong presently serves as the Lead Independent Director and Audit and Risk Committee Chairman of mDR Ltd. He has considerable corporate, management and directorship experience in a broad range of functions and industries having undertaken several C-suite roles (Chairman, CEO, COO & CFO) in several private as well as listed companies. Mr Leong currently serves as Non-Executive & Independent Director in several Singapore and Australian listed companies. Mr Leong is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA), a Fellow of the Association of Chartered Certified Accountants (ACCA), and a Member of the Singapore Institute of Directors.

**Date of first appointment as a Director**
15 May 2017

**Date of last re-election as a Director**
30 April 2021

# BOARD OF **DIRECTORS**

## OEI SU CHI, IAN

*Independent Non-Executive Director*

Mr Oei presently serves as an Independent Director of mDR Ltd. He is a Legal Counsel for Guotai Junan International (Singapore), a Singapore subsidiary of one of the largest securities houses in China and Hong Kong (SAR). Prior to joining Guotai Junan, Mr Oei was an in-house legal counsel with a Singapore based foreign MNC, with businesses in paper, palm oil, construction and energy. Before that, he was in legal practice and had held the position of Director, Intellectual Property, with a leading Singapore law firm. Mr Oei holds an LL.M. degree from the National University of Singapore and has an IBF Advanced Certificate in Governance, Risk and Compliance.

**Date of first appointment as a Director**
1 June 2017

**Date of last re-election as a Director**
27 July 2022

## ONG SIOW FONG

*Independent Non-Executive Director*

Ms Ong presently serves as an Independent Director of mDR Ltd. She is an Associate Senior Sales Director at SRI Pte Ltd, where she assists clients to evaluate potential business opportunities in real estate assets and also works closely with other asset management teams on portfolio reporting and marketing strategies. Ms Ong is also the Managing Director of Amicus Capital Management Pte Ltd, which is engaged in the business of providing management consultancy services. Prior to joining SRI, Ms Ong had been a Senior Associate Marketing Director at PropNex. Before that she was a Financial Consultant with Prudential Assurance Company Singapore (Pte) Ltd. Ms Ong holds a Diploma in Business Informatics from the Nanyang Polytechnic.

**Date of first appointment as a Director**
28 September 2020

**Date of last re-election as a Director**
30 April 2021

**Date of first appointment as a Director**
28 September 2020

**Date of last re-election as a Director**
30 April 2021

## LIU YAO

*Independent Non-Executive Director*

Ms Liu presently serves as an Independent Director of mDR Ltd. She is a Chartered Professional Accountant (Australia) and is currently a Finance Supervisor with Schenker Logistics (Shanghai) Co., Ltd. Prior to joing Schenker Logistics, Ms Liu was an Indsutry Controller with Louis Dreyfus Company (Shanghai). Before that, she was an Assistant Manager (Audit) with KPMG Singapore with a focus on Real Estate, Consumer & Tourism sectors for both public listed and private companies. Ms Liu received a Bachelor of Business (Major in Accountancy) degree from the RMIT University, Australia.

# MANAGEMENT **TEAM**

## EDWARD LEE EWE MING

*Executive Chairman*

Mr Lee is the Executive Chairman of the mDR Group since June 2017. Please refer to his profile under the "Board of Directors" section of this Annual Report.

## ONG GHIM CHOON

*Group CEO*

Mr Ong is the Group CEO of mDR Ltd since February 2010. Please refer to his profile under the "Board of Directors" section of this Annual Report.

## ZHANG YANMIN

*Executive Director*

Ms Zhang is an Executive Director of mDR Ltd since July 2018. Please refer to her profile under the "Board of Directors" section of this Annual Report.

## YIP LI SAN

*Group CFO*

Ms Yip is the Group CFO of mDR Ltd since May 2018. Prior to that she was the Director (Accounts and Finance) of mDR. She joined DMS (a subsidiary of mDR) as Financial Controller in January 2004. Ms Yip leads the Accounts and Finance Department of the Group and oversees the financial affairs and reporting for the Group. Prior to joining the Group, Ms Yip has 11 years of accounting experience with Transware Distribution Services Pte Ltd (a subsidiary under Keppel Telecommunications & Transportation Group). Ms Yip holds a Bachelor of Accountancy degree from the National University of Singapore and is currently a non-practising member of the Institute of Singapore Chartered Accountants.

## CINDY THAM

*Director (Sales & Marketing)*

Ms Tham manages the distribution and retail businesses of the mDR Group. She joined the Group in 2022. Prior to joining the mDR Group, Ms Tham was with M1 as the General Manager (Marketing) managing the post-paid consumer base. Ms Tham holds a Bachelor of Commerce (Finance & Marketing) from Curtin University of Technology.

## JIMMY ONG

*Director (Logistics)*

Mr Ong is the Director (Logistics) of A-Mobile. He is also responsible for the overall oversight of After-Market Services (AMS). He joined the Group in 2004.

## ALEXANDER LIM

*CEO, Pixio*

Mr Lim is the CEO of Pixio Sdn. Bhd. (Pixio) since 2013, when Pixio became a wholly-owned subsidiary of mDR Ltd. He oversees the operations and management of the Digital Inkjet Printing for Out-Of-Home Advertising Solutions (DPAS) business of the mDR Group.

## MADAN MOHAN

*Director (Legal)*

Mr Mohan is the Director (Legal) and Company Secretary of mDR Ltd. He oversees and manages the legal, investor relations and secretarial matters of the Group. Mr Mohan joined the mDR Group in 2013. He received a Master of Laws (LL.M.) degree with specialisation in Intellectual Property and Technology Law from the National University of Singapore and is an Associate member of the Chartered Secretaries Institute of Singapore.

# GROUP **STRUCTURE**

(As at 31 December 2022)

MDR Limited

**97.53%**
**DISTRIBUTION MANAGEMENT SOLUTIONS PTE. LTD.**
*(Singapore)*

Not Meaningful

**100%**
**VT COSMETICS PTE LTD**
*(Singapore)*

**100%**
**MDR ASSET HOLDINGS PTE LTD**
*(Singapore)*

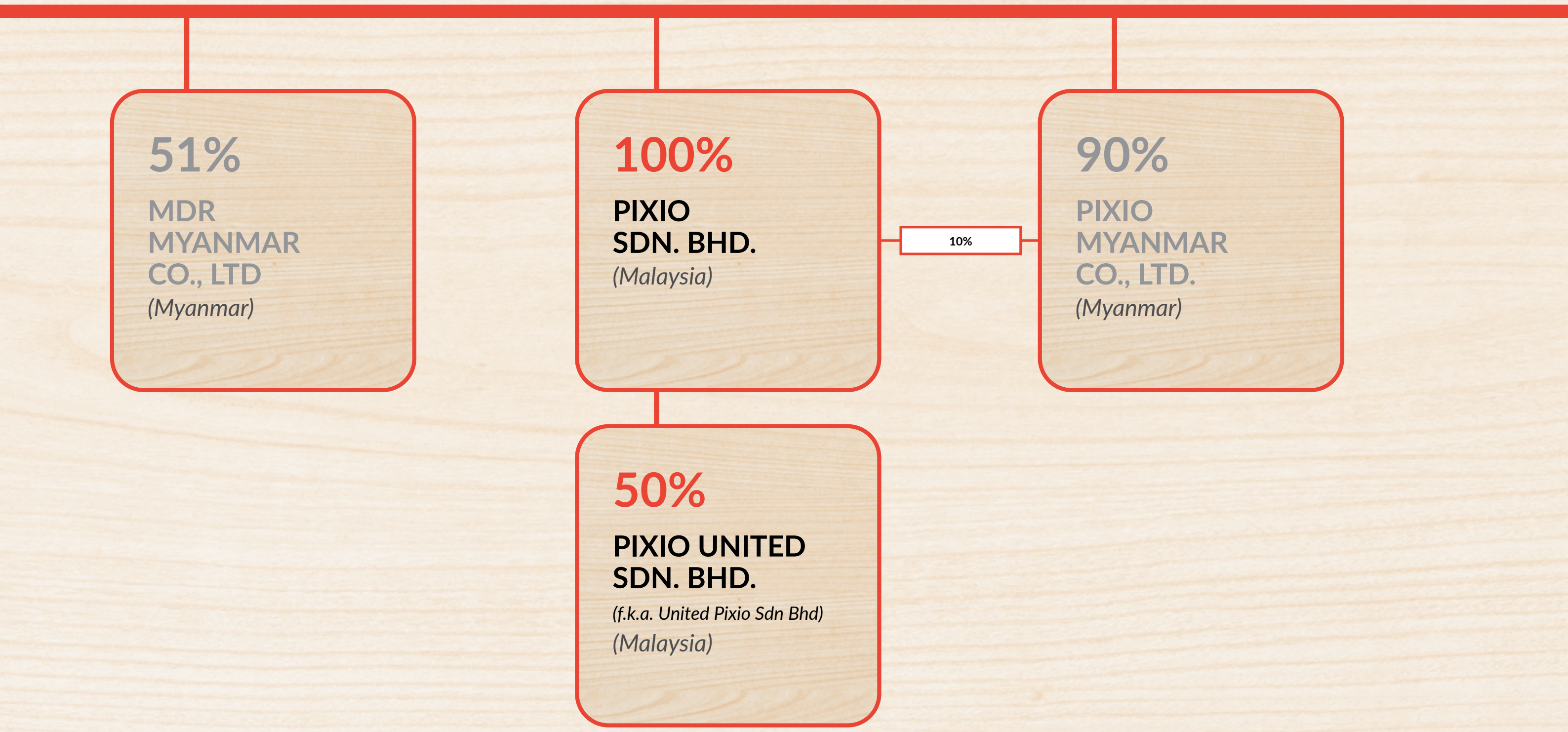
**100%**
**SDS PTE. LTD.**
*(Singapore)*

**100%**
**A-MOBILE PTE. LTD.**
*(Singapore)*

**100%**
**HANDPHONESHOP PTE. LTD.**
*(Singapore)*

**100%**
**3 MOBILE TELECOM PTE. LTD.**
*(Singapore)*

**100%**
**GRABPHONE PTE. LTD.**
*(f.k.a. NBRC Pte Ltd)*
*(Singapore)*




- Active Companies
- Dormant Companies

# BUSINESS NETWORK

(As at 31 March 2023)

## Singtel Exclusive Retailer

1. **Junction 8**
9 Bishan Place,
#02-32, S(579837)
2. **Compass One**
1 Sengkang Square,
#B1-08, S(545078)
3. **Hougang Mall**
90 Hougang Ave 10,
#04-17, S(538766)
4. **ION Orchard**
2 Orchard Turn,
#B4-21/22, S(238801)
5. **JEM**
50 Jurong Gateway Road,
#04-38, S(608549)
6. **VivoCity**
1 Harbourfront Walk,
#02-216B, S(098585)

## HPS Stores

7. **JEM**
50 Jurong Gateway Road,
#04-38, S(608549)
8. **VivoCity**
1 Harbourfront Walk,
#02-216C, S(098585)

## Samsung Experience Stores

9. **VivoCity**
1 Harbourfront Walk,
#02-28/29, S(098585)
10. **Westgate**
3 Gateway Drive,
#01-01, S(608532)
11. **Plaza Singapura**
68 Orchard Road,
#B2-23, S(238839)

## Samsung Service Centres

12. **Causeway Point**
1 Woodlands Square,
#03-12, S(738099)
13. **Plaza Singapura**
68 Orchard Road,
#B2-23, S(238839)
14. **VivoCity**
1 Harbourfront Walk,
#02-28/29, S(098585)
15. **Westgate**
3 Gateway Drive,
#02-01, S(608532)

## Pixio

16. **Pixio Sdn. Bhd.**
PT 12873 (D17B),
Nilai Industrial Estate,
71800 Nilai, Negeri Sembilan,
Malaysia
17. **Pixio United Sdn. Bhd.**
Lot 88, Block 3,
MCLD Wisma United,
Borneo Press Jalan Piasau,
98000 Miri Sarawak, Malaysia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# SUSTAINABILITY **REPORT**

## About This Report

mDR Limited ("mDR" or the "Company" and together with its subsidiaries, the "Group") is proud to affirm its commitment to sustainability with the publication of its annual Sustainability Report. The report captures mDR's sustainability efforts, performance and strategies over the financial year 1 January 2022 to 31 December 2022 ("FY2022"). mDR's inaugural Sustainability Report was published in 2018 for the financial year 1 January 2017 to 31 December 2017.

This report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards 2021 and in compliance with the requirements of Rules 711A and 711B of the SGX Listing Rules. We have chosen GRI Standards 2021 as it provides a holistic and globally accepted framework for sustainability reporting, enabling us to communicate our Economic, Environment, Social and Governance ("EESG") impacts effectively. The contents and identified aspect boundaries included have been defined by four reporting principles established in the GRI Standards — stakeholder inclusiveness, sustainability context, materiality, and completeness. These principles are essential in the materiality process and have been fundamental to the development of this report.

In addition, we have adopted the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations in this sustainability report FY2022. The Financial Stability Board created TCFD to improve disclosure of climate-related risks and opportunities by organisations. By adopting the recommendations, we have committed to providing various information related to our sustainability practices in an ideal and effective way.

For any sustainability related matter, please contact the Investor Relations Department at corporateaffairs@m-dr.com

## Board Statement

mDR is delighted to present its Sustainability Report for FY2022. This FY2022 report displays our commitment to integrate sustainability across our organisation and provide quality service to our valuable stakeholders.

The board of directors of the Group (the "Board") oversees the management and monitoring of the material factors discussed in this report and takes them into consideration in the determination of the Group's strategic direction and policies.

The Company has commenced internal review of sustainability reporting processes as part of the internal audit review cycle.

### Economic

We are committed to driving a sustainable economic growth and value creation while preserving the environment and resources. We are also committed to creating an environment of transparency and trust internally and with our stakeholders. We will continue to ensure that our employees understand expectations regarding ethical behaviour. We are proud to report that there were zero confirmed incidents of corruption reported in FY2022.

### Environment

We aim to conduct our business in an environmentally conscious manner and are aware of our responsibility towards global environmental and climate challenges. We have focused our efforts on reducing energy consumption, use of environmentally friendly shopping bags, and reducing environmental waste. In the future, mDR aims to identify more areas of improvement where we can further manage and mitigate our environmental impact.

# SUSTAINABILITY **REPORT**

### Social

We value our stakeholders immensely. This is reflected in our continuous efforts to gain great customer satisfaction, and stakeholders' confidence and trust. We take compliance to applicable marketing regulations seriously and intend to further enhance our services in the future.

We are proud to say that in FY2022 we had zero reported incident concerning breaches in customer privacy. mDR has deployed various technological measures to safeguard the security of its customers' and employees' confidential information and personal data. Since 2017, mDR has set up a "Data Protection Committee", which is responsible for managing all matters related to personal data protection.

### Governance

The Board of Directors ("Board") ensures that we comply with good corporate governance standards and operate in an ethical manner. Various Committees have been set up by the Board, to assist the Board in the efficient execution of its responsibilities. By identifying more opportunities and setting clearer objectives and targets, mDR hopes to embed sustainability deeper into our corporate culture, and further improve our sustainability performance. We thank our stakeholders for their continued support in every aspect of our business and look forward to sharing our new initiatives and improvements as part of our sustainability journey.

## Sustainability at mDR

mDR strongly believes in inculcating good sustainability practices in our staff, and across all our operations. We acknowledge the importance of reducing environmental harm and impact that may arise from business operations.

The Board provides guidance on social, ethical and environmental impact of the Group's activities and monitors compliance with sustainability issues and practices. This is reflected in our vision and mission.

***Our inaugural journey to address climate change***

mDR is aware that climate change is one of the biggest challenges facing society and the economy today. To participate in the global fight against climate change, we are pleased to adopt the recommendations of TCFD in 2022 and apply them in this report. The preparation of this report had been a collective effort between the Board and Sustainability Working Group and is a testament to our increased awareness of climate change and engagement with our stakeholders.

We plan to improve our climate reporting as we increase our understanding of climate-related risks and opportunities facing our business and the impact of climate change on our sustainability. This report is structured in four pillars: Governance, Risk Management, Strategy, and Metrics & Targets.

## Governance

The Board monitors Economic, Environmental, Social and Governance ("EESG") impacts and is committed to directing and integrating responsible practices and responding to ongoing sustainability and climate-related issues. The Board has assigned the Sustainability Working Group to assist the Board in the efficient execution of its sustainability responsibilities and holds annual meeting to discuss sustainability-related issues, policies and performance.

Specific to sustainability issues, the Sustainability Working Group works under the direction of the Board to spearhead strategic sustainability responses. In carrying out the tasks, the Sustainability Working Group establishes appropriate measures to identify, manage and respond to sustainability-related risks and opportunities.

Addressing sustainability and climate issues go hand in hand. Therefore, we aim to achieve sustainability targets and disclose our progress in the sustainability report.

**Overview of mDR's Sustainability Governance**


## Risk Management

The Group recognises that sustainability and climate-related risks are global issues that may impact the way we operate in the future. The Board and key management continuously improve their understanding, internal control and management of the risks. The Board, the Sustainability Working Group and the Audit and Risk Committee have worked together to integrate sustainability-related risks in the Group's Enterprise Risk Management ("ERM") framework and plan to establish cross-departmental efforts to drive the responsibilities.

The Group is in the process of identifying climate-related risks and opportunities before addressing various issues related to climate. The Group uses ERM framework to determine both financial and non-financial issues, risk tolerance and prioritisation. In the future, the Group will consider various factors to mitigate, transfer, or control sustainability-related risks including those related to climate.

The Group is of the view that climate reporting expectations will grow in the future. For example, Singapore Exchange introduced a phased approach to mandatory climate reporting based on TCFD after a public consultation in 2021. The Group considers this as the relevant transitional risk that must be addressed. As part of this effort, we are publishing this sustainability report in alignment with the TCFD recommendations.

We value stakeholders' inputs as we move forward with this process and welcome any suggestions they may have.

**FY2022 Performance:**
We have newly classified Risk Management as material this year as managing enterprise risks is essential to our sustainability. We have performed an annual review of our ERM framework and evaluated sustainability-related risks that are relevant to the Group.

**FY2023 Target:**
We will continue to conduct an annual review of our ERM framework and evaluate sustainability-related risks that are relevant to the Group.

## Strategy

**Stakeholder Engagement**
At mDR, we develop our sustainability strategy by seeking stakeholders' feedback on issues that are material to them and assess how the issues may impact our business. We select our stakeholders based on the diverse representation of perspectives and interests. Each stakeholder group brings a unique perspective and expertise that will help us in managing the sustainability issues. Our key stakeholders were engaged through various mode of engagement listed below.

We continuously seek to improve our stakeholder engagement and feed their inputs in our business strategy. This helps us to shape the sustainability strategy and build the trust necessary to strengthen our relationships with the stakeholders.

Our sustainability strategy acts as starting point of climate strategy to transition to a lower carbon economy. At the time of reporting, we have engaged our stakeholder groups ranging from shareholders, suppliers, customers, employees, and top management to review sustainability material factors to identify the relevant issues affecting sustainability.

To ensure sustainability considerations are reflected in business decisions and communication to our stakeholders, we established a feedback loop to the Board for sustainability-related issues. The feedback from our stakeholders is also discussed in the meeting(s) with the Board.

| Stakeholder | Key Topics and Concerns | Mode of Engagement | Frequency of Engagement |
|---|---|---|---|
| **Shareholders** | • Economic Performance<br>• Indirect Economic Impacts<br>• Anti-corruption | • AGM | • Annually |
| | | • Extraordinary General Meeting | • As Needed |
| | | • Financial Performance announcements | • Half-yearly |
| | | • Electronic Communication | • As Needed |
| **Supplier** | • Economic Performance<br>• Customer Privacy<br>• Market Presence | • Quotations, Request for proposals | • As Needed |
| | | • Evaluation application | • As Needed |
| | | • Regular meetings / Calls / Feedback | • As Needed |
| | | • Electronic Communication | • As Needed |
| **Customers** | • Economic Performance<br>• Marketing and Labelling<br>• Anti-corruption | • Customer Service Calls / Customer Interactions | • As Needed |
| | | • Media events | • As Needed |
| | | • Advertising agents | • As Needed |
| | | • Electronic Communication | • As Needed |
| **Employee** | • Employment<br>• Training and Education<br>• Occupational Health and Safety | • Monthly payroll | • Monthly |
| | | • Department meetings | • As Needed |
| | | • Staff appraisals | • Annually |
| | | • Training & product knowledge | • Periodically |
| | | • Electronic Communication | • As Needed |
| **Top Management** | • Economic Performance<br>• Customer Privacy<br>• Marketing and Labelling | • Board meetings | • Quarterly |
| | | • Electronic Communication | • As Needed |
| | | • Calls / Feedback | • As Needed |
| | | • Performance review | • Annually |

## Materiality Assessment

The materiality assessment was carried out in accordance with the GRI Standards to identify important issues that affect our stakeholders, as well as to diagnose impacted EESG areas.

In order to ensure an accurate determination of material issues, we undertook the process of identification, prioritisation and validation with our Sustainability Working Group and senior management.

In FY2022, we have considered new material factors (*) to proactively address evolving EESG issues and our stakeholders concerns.

Material Aspects and Indicators Identified:

| Categories | Material Aspect | List of Indicators | Aspect Boundary |
|---|---|---|---|
| **Economic** | Economic Performance | GRI 201-1 Direct economic value generated and distributed | *Within Organisation* |
| | Anti-corruption* | GRI 205-3 Confirmed incidents of corruption and actions taken | *Within Organisation* |
| **Environment** | Energy | GRI 302-1 Energy consumption within the organization<br>GRI 302-4 Reduction of energy consumption | *Within Organisation* |
| **Social** | Occupational Health and Safety* | GRI 403-1 Occupational health and safety management system<br>GRI 403-2 Hazard identification, risk assessment, and incident investigation<br>GRI 403-9 Work-related injuries | *Within Organisation* |
| | Training and Education* | GRI 404-2 Programs for upgrading employee skills and transition assistance programs | *Within Organisation* |
| | Diversity and Equal Opportunity* | GRI 405-1 Diversity of governance bodies and employees | *Within Organisation* |
| | Marketing and Labelling | GRI 417-2 Incidents of non-compliance concerning product and service information and labelling | *Within Organisation* |
| | | GRI 417-3 Incidents of non-compliance concerning marketing communications | |
| | Customer Privacy | GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | *Within Organisation* |
| **Governance** | Risk Management* | Annual review of ERM framework | *Within Organisation* |

# SUSTAINABILITY **REPORT**

## Metrics and Targets

We are aware that sustainability is a long-term journey and we strive to be transparent with the way we manage sustainability issues. Our sustainability efforts will ensure we are taking the necessary steps for meeting our sustainability goals. We believe by describing our sustainability management approach and disclosing our progress in the following sections we can therefore track our progress and make the positive impacts we aim to achieve.

## Economic

**Economic Performance**

mDR Group aims to generate economic value from diverse and sustainable revenue streams and contribute to the development of our stakeholders.

For detailed financial results, please refer to the following sections in our Annual Report FY2022:

- Financial highlights, pages 10-11;
- Financial content, pages 69-78

The Group will continue to work towards its efforts to accelerate growth and value-creation for all stakeholders over the long term via its diversification and transformation initiatives.

**Anti-corruption**

mDR upholds a high standard of integrity as shown by our anti-corruption stance. We have adopted a whistleblowing policy pursuant to which employees, suppliers, customers and other stakeholders may in confidence, raise concerns about possible improprieties in financial or other matters of the Group or any misconduct or wrongdoing relating to the Group and its employees/officers.

**Whistle-blowing Policy**

The whistle-blowing policy is administered by the Audit and Risk Committee ("ARC") which is responsible for the oversight and monitoring of whistle-blowing. A complainant may choose to report whistle-blowing complaint either to the Internal Audit ("IA") or to the ARC directly, both of which are independent functions. Whistle-blowing complaints, if any, are reviewed by the IA or ARC and any concern raised are independently investigated in good faith. Where the ARC deems fit, we will engage a third party to conduct investigation with the expense borne by the Group. The ARC ensures that the identity of the whistle-blower is kept confidential and the complainant does not suffer any reprisal and/or detrimental or unfair treatment.

**FY2022 Performance:**

We have classified Anti-corruption as a material factor this year as it poses a risk as a considerable obstacle to our long-term value creation. We have assessed our operations, and there were zero confirmed incidents of corruption reported for this year.

**FY2023 Target:**

We aim to maintain zero confirmed incidents of corruption for FY2023.

## Environment

**Energy**
mDR aims to operate in a sustainable manner to help protect the environment and provide a healthy working atmosphere for its employees and customers.

In our daily operations, electricity which is used to power our office buildings, retail outlets, and machineries contributes to the majority of our energy consumption. Other notable consumption includes petroleum/diesel that is used by Logistics department for transportation and distribution.

In 2017, mDR carried out a renovation exercise for its office building, by installing several energy saving ceiling lights to reduce overall electricity usage. This has resulted in both, energy and cost savings.

The Group's internal policy requires that lights, air conditioners, water dispensers and other electrical appliances are switched off when not in use. For environmental conservation, we also encourage our staff to practice 2-sided printing and print documents only when needed.

**FY2022 Performance:**

**Energy Consumption MJ ('000)**

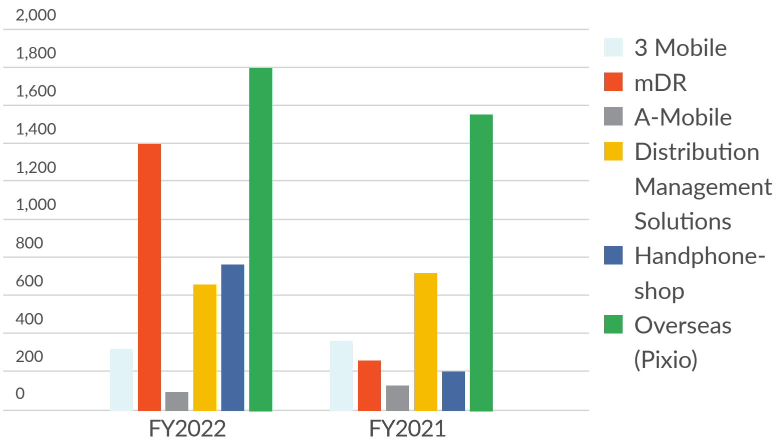



*Figure 1*

**Energy Consumption (%)**

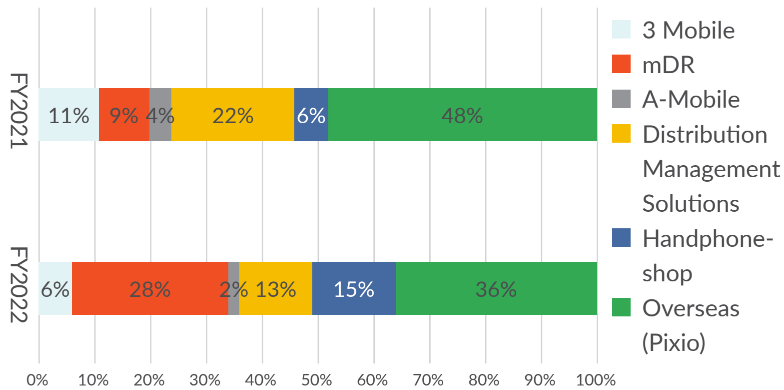



*Figure 2*

In FY2022, mDR Group recorded total energy consumption of about 4,997,000 MJ (FY2021: 3,232,000) of which, electricity consumption amounted 3,567,000 MJ (FY2021: 2,980,000). As depicted in Figures 1 and 2, overseas operations reported the largest energy consumption out of all the other areas of operations, accounting for almost 44% (FY2021: 49%) of our energy consumption. Also documented is the estimated petrol and diesel consumption of 1,430,000 MJ (FY2021: 257,000) from our delivery vehicles and other usage.

**FY2023 Target:**
With more efforts to identify, manage, and minimise the environmental impact of our business operations, mDR hopes that we can reduce overall energy consumption especially electricity consumption by our overseas operations. We look forward to rolling out more energy efficient initiatives and improvements that will help to cultivate good practices across our organization to save energy. We will also seek improvements in energy efficiency by investing in innovative and practical solutions to mitigate and prevent adverse environmental impacts.

*Aligning with TCFD Recommendations*

With a view to align with TCFD recommendations, a summary of our sustainability progress is as follows:

| Sustainability Performance FY2022 | |
|---|---|
| **Governance** | • The Board held annual meeting to discuss sustainability-related issues and reporting process. |
| | • We established the Sustainability Working Group, an internal committee responsible for assessing and managing sustainability-related risks and opportunities. |
| | • We established mechanisms to monitor sustainability related issues by collecting feedback from stakeholders, followed by materiality assessment with the Sustainability Working Group and senior management. |
| **Risk Management** | • We identified regulatory requirements as a near-term transitional sustainability-related risk that we must address. |
| | • We leveraged our ERM framework to include sustainability-related risks for risk assessment and mitigation action. |
| | • The Audit and Risk Committee collaborated with Sustainability Working Group to carry risk management and mitigation plans for Board evaluation. |
| **Strategy** | • We have embarked on managing climate-related risks by leveraging on the Group's sustainability strategy and management's approaches to material factors. |
| | • We identified issues impacting our business by engaging with our stakeholders on relevant economic, environmental, societal and governance issues. |
| | • We committed to increase our understanding of GHG emissions and conduct qualitative scenario analysis in the future. |
| **Metrics & Targets** | • We embarked on our climate reporting journey by using sustainability indicators and reporting our progress in managing sustainability issues. |
| | • We strived to reduce overall energy consumption, especially electricity consumption by our overseas operations. |
| | • We planned to reduce carbon footprint and improve internal capabilities to account for GHG emissions and tackle sustainability-related risks that include climate change. |

## Social

We are committed to creating and realising value for the communities and environment we operate in. Our aim is to create opportunities that benefit both our business and the communities we operate in.

**Occupational Health and Safety**

mDR is committed to providing a safe and healthy work environment for all employees, customers, contractors, and general office visitors. We aim to fully integrate health and safety in all aspects of our business by:

- Implementing and maintaining systematic health and safety management throughout our workplaces and complying with legal requirements;
- Setting measurable objectives and targets aimed at controlling higher-risk activities; and
- Increasing awareness of safety and health.

**FY2022 Performance:**

This is our first year to classify occupational health and safety as a material factor, as building competencies in this aspect is imperative. We have assessed our operations, and there were zero fatalities or reported incidents as a result of work.

**FY2023 Targets:**

We strive to maintain zero fatalities or reported incidents as a result of work for FY2023.

**Training and Education**

mDR is committed to employees' development and encourages skills training and education for the betterment of our employees. We also support on-the-job training to enhance our workforce's understanding of their domains.

Our directors have successfully completed the prescribed training on sustainability matters as per the SGX-ST listing rules.

**FY2022 Performance:**

We noted that training and education is material for our stakeholders and business as seen from our stakeholder engagement. In FY2022, employees and/or directors attended courses relating to products launch, sustainability governance, Personal Data Protection Act ("PDPA"), cyber security, and fundamentals of corporate secretarial practice.

**FY2023 Target:**

We will strive to invest in continuing training and skills development of our employees to enhance their knowledge, performance and customer service skills.

# SUSTAINABILITY **REPORT**

**Diversity and Equal Opportunity**

The Board recognises and values the benefits of diversity to achieve its business and strategic objectives. The Board is committed to achieving an appropriate balance and diversity of skills, experience, gender, and age, which fosters open and constructive debate and avoids groupthink. The Board is updated periodically on the progress made in preserving diversity and equal opportunities across the organisation.

**FY2022 Performance:**

There was zero reported discrimination incidents reported to the management across the operating markets (FY2021: nil).

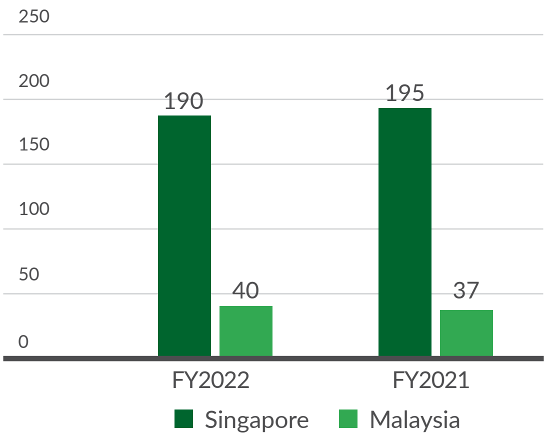
**FY2023 Target:**

We strive to maintain zero reported discrimination incidents across the operating markets for FY2023.

Our employee distribution as at 31 December 2022 is shown below:

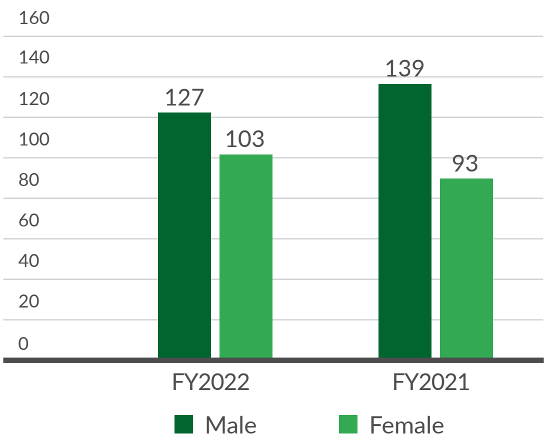
**Employee Distribution by Countries**

*(Includes Full time and Part time Employees)*




**Employee Distribution by Gender**

*(Includes Full time and Part time Employees)*



### Marketing and Labelling

We are proud of our partnerships with global mobile device manufacturers, consumer electronics companies and leading telecommunications service providers to provide customers with a wide range of latest innovative consumer devices and services, which are also offered in accordance with the laws and regulations related to marketing, advertising and product labelling. In addition, mDR also offers after-market services at easily accessible locations. Our goal is to consistently meet customers' expectations by providing them with value-added services.

**FY2022 Performance:**

We have zero incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling (FY2021: nil).

**FY2023 Target:**

We will strive to maintain zero incidents of non-compliance concerning product and service information and labelling.

### Customer Privacy

We place utmost emphasis on ensuring the security and confidentiality of our database and customer information. We are committed to protecting the privacy and personal data of our customers and employees. We use various security measures to assure the safety of customer transactions and personal data. Access to such transactions and data is restricted on a need-to-know basis.

Specific details of our commitment can be found in the Group's Personal Data Protection Policy available at our corporate website (www.m-dr.com). All employees are required to familiarise, understand and comply with the policies, standards and guidelines concerning data privacy and protection. Third party service providers who process personal data on our behalf are also required to comply with the terms of our Personal Data Protection Policy.

In 2017, we set-up a Data Protection Committee ("DPCo"). The DPCo is led by the Group Data Protection Officer to oversee all matters pertaining to personal data protection and comprises members from the Operations, IT, Legal and Internal Audit team. The core responsibilities of the DPCo include reviewing existing procedures and practices and providing advice to various business divisions on data protection policies and guidelines.

Quarterly circulars are sent to employees in relation to compliance with PDPA. A wide range of educational resources is made available on our intranet portal which is accessible by employees. The DPCo updates the contents on the portal from time to time with various latest information and developments on matters in relation to data protection and PDPA.

**FY2022 Performance:**

There was zero incident of breaches of customer privacy or loss of personal data in 2022 (FY2021: nil).

**FY2023 Target:**

We strive to maintain zero incident of breaches of customer privacy or loss of personal data.

# SUSTAINABILITY **REPORT**

## GRI 2021 INDEX

| GRI STANDARD | DISCLOSURE | PAGE |
|---|---|---|
| *GRI 2: General Disclosures 2021* | 2-1 Organizational details | Page 2-5 |
| | 2-2 Entities included in the organization's sustainability reporting | Page 18-19 |
| | 2-3 Reporting period, frequency and contact point | Page 22 |
| | 2-4 Restatements of information | None |
| | 2-5 External assurance | None |
| | 2-6 Activities, value chain and other business relationships | Page 2-5 |
| | 2-7 Employees | Page 32 |
| | 2-8 Workers who are not employees | Page 32 |
| | 2-9 Governance structure and composition | Page 36 |
| | 2-10 Nomination and selection of the highest governance body | Page 44 |
| | 2-11 Chair of the highest governance body | Page 43 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Page 25 |
| | 2-13 Delegation of responsibility for managing impacts | Page 25 |
| | 2-14 Role of the highest governance body in sustainability reporting | Page 25 |
| | 2-15 Conflicts of interest | Page 170 |
| | 2-16 Communication of critical concerns | Page 26 |
| | 2-17 Collective knowledge of the highest governance body | Page 24 |
| | 2-22 Statement on sustainable development strategy | Page 22 |
| | 2-23 Policy commitments | Page 24 |
| | 2-24 Embedding policy commitments | Page 24 |
| | 2-25 Processes to remediate negative impacts | Page 28 |
| | 2-26 Mechanisms for seeking advice and raising concerns | Page 28 |
| | 2-27 Compliance with laws and regulations | Page 22 |
| | 2-28 Membership associations | None |
| | 2-29 Approach to stakeholder engagement | Page 26 |
| | 2-30 Collective bargaining agreements | None |
| *GRI 3: Material Topics 2021* | 3-1 Process to determine material topics | Page 27 |
| | 3-2 List of material topics | Page 27 |
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| *GRI 201: Economic Performance 2016* | 201-1 Direct economic value generated and distributed | Page 28 |
| *GRI 205: Anti-corruption 2016* | 205-3 Confirmed incidents of corruption and actions taken | Page 28 |

| GRI STANDARD | DISCLOSURE | PAGE |
|---|---|---|
| ***GRI 302: Energy 2016*** | 302-1 Energy consumption within the organization | Page 29-30 |
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| ***GRI 403: Occupational Health and Safety 2018*** | 403-1 Occupational health and safety management system | Page 31 |
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| | 403-9 Work-related injuries | Page 31 |
| ***GRI 404: Training and Education 2016*** | 404-2 Programs for upgrading employee skills and transition assistance programs | Page 31 |
| ***GRI 405: Diversity and Equal Opportunity 2016*** | 405-1 Diversity of governance bodies and employees | Page 32 |
| ***GRI 417: Marketing and Labelling 2016*** | 417-2 Incidents of non-compliance concerning product and service information and label-ling | Page 33 |
| ***GRI 418: Customer Privacy 2016*** | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Page 33 |

# CORPORATE **INFORMATION**

(As at 31 March 2023)

## Board of Directors

**Edward Lee Ewe Ming**
*Executive Chairman/Non-Independent Director*

**Ong Ghim Choon**
*Chief Executive Officer/Non-Independent Director*

**Zhang Yanmin**
*Executive Director/Non-Independent Director*

**Mark Leong Kei Wei**
*Lead Independent Non-Executive Director*

**Oei Su Chi, Ian**
*Independent Non-Executive Director*

**Ong Siow Fong**
*Independent Non-Executive Director*

**Liu Yao**
*Independent Non-Executive Director*

## Audit and Risk Committee

**Mark Leong Kei Wei**
*Chairman*
**Oei Su Chi, Ian**
**Liu Yao**

## Nominating Committee

**Ong Siow Fong**
*Chairman*
**Mark Leong Kei Wei**
**Oei Su Chi, Ian**

## Remuneration Committee

**Oei Su Chi, Ian**
*Chairman*
**Mark Leong Kei Wei**
**Ong Siow Fong**

## Registered Office

53 Ubi Crescent, Singapore 408594
T : (65) 6347 8911
F : (65) 6347 8903
W: www.m-dr.com

## Share Registrar

**Boardroom Corporate & Advisory Services Pte Ltd**
1 Habourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

## Auditors

**Ernst & Young LLP**
1 Raffles Quay #18-01
Singapore 048583

Partner-in-charge: Boon Heng Ng
*(Audit engagement partner since financial year ended 31 December 2021)*

## Company Secretary

**Madan Mohan**

## Investor Relations

corporateaffairs@m-dr.com

# CORPORATE **GOVERNANCE**

mDR Limited (the "Company") is committed to maintain and observe high standards of corporate governance in accordance with the principles, provisions and guidelines set out in the Code of Corporate Governance 2018 (the "Code"). The Company's corporate governance practices set out in this Report are with reference to the principles of the Code for the financial year ended 31 December 2022 ("FY2022").

The Company has adhered to the principles and provisions of the Code. Where there are deviations from the provisions of the Code, the Company has provided reasons and explanation on the Company's practices.

## BOARD MATTERS

### PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board of Directors (the "Board") is accountable to the shareholders while the Management is accountable to the Board. The Board provides leadership and guidance to the Management to steer the Group through its business strategy and corporate plans and ensures that the Group has the necessary financial and human resources for its long term-success.

**Provision 1.1**
*Board's Role and Responsibilities*

The Directors discharge their duties and responsibilities as fiduciaries in the best interests of the Company. The Board sets the tone-from-the-top for the Group's values and standards, conduct, ethics, organisational culture, and ensures that the Group's obligations to shareholders and stakeholders are understood and met. The Board has put in place a code of conduct and business ethics, which applies to all employees of the Group. Directors declare their interest on an ongoing basis by sending a written notice to the Company setting out details of their interest. Board and Board Committee members recuse themselves from participating in any discussion and decision on the matter in which they may be conflicted.

**Provision 1.2**
*Directors' Orientation and Training*

Directors understand the Group's business as well as their directorship duties. New Directors are briefed by the Management and given materials to help them familiarise themselves with the Group's business operations, policies, plans and objectives. Directors who have no prior experience as a Director of a listed company are required to attend the relevant training prescribed under the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company bears the cost of such training.

Directors attend relevant courses and training programmes appropriate for the discharge of their duties as directors from time to time. The Company funds the cost of the said courses and training programmes. Management periodically provides updates to Directors on issues relating to various business segments and changing commercial risks. Company Secretary also updates the Directors on the changes in relevant laws and regulations from time to time. The external auditors of the Company provide updates to the Directors on changes to accounting standards and issues which may have an impact on financial statements.

Some of the events and trainings attended by Director(s) for the financial year ended 31 December 2022 include the following:

(a) Updates by Management on performance and business outlook relating to various business divisions
(b) LED - Environmental, Social and Governance Essentials (Core) - SID
(c) Fundamentals of the Personal Data Protection Act – NTUC LearningHub

**Provision 1.3**
*Matters requiring Board approval*

The Group has in place internal guidelines setting forth matters that require Board approval. The Group's Limit of Authority ("LOA") sets out various material transactions and threshold limits for Board approval in relation to, *inter alia*, capital expenditure, disposal/transfer of assets, purchase requisitions/orders, provisions/write-offs. The LOA is reviewed and revised periodically.

Material items that require Board approval include:

(a) Group's strategic objectives, business direction and value creation;
(b) Annual budget/forecasts;
(c) Material financial/funding arrangements and provision of corporate guarantees;
(d) LOA matrix, policies and procedures;
(e) Investment and divestment matters, joint-ventures, acquisitions, disposals and other corporate actions;
(f) Appointment and remuneration of Directors and senior management;
(g) Financial results of the Group;
(h) SGXNET announcements and press releases;
(i) Bank facilities and mandates for authorized signatories delegated by the Board;
(j) Interested Person Transactions ("IPTs");
(k) Incorporation of any subsidiary; and
(l) Dividend declaration.

**Provision 1.4**
*Board Committees*

To assist the Board in the execution of its duties and responsibilities, the Board has established three Board Committees (collectively the "Board Committees" or "Committees"):

- Audit and Risk Committee ("ARC");
- Nominating Committee ("NC"); and
- Remuneration Committee ("RC").

Each of the Committees operate within their respective written terms of reference and functional procedures. The Board may also constitute other *ad hoc* committees as and when necessary to oversee special matters. The names of the Committee members, the terms of reference, and a summary of each Committee's duties and responsibilities are set out in the respective sections concerning the Board Committees in this Report.

**Provisions 1.5 and 1.6**
*Board and Board Committee meetings*

Board and Board Committee meetings are scheduled in advance in consultation with the Directors. A Directors' Pack, comprising Board and Board Committee papers are distributed to Directors in advance, in order to allow Directors sufficient time to prepare for the meeting. In addition to scheduled meetings, the Board and Board Committees may also hold *ad hoc* meetings as and when required. The constitution of the Company (the "Constitution") allows Board meetings to be conducted by way of telephone, conference television or similar communication equipment or any other form of audio or audio-visual instantaneous communication. Board approvals may also be obtained through written resolutions by circulation. Board memoranda accompany Directors' written resolutions to provide explanatory information on the resolutions.

Chairman of the Board promotes a culture of openness and debate at the Board, ensures effective communication with shareholders, encourages constructive relations within the Board and between the Board and the Management, promotes high standards of corporate governance, sets the agenda and ensures that adequate time is available for discussion on all agenda items, in particular strategic issues.

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings are disclosed in this Report. Directors with multiple board representations ensure that sufficient time and attention is given to the affairs of the Company.

For financial year ended 31 December 2022, the Directors' attendances at Board, Board Committees and general meeting(s) are as follows:

| Name of Director | Board | ARC | NC | RC | General Meeting(s) |
|---|---|---|---|---|---|
| **Aggregate Number of meetings held in FY2022** | 6 | 6 | 2 | 2 | 1 |
| | | | **Number of Meetings attended** | | |
| Edward Lee Ewe Ming | 6 | 5* | – | – | 1 |
| Ong Ghim Choon | 6 | 5* | – | – | 1 |
| Zhang Yanmin | 6 | 5* | – | – | 1 |
| Mark Leong Kei Wei | 6 | 6 | 2 | 2 | 1 |
| Oei Su Chi, Ian | 6 | 6 | 2 | 2 | 1 |
| Ong Siow Fong | 6 | 5* | 2 | 2 | 1 |
| Liu Yao | 6 | 6 | – | – | 1 |

(*) Refers to meeting(s) attended by invitation of the Committee

Management recognises the importance of flow of complete, adequate information in a timely manner to the Board. Management provides regular briefings to Directors on commercial developments, business activities and strategic directions of the Group on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Senior management staff and/or Heads of various Business Divisions are invited periodically to attend Board meetings to provide industry-specific business plans and strategy updates, and to assist the Board in its deliberations.

Executive Directors and key Management staff are invited to attend the Board Committee meetings as necessary based on the nature of the agenda of the Board Committee meetings, to provide inputs and updates and/or responses to the Committee and contribute to the discussions in the meeting. For example, they attend the ARC meeting together with the external auditors of the Company, when the ARC discusses the financial results of the Group. It is the practice for the Chairman of the various committees to ask the Executive Directors and Management staff to excuse themselves from Committee meetings as necessary. The Board Committees' members, all of whom are Independent Directors, also meet separately without the presence of the Executive Directors and the Management for discussion on various matters of the Group.

**Provision 1.7**
*Independent access and Company Secretary*

Directors have separate and independent access to the Management and the Company Secretary. The Directors are provided with the phone numbers and e-mail addresses of the Company's senior management staff and Company Secretary to facilitate separate and independent access.

Should the Directors, whether as a group or individually, need independent professional advice, the Board may appoint a professional advisor selected by the group or individual, as the case may be, to render the advice. The cost of such professional advice will be borne by the Company.

The Company Secretary attends and prepares minutes of Board and Board Committee meetings. Under the direction of the Chairman, the Company Secretary ensures good information flow within the Board and the Board Committees and between Management and Non-Executive Directors. He helps to ensure that Board procedures are followed and relevant rules and regulations are complied with. The Company Secretary advises the Board on all governance matters, as well as facilitates orientation and assists with continuing professional development as required. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

**PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE**

**Provision 2.1**
*Board independence*

The Board has an appropriate level of independence and diversity of thought in its composition to enable it to make decisions in the best interests of the Company. As at the date of this Report, the Board comprises seven Directors, namely:

(a) Edward Lee Ewe Ming;
(b) Ong Ghim Choon;
(c) Zhang Yanmin;
(d) Mark Leong Kei Wei;
(e) Oei Su Chi, Ian;
(f) Ong Siow Fong; and
(g) Liu Yao.

Of the seven Board members, four are independent Directors. A majority of the Board is comprised of independent and Non-Executive Directors. An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. The process of review of Directors' independence is set out below (under Principle 4). The NC and the Board upon a consideration of the existence of relationships or circumstances, as set out in the SGX-ST's Listing Manual and the Code's Practice Guidance ("**Practice Guidance**"), are satisfied that the "independent" Directors are independent.

The current members of the Board and their membership of the Board Committees are as follows:

| Name of Director | Board | Non-Executive | Independent | ARC | NC | RC |
|---|---|---|---|---|---|---|
| Edward Lee Ewe Ming | Executive Chairman | – | – | – | – | – |
| Ong Ghim Choon | Chief Executive Officer | – | – | – | – | – |
| Zhang Yanmin | Executive Director | – | – | – | – | – |
| Mark Leong Kei Wei | Lead Independent Director | ✓ | ✓ | Chairman | Member | Member |
| Oei Su Chi, Ian | Director | ✓ | ✓ | Member | Member | Chairman |
| Ong Siow Fong | Director | ✓ | ✓ | – | Chairman | Member |
| Liu Yao | Director | ✓ | ✓ | Member | – | – |

**Provisions 2.2 and 2.3**
*Independent and Non-Executive Directors*

Currently, four of the seven Board members i.e. a majority of the Board comprises Independent and Non-Executive Directors.

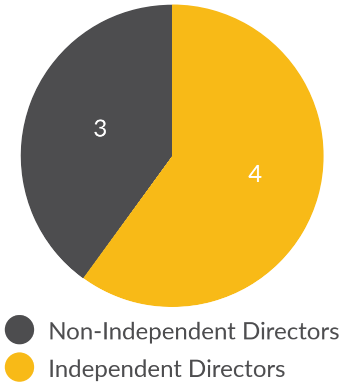
**Provision 2.4**
*Board Diversity*

Board and Board Committees have a mix of Directors who as a group provide an appropriate balance and diversity. The Company has adopted a Board Diversity Policy which endorses the principle that Board and Board Committee members as a group should have an appropriate balance and diversity of skills, experience, gender and age, which fosters open and constructive debate and avoids groupthink. The Board and Board Committee members bring with them a broad range of expertise and experience and collectively provide core competencies in various fields such as, accounting and finance, legal, investment, telecommunication, real estate, business and management, industry knowledge, strategic planning, customer-based knowledge, and experience necessary to meet the Group's needs and plans. In recognition of the importance and value of gender diversity in the composition of the Board, the Board has three female directors, which represents approximately 43% of the total Board composition. The qualifications and experience of the Board members are set out in the "Board of Directors" section of the Annual Report. Taking into consideration the current size of the Company and the Board, the NC has not recommended any measurable quantitative objectives in relation to diversity.

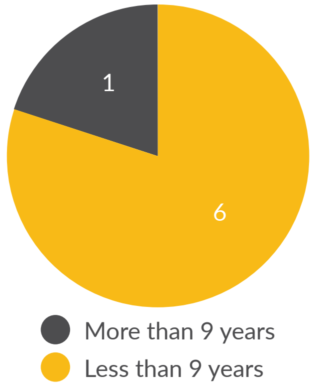
# CORPORATE **GOVERNANCE**

Board Composition (As at 31 December 2022):

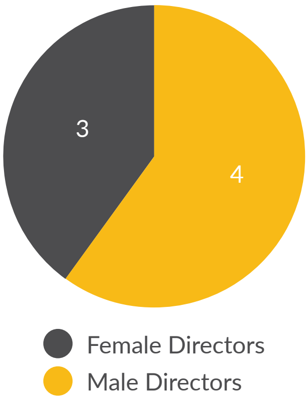
**Board Independence**



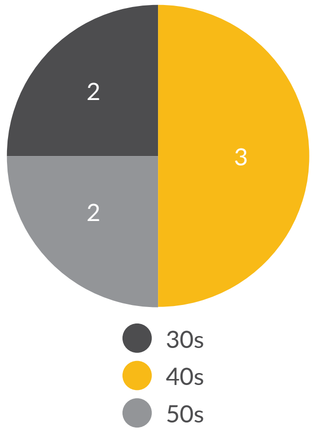

**Directors' length of service**




**Board Gender Diversity**




**Directors' Age Group**




**Provision 2.5**

*Regular meetings of Non-Executive Directors*

Non-Executive Directors constructively challenge and help develop proposals on strategies of the Company and the Group, review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. To facilitate a more effective check on Management, Non-Executive Directors and/or Independent Directors, led by the Lead Independent Director meet regularly without the presence of Management. The Lead Independent Director provides feedback from such meetings to the Board and the Management from time to time.

## PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Provisions 3.1 and 3.2**
*Chairman and CEO*

The Board has adopted the recommendation of the Code to have separate persons appointed as Chairman and Chief Executive Officer ("**CEO**"). This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are not immediate family members. The Board applies the principle of clear division of responsibilities between the Board and the Management, and no individual has unfettered powers of decision-making.

**Provision 3.3**
*Lead Independent Director*

In order to ensure good corporate governance practice and that there is no concentration of power and authority, the Company has appointed Mr Mark Leong Kei Wei as the Lead Independent Director. The Lead Independent Director provides leadership in situations where Chairman may be conflicted. Lead Independent Director is available to the shareholders where they may have concerns which cannot be resolved through the normal channels of the Chairman of the Board or the CEO, or where such contact is not possible or appropriate. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual exercising any considerable power or influence. Further, the ARC, NC and RC are chaired by Independent Directors.

## PRINCIPLE 4: BOARD MEMBERSHIP

**Provision 4.1 and 4.2**
*NC Membership and Key Terms of Reference*

The NC currently comprises of the following three Directors:

| Director | Designation |
|---|---|
| Ong Siow Fong | Chairman |
| Mark Leong Kei Wei | Member |
| Oei Su Chi, Ian | Member |

All the members of the NC, including the NC Chairman, are Independent and Non-Executive Directors. The Lead Independent Director is a member of the NC.

The key terms of reference of the NC are:

(a) to review the structure, size and composition of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;
(b) to review whether or not a Director is independent, in accordance with the provisions of the Code and the Listing Manual;
(c) to identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
(d) review the process and criteria for evaluation of the performance of the Board, Board Committees and Directors;
(e) review Board's, Board Committees' and Directors' performance;
(f) re-appointment of Director having regard to the Director's contribution or performance;

(g) to consider the progressive renewal of the Board, as well as each Director's competencies, commitment, contribution and performance, when making recommendations to the Board on all relevant matters relating to the appointment and re-appointment of Directors;

(h) review training and professional development programmes for the Board; and

(i) make recommendations to the Board as regards plans for succession, in particular, of the Chairman and the CEO and key management personnel.

**Provision 4.3**
*Appointment and Re-appointment of Directors*

The NC is responsible for making recommendations to the Board on all Board appointments and re-appointments, including Board succession plans for Directors, in particular, the Chairman and the CEO, the need for progressive renewal of the Board, and in determining the independence of Directors. The Board upon consideration as a whole appoints new Directors, and members of the various Board Committees, after the NC has reviewed and nominated them for appointment. The NC evaluates potential new candidates as Directors based on their qualifications, expertise, and work experience, and taking into account diversity, independence, conflicts of interest and time commitments. Potential candidates for Board appointment may be proposed by the existing Directors, the Management or through third-party referrals.

Regulation 104(1) of the Constitution requires every Director to retire from office once every three years by rotation and for this purpose, at each annual general meeting ("AGM"), one-third of the Directors for the time being retire from office. This means that no Director can stay in office for more than three years, unless re-elected by the shareholders. A retiring Director is eligible for re-election by the shareholders at the AGM. In addition, Regulation 103(2) of the Constitution provides that any new Director appointed by the Board during the financial year without shareholders' approval be re-elected at the next AGM following the appointment.

The NC evaluates the performance of the Board and individual Directors for their re-appointment based on a set of guidelines. NC Chairman monitors and assesses each Director's preparedness, contribution to the Board meetings, and the quality of interventions. The Directors' attendance at Board and Board Committee meetings form the other criteria for their re-appointment. Each member of the NC abstains from voting on any resolution, making any recommendation and participating in any deliberation of the NC in respect of the assessment of his own performance and re-nomination as a Director.

**Provision 4.4**
*Review of Directors' Independence*

The Board, through the NC reviews the independence of each Independent Director on an annual basis, and as and when required, taking into account the circumstances set forth in the Code. Directors disclose their relationship with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence.

As of the date of this Report, the Company does not have any Independent Director who has served for more than nine years from the date of his first appointment.

Based on the confirmation of independence provided by the Directors and taking into consideration the guidelines in the Code, the NC has determined that the current four Independent Directors (who represent a majority of the Board) are independent within the meaning of the Code, that there is a strong and independent element on the Board, and it is able to exercise objective judgement on all corporate affairs independently, in particular from Management, and that no individual or small group of individuals dominate the Board's decision-making process. Each NC and Board member recused himself from the NC's and the Board's deliberations in relation to his own independence.

**Provision 4.5**

*Directors' Time Commitments*

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC and the Board have assessed each Director's external board representations, other principal commitments, their attendance and contributions and is of the view that sufficient time and attention has been given by the Directors in FY2022 to the affairs of the Company in the discharge of their duties.

As at the date of this Report, the Board does not have any alternate directors.

Key information in relation to Directors' listed company directorships and other principal commitments are set out below:

| Name of Director | Date of Appointment | Date of last Re-election | Directorships in other listed companies | Other principal commitments |
|---|---|---|---|---|
| **Edward Lee Ewe Ming**<br>*Executive Chairman* | 11 May 2017 | 27 July 2022 | None | • Managing Director, Edward Lee Apartments Private Ltd |
| **Ong Ghim Choon**<br>*CEO* | 19 August 2009 | 27 July 2022 | None | • Director, Pacific Organisation Pte Ltd |
| **Zhang Yanmin**<br>*Executive Director* | 29 March 2018 | 30 April 2021 | None | • Advisor, Yann Investment Co., Ltd. |
| **Mark Leong Kei Wei**<br>*Lead Independent Non-Executive Director* | 15 May 2017 | 30 April 2021 | • HS Optimus Holdings Ltd<br>• LMIRT Management Ltd<br>• Osteopore Ltd<br>• 9R Limited<br>• Catalano Ltd | • Director, Avalon Partners Pte Ltd<br>• Director, Apeiron Agrocommodities Pte Ltd |
| **Oei Su Chi, Ian**<br>*Independent Non-Executive Director* | 1 June 2017 | 27 July 2022 | None | • Legal Counsel, Guotai Junan International (Singapore) Pte. Limited |
| **Ong Siow Fong**<br>*Independent Non- Executive Director* | 28 September 2020 | 30 April 2021 | None | • Managing Director, Amicus Capital Management Pte Ltd<br>• Associate Senior Sales Director, SRI Pte Ltd<br>• Director, Waterside Investments Pte Ltd |
| **Liu Yao**<br>*Independent Non- Executive Director* | 28 September 2020 | 30 April 2021 | None | • Finance Supervisor, Schenker Logistics |

**PRINCIPLE 5: BOARD PERFORMANCE**

**Provisions 5.1 and 5.2**
*Assessment*

The Board undertakes a formal assessment of its effectiveness as a whole, and that of its Board Committees and individual directors.

At the end of each financial year, the NC assesses the Board's performance as a whole, and the Board Committees' performance, as well as the contribution by the Board's Chairman and each individual Director to the Board. Board evaluation is conducted through a questionnaire dealing with various objective performance criteria and aspects, such as, Board composition, Board processes and procedures, information flow and accessibility, Management and Shareholders communication.

The NC evaluates each individual Director's performance through a separate questionnaire dealing with various aspects, such as, attendance at Board and Board Committee meetings, contribution to meetings, and communication.

The NC also determines whether to re-nominate Directors who are due for retirement at the next AGM, and whether Directors with multiple listed board representations and/or other principal commitments have been able to and have adequately discharged their duties as Directors of the Company.

The Board acts on the results of the performance evaluation, and in consultation with the NC, proposes, where appropriate, new members to be appointed to the Board or seek the resignation of existing Directors. No external facilitator was engaged for the Board evaluation process in FY2022.

Having reviewed the overall performance of the Board and the Board Committees, and the individual Director's performance, the NC is of the view that the performance of the Board, the Board Committees, and each individual Director, in FY2022 has been satisfactory.

## REMUNERATION MATTERS

**PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

**Provisions 6.1 and 6.2**
*RC Composition*

The RC comprises of the following three Directors:

| Director | Designation |
|---|---|
| Oei Su Chi, Ian | Chairman |
| Mark Leong Kei Wei | Member |
| Ong Siow Fong | Member |

All the members of the RC, including the RC Chairman, are Independent and Non-Executive Directors.

The RC is mandated with the responsibility for developing policies on remuneration for Directors and key management personnel with a goal to motivate, recruit and retain such Directors and personnel, through competitive compensation and progressive policies. The RC makes recommendations to the Board on remuneration packages of individual Directors and key management personnel. Each member of the RC abstains from voting on any resolution, making any recommendation and participating in any deliberation in respect of his own remuneration.

**Provision 6.3**
*RC Terms of Reference*

The key terms of reference of the RC are:

(a) determine and agree with the Board on the framework or broad policy for the remuneration of the Company's Board and key management personnel, and to determine specific remuneration packages for each Executive Director, the CEO and key management personnel;

(b) determine targets for any performance related pay schemes adopted by the Company, taking into account pay and employment conditions within the industry and in comparable companies;

(c) within the terms of the agreed policy, determine the total individual remuneration package of each Executive Director including, where appropriate, allowances, bonuses, benefits in kind, incentive payments and share schemes;

(d) determine the policy for and scope of service agreements for the Executive Directors in the event of early termination including compensation commitments;

(e) determine the remuneration of Non-Executive Directors, taking into factors such as efforts, time spent and the responsibilities;

(f) ensure that the level and structure of the remuneration are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company;

(g) review the Company's obligations arising in the event of termination of the Executive Directors' or key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

(h) administer the mDR Share Plan 2018.

**Provision 6.4**
*Access to advice on remuneration matters*

The RC has access to the Company's Human Resources Department, and external consultants, if necessary, for expert advice on remuneration of Directors and key management personnel.

**PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION**

**Provisions 7.1 and 7.3**
*Performance-related remuneration*

The RC decides on the specific remuneration packages for the Directors, CEO and key management personnel, with a view to attract, retain and motivate the Directors to provide good stewardship of the Company and for the key management personnel to successfully manage the Company for its long-term success. The level and structure of remuneration is linked to the strategic objectives of the Company and are proportionate to the long-term sustainability of the Group and value creation.

The remuneration policy for Executive Directors and key management personnel comprises fixed and variable components. The fixed component includes salary, employer's central provident fund ("CPF") contributions (where applicable), and other benefits. The variable component comprises annual wage supplement ("AWS"), performance bonus and/or share award, which is linked to Group's performance, value creation, and individual performance.

The Remuneration Committee assesses the performance of the Executive Directors and key management personnel, based on a holistic approach, comprising both financial and non-financial indicators that promote commitment, performance and loyalty to the Group. The Group's remuneration system takes into consideration, annual budgetary targets and financial performance that include, Company's growth, revenue, profits, return on total assets, cost-savings, the individual's performance, industry practices, and non-financial targets.

The remuneration of the Directors and key management personnel for the financial year ended 31 December 2022 is disclosed in Principle 8 below.

The Company's share award scheme known as mDR Share Plan 2018 is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance to promote the long-term sustainability of the Group.

The Non-Executive Directors are paid Director's fees that are appropriate to their level of contribution, taking into account factors such as frequency of meetings, efforts and time spent, and their responsibilities. The aggregate fees payable to the Non-Executive Directors are subject to the approval of the shareholders at the annual general meeting of the Company.

Non-Executive Directors are encouraged to hold shares in the Company so as to better align the interests of such Directors with the interests of shareholders. Company's internal policy prevents Non-Executive Directors from selling Company's shares prior to leaving the Company.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company.

There is no existing or proposed service contract entered into, or to be entered into, by any Director with the Company or any of the Company's subsidiaries, which provides for benefits upon termination, retirement or post-employment.

**Provision 7.2**
*Remuneration of Non-Executive Directors*

The Non-Executive Directors are paid a basic Director's fee. The RC recommends to the Board, Non- Executive Directors' fees that are appropriate to their level of contribution, taking into account factors such as frequency of meetings, effort and time spent, and their responsibilities. The aggregate fees payable to the Non-Executive Directors are subject to the approval of the shareholders at the AGM of the Company.

## PRINCIPLE 8: DISCLOSURE ON REMUNERATION

**Provisions 8.1, 8.2 and 8.3**

*Directors and key management personnel remuneration*

The remuneration of the Directors for the financial year ended 31 December 2022 is as follows:

**TABLE A**

| Name | Director's Fees | Salary | Bonus[1] | Other Benefits[2] | Total |
|---|---|---|---|---|---|
| **Executive Directors** | | | | | |
| Edward Lee Ewe Ming | – | 1,032,240 | 976,639 | 120,600 | 2,129,479 |
| Ong Ghim Choon | – | 685,080 | 353,279 | 84,600 | 1,122,959 |
| Zhang Yanmin | – | 684,240 | 643,729 | 83,400 | 1,411,369 |
| **Non-Executive Directors** | | | | | |
| Mark Leong Kei Wei | 86,244 | – | – | – | 86,244 |
| Oei Su Chi, Ian | 83,271 | – | – | – | 83,271 |
| Ong Siow Fong | 32,000 | – | – | – | 32,000 |
| Liu Yao | 30,000 | – | – | – | 30,000 |

(1) Includes AWS and variable bonus.
(2) Includes allowance and car benefits (where applicable).

**TABLE B**

The remuneration of the Group's top key management personnel (who are not the Directors or the CEO)[1] for the financial year ended 31 December 2022 is as follows:

| Remuneration Band & Name | Salary (%) | Bonus[2] (%) | Other Benefits[3] (%) | Total (%) |
|---|---|---|---|---|
| *S$250,000-S$500,000* | | | | |
| Executive A | 90.50 | 9.26 | 0.24 | 100 |
| *Below S$250,000* | | | | |
| Executive B | 84.53 | 6.70 | 8.78 | 100 |
| Executive C | 79.94 | 7.33 | 12.73 | 100 |
| Executive D | 76.00 | 6.68 | 17.32 | 100 |

(1) The Group had only four key management personnel (who are not Directors or the CEO) in FY2022.
(2) Includes AWS and variable bonus.
(3) Includes allowance and car benefits (where applicable).

The total remuneration paid to the key management personnel in FY2022 under Table B above is S$806,921.

On the disclosure of remuneration of the Group's top key management personnel, the Company is of the view that it would not be in its best interest to make such disclosure on a named basis taking into account the highly competitive conditions for talent and to support the Company's efforts in attracting and retaining employees considering the sensitivity with regard to remuneration.

*Remuneration of immediate family members*

Save for Mr Ong Ghim Chwee, who is the brother of Mr Ong Ghim Choon, the CEO of the Company, and whose remuneration is in the band of S$100,000 – S$200,000 (remuneration component set out in Table B (Executive D) above), there is no other immediate family member of Company's Directors, CEO or a substantial shareholder of the Company whose remuneration exceeds S$100,000 during FY2022.

*mDR Share Plan 2018*

Shareholders of the Company approved the share award scheme known as mDR Share Plan 2018 on 28 September 2018. Under the mDR Share Plan 2018, the Company will deliver shares granted under an award by issuing new shares and/or transferring treasury shares free of charge, upon the participant satisfying such conditions as specified by the committee administering the mDR Share Plan. The RC administers the mDR Share Plan 2018. Names of the members of the RC administering the mDR Share Plan 2018 are:

(a) Mr Oei Su Chi, Ian
(b) Mr Mark Leong Kei Wei; and
(c) Ms Ong Siow Fong

No share award has been granted to any participant as at 31 December 2022.

**PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS**

**Provision 9.1**
*Significant Risks and Board Risk Committee*

The ARC oversees the Company's risk management framework and policies, with the assistance of the internal audit division ("IA Division").

The ARC's terms of reference includes governance of risk management and internal controls related matters as follows:

(a) determine the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation;
(b) evaluation of the Company's and Group's internal control system;
(c) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology ("IT") controls) and risk management systems; and
(d) review the assurance from the CEO and the CFO on the financial records and financial statements.

*Risk Management Policies and Internal Controls*

The Group has adopted an Enterprise Risk Management ("ERM") Framework to identify, monitor and control the risks. As part of ERM, the Group maintains a Risk Register, which: (a) identifies the risk areas that may be relevant to the Group; (b) assesses the extent of impact to, and vulnerability of, the Group should such risks materialise; and (c) establishes mitigating practices to be implemented to address such risks. With inputs from the Management, the Risk Register is updated periodically by the IA Division. The nature and exposure of various risks and the adequacy of existing controls in addressing these risks are highlighted to the ARC and the Board. The Management and the Board deliberate on the introduction of new policies and processes, and refinement of the existing policies and processes, to manage the risks which are highlighted.

The IA Division conducts periodic independent audits to test the adequacy and effectiveness of the Company's risk management and internal controls in managing the risks of the Group including financial, operational, compliance and IT controls. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the IA Division are reported to and reviewed by the ARC and the Board. Steps are taken to implement the corrective measures recommended by the IA Division.

The Group maintains adequate and effective internal control and risk management systems that are intended to safeguard, verify and maintain its assets and proper accounting with a clear operating structure based on its delegation of authority and reporting structures, codes of conduct and other documented procedures in place. These internal controls include financial reporting, operational and compliance controls, management accounting, IT systems security and project appraisal policies and systems established by the Management. Management reviews the Group's internal processes, business and operational activities regularly to identify areas of significant financial, business, operational, IT and compliance risks as well as measures to control these risks. Management also reviews internal control policies and highlights all significant matters to the ARC and the Board.

The Group's LOA sets out threshold limits for matters that specifically require the Board's approval and signature requirements. The Group reviews its internal control and risk management systems periodically to ensure that there are sufficient guidelines and procedures in place to monitor its operations. The system of internal controls are intended to provide reasonable but not absolute assurance that the Company will not be adversely affected by any event that could be reasonably foreseen.

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management, the Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2022.

**Provision 9.2**
*Management assurance*

The Board has received assurance from:

(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

## AUDIT COMMITTEE

**PRINCIPLE 10: AUDIT COMMITTEE**

**Provisions 10.1, 10.2 and 10.3**
*ARC Composition and Role*

The ARC comprises of the following three Directors:

| Director | Designation |
|---|---|
| Mark Leong Kei Wei | Chairman |
| Oei Su Chi, Ian | Member |
| Liu Yao | Member |

All the members of the ARC, including the ARC Chairman, are Independent and Non-Executive Directors. The ARC Chairman has recent and relevant accounting and related financial management expertise and experience. The Board is satisfied that the ARC members collectively have the relevant financial management knowledge to discharge their duties. The ARC does not comprise of any former partner or director of Company's existing external audit firm.

The ARC's principal responsibilities are to:

(a) review the annual audit plan of the Company's external auditors;
(b) review the nature and extent of non-audit services provided by the external auditors;
(c) review the independence and objectivity of the external auditors, the nomination/re-appointment/removal of external auditors and their remuneration and terms of engagement;
(d) review IPTs and Related Party Disclosures;
(e) review the Company's financial results and the consolidated financial statements of the Group, before their submission to the Board for approval;
(f) review the assurance from the CEO and the CFO on the financial records and financial statements;
(g) review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and
(h) review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up, including the review of Whistle-Blowing Policy and procedures for raising any concerns.

The ARC is explicitly authorised by the Board to investigate any matter within its terms of reference. For such purpose, the ARC has full access to and co-operation of the Management, full discretion to invite any Director and employee to attend its meetings, and reasonable resources to enable it to discharge its functions properly. Each member of the ARC abstains from voting on any resolution, making any recommendation and participating in any deliberation in respect of matters in which he may be interested.

*Whistle-blowing Policy*

The Company has adopted a whistleblowing policy pursuant to which employees, suppliers, customers and other stakeholders of the Company and its subsidiaries may in confidence, raise concerns about possible improprieties in financial or other matters of the Group or any misconduct or wrongdoing relating to the Group and its employees/officers. The whistleblowing policy is administered by the ARC and the ARC is responsible for the oversight and monitoring of whistleblowing. A complainant may choose to report whistleblowing complaint either to the IA or to the ARC directly, both of which are independent functions. Whistleblowing complaints, if any, are reviewed by the IA/ARC and any concern raised are independently investigated in good faith. Where the ARC deems fit, the Company will engage a third party to conduct investigation with the expense borne by the Group. The ARC ensures that the identity of the whistleblower is kept confidential and the complainant does not suffer any reprisal and/or detrimental or unfair treatment. Company's whistleblowing policy allows anonymous reporting. In FY2022, there were zero incident of whistle-blowing reported to the IA/ARC.

*Financial Reporting Matters*

Changes to accounting standards and accounting issues which may have impact on the financial statements are reported by the external auditors to the ARC from time to time in their meetings with the ARC.

In the review of the financial statements for FY2022, the ARC has discussed with the Management the significant accounting principles that were applied and their judgement of items that might affect the accuracy and completeness of the financial statements.

The key audit matters, which are included in the independent auditors' report for FY2022, were discussed with the Management and the external auditors and were reviewed by the ARC.

Minutes of ARC meetings are available to all Directors for information and review.

The ARC has reviewed the independence and objectivity of the Company's external auditor Ernst & Young LLP ("**EY**"), and has satisfied itself of EY's position as an independent external auditor.

*Non-audit fees*

The Company had engaged EY to provide tax advisory services in FY2022. The total fee payable to EY for the aforesaid tax advisory services was S$32,000. Save as disclosed herein, there were no other non-audit services rendered by EY to the Company in FY2022. The ARC has undertaken a review of all non-audit services provided by EY and they would not, in the ARC's opinion, affect the independence of the external auditors.

*Audit Firms*

The Company has complied with Rule 712 and 716 of the Listing Manual in relation to audit firms. The Company's Board and ARC are satisfied that the appointment of different audit firms for its foreign incorporated subsidiaries and associated companies would not compromise the standard and effectiveness of the audit of the Company.

**Provision 10.4**
*Internal Audit*

The Company has established an internal audit function that is independent of the activities it audits. In FY2022, the internal audit functions of the Group have been performed by its in-house internal audit function. The ARC is of the view that the IA has the qualifications and experience to perform the internal audit functions of the Group. Company's IA meets The Institute of Internal Auditors (IIA) standards. The ARC approves the hiring, removal, evaluation and remuneration of the IA.

The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC, and has appropriate standing within the Company. The primary reporting line of the IA is to the ARC. Reports prepared by the IA are reviewed by the ARC.

The ARC reviews and approves the annual internal audit plans to ensure that the IA has the capability to adequately perform its functions. The IA periodically reviews the adequacy of and compliance by various business divisions, of Group's policies, procedures and internal controls, which have been effected to manage risks and safeguard the Group's assets. The IA also provides a communication channel between the Board, the Management and the external auditors on audit related matters.

The ARC, at least annually, reviews the effectiveness of the Company's internal audit function. The ARC is of the view that the internal audit function is independent, effective and adequately resourced.

**Provision 10.5**
*Meetings with Auditors*

The ARC meets with the external auditors and with the internal auditor, at least once a year without the presence of Management.

## SHAREHOLDERS RIGHTS AND ENGAGEMENT

### PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

**Provisions 11.1 and 11.2**
*Shareholders' participation*

The Board ensures that all shareholders are treated fairly and equitably. The Board presents a balanced and understandable assessment of the Company's performance, position and prospects. The Company through SGXNET, its corporate website, press release and annual report, timely and regularly announces all material developments of the Group, which would likely affect the price, or value of the Company's shares. The Board reviews the Company's financial results and performs a review and discussion of the results before its final approval and release. Financial results and other price-sensitive information are communicated to the shareholders through announcements released via SGXNET and the Company's website. The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual of the SGX-ST. Management provides all members of the Board with management accounts and such explanation and information on monthly basis and as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

The Company encourages shareholders' participation at general meetings. Information on general meeting is disseminated through notice in the circular or annual report sent to all shareholders together with explanatory notes (if necessary), at least 14 days or 21 days (as the case may be), before the meeting. The notice is also released via SGXNET, as well as posted on the Company's website. Shareholders are informed of the rules, including voting procedures that govern general meetings, during such meeting. In the event a shareholder is not able to attend a general meeting personally, proxy form is enclosed together with the notice of meeting, so that such shareholder can appoint up to two proxies to attend, vote and voice any question, for and on behalf of the shareholder, relating to the resolutions to be tabled in such meeting. All shareholders are encouraged to attend the AGM and other general meetings to proactively engage with the Board and the Management on the Group's business activities, financial performance and other business related matters. At AGM and other general meetings, shareholders are given equal opportunity to share their views and ask Directors and Management questions regarding the activities and performance of the Company and the Group.

*Resolutions*

Resolutions on substantially separate issues are "unbundled" as separate items at general meetings. For greater transparency and fairness in the voting process, all resolutions are passed by electronic poll. An external firm, which is independent of the entity appointed to undertake the electronic poll voting process, is appointed as scrutineers for the voting process at general meeting. The voting results of all votes cast for and against each resolution and the respective percentages is screened at the meeting, announced after the meeting via SGXNET, and also posted on the Company's website.

**Provision 11.3**
*Directors' and External auditors' attendance*

All members of the Board, in particular, the Chairman of the Board and the respective Chairman of the Board Committees and senior management are in attendance at the AGM and other general meetings to assist the Directors in addressing any relevant queries by shareholders. The external auditors are also present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings in FY2022 is disclosed in this Report (under Principle 1 above).

**Provision 11.4**
*Absentia Voting*

Regulation 92 of the Constitution allows for shareholders to vote in absentia at the general meetings. The Company has currently not implemented absentia voting. Such voting methods may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders is not compromised.

The Constitution allows a shareholder to appoint one or two proxies to attend and vote in his place at general meetings. The Company allows nominee companies which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

**Provision 11.5**
*Minutes of General Meetings*

The Company records minutes of general meetings and publishes the minutes on its corporate website as soon as practicable. The minutes include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and other subject matters, and responses from the Board and the Management.

**Provision 11.6**
*Dividend Policy*

Company believes that dividend payments are the ultimate tangible evidence of earnings growth, profitability and good corporate governance. The payment and level of final dividend is determined by the Board and approved by the shareholders at the AGM. In determining the amount of dividends to be distributed for each financial year, the Board takes into account the financial and operating needs of the Group.

**PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS**

**Provision 12.1**
*Avenues for communication*

The Board believes in maintaining regular communication with shareholders to gather their views and to address shareholders' concerns, if any. The Board engages with the shareholders in the AGM and other general meetings. Chairman of the Board also engages in periodic dialogue with shareholders from to time. The Company commenced quarterly earnings conference calls with shareholders/analysts/media to discuss its financial results since March 2019, which provides an additional avenue to shareholders to share their views on Group's business and performance with the Management.

**Provisions 12.2 and 12.3**
*Investor Relations*

The Company's investor relations policy allows for an ongoing exchange of views with shareholders. Company's website has a dedicated investor relations page, which provides guidance on ways for shareholders to contact the Company and/or the Lead Independent Director for any questions. Shareholder's communication received by the Investor Relations team by email are promptly addressed at the latest within a week in consultation with the Management and/or the Board.

# CORPORATE **GOVERNANCE**

## MANAGING STAKEHOLDER RELATIONSHIPS

**PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS**

**Provisions 13.1 and 13.2**
*Material Stakeholders*

The Board has identified key stakeholder groups, that include shareholders, suppliers, customers and employees. Board guides the Management in the Company's strategy and approach in addressing the concerns of its key stakeholder groups.

The Company's approach to stakeholders' engagement and materiality assessment and key areas of focus in relation to the management of stakeholder relationships during FY2022 are set out under the "Sustainability Report" section of this Annual Report.

**Provision 13.3**
*Corporate Website*

The Company's corporate website www.m-dr.com is updated regularly to keep shareholders and other stakeholders aware of the developments relating to the Company and Company's affairs. The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company does not practise selective disclosure of material information. Material information is publicly released promptly through SGXNET and Company's corporate website. The financial results and annual reports are announced or issued within the mandatory period on SGXNET (unless extension of time is granted by SGX-ST and the Accounting and Corporate Regulatory Authority) and are also made available on the Company's website.

## ADDITIONAL INFORMATION

**Best practices guide and dealings in securities**

The Company has adopted a Best Practices Guide pursuant to SGX-ST Listing Manual guidelines and made it applicable to its Directors and key employees in relation to their dealings in the Company's securities.

The Company circulates a notice on a half-yearly basis to its Directors and employees who have access to unpublished price sensitive information advising them not to deal in the Company's securities during the period commencing one month before the announcement of the Company's half-year and full year results and ending on the date of the announcement of the relevant results.

Similarly, the Directors and employees of the Company are not allowed to deal in the Company's securities on short-term considerations. Company's internal policy requires the Directors to notify the Board for trading of Company's shares by Directors.

**IPTs and related party transactions policy**

The Company has adopted an internal policy where all IPTs and related party transactions are documented and submitted quarterly (during each quarterly ARC meeting) to the ARC for its review to ensure that such transactions are conducted fairly and on arm's length basis, on normal commercial terms and are not prejudicial to the Company and its minority shareholders.

Board members recuse themselves from participating in any discussion and decision on any matter in which they may be conflicted. In the event that a member of the ARC is deemed to have an interest in an interested person or related party transaction, he is required to abstain from reviewing that particular transaction.

The IPTs for FY2022 are set out in this Report.

**Material contracts**

Save as disclosed below and in the Directors' report and financial statements, there were no material contract entered into by the Group involving the interests of the CEO, any Director or controlling shareholder, during the financial year ended 31 December 2022:-

| | |
|---|---|
| **Pacific Organisation Pte. Ltd** | Leasing of premises S$342,000 (aggregate value for FY2022) |

Mr Ong Ghim Choon (Director and CEO of the Company) and his associate own the shares of Pacific Organisation Pte Ltd.

**Conclusion**

The mDR Group recognises the importance of good corporate governance practices. The Group will continue to review and improve its corporate governance practices on an ongoing basis.

FINANCIAL
# CONTENTS



# DIRECTORS' **STATEMENT**

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of mDR Limited (the "Company") and its subsidiaries (collectively, the "Group") and the financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

## OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due. The Directors are of the view that the Group will be able to generate sufficient cash flows from operations and draw on unutilised banking facilities for its working capital requirements in the next twelve months.

## 1. DIRECTORS

The Directors of the Company in office at the date of this statement are:

Edward Lee Ewe Ming
Ong Ghim Choon
Zhang Yanmin
Mark Leong Kei Wei
Oei Su Chi, Ian
Ong Siow Fong
Liu Yao

## 2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Companies Act 1967, interests in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

| | Held in the name of the director | | | Deemed interest | | |
|---|---|---|---|---|---|---|
| Name of Director | At the beginning of financial year | At the end of financial year | At 21 January 2023 | At the beginning of financial year | At the end of financial year | At 21 January 2023 |
| *Ordinary shares of the Company* | | | | | | |
| Edward Lee Ewe Ming (1) | 1 | 1 | 1 | 398,374,143 | 398,374,143 | 398,374,143 |
| Zhang Yanmin (2) | – | – | – | 216,634,196 | 216,634,196 | 216,634,196 |
| Ong Ghim Choon | 59,339,200 | 59,339,200 | 59,339,200 | – | – | – |
| Oei Su Chi, Ian | 2,185,842 | 2,336,042 | 2,336,042 | 470,000 | 470,000 | 470,000 |
| Mark Leong Kei Wei | 1,150,000 | 1,150,000 | 1,150,000 | 715,000 | 715,000 | 715,000 |
| Ong Siow Fong | – | 160,000 | 1,499,100 | – | – | – |

(1) Mr Edward Lee Ewe Ming is deemed interested in 398,374,143 shares held via nominee and financial institutions, out of which 216,634,196 shares are held jointly with his spouse, Ms Zhang Yanmin.

(2) Ms Zhang Yanmin is deemed interested in 216,634,196 shares held via nominee and financial institutions, which are jointly held with her spouse, Mr Edward Lee Ewe Ming.

By virtue of Section 7 of the Companies Act 1967, Mr Edward Lee Ewe Ming and Ms Zhang Yanmin are deemed to have an interest in the Company and in all the related corporations of the Company.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

## 4. SHARE OPTIONS

a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

c) *Unissued shares under options*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

## 5. SHARE AWARD

a) At the Extraordinary General Meeting held on 28 September 2018, the shareholders approved the share award scheme known as mDR Share Plan 2018.

b) The "mDR Share Plan 2018"

Under the mDR Share Plan 2018, the Company will deliver shares granted under an award by issuing new shares and/or transferring treasury shares free of charge, upon the participant satisfying such conditions as specified by the Committee administering the mDR Share Plan.

The share award scheme is administered by the Remuneration Committee, comprising the following:

Oei Su Chi, Ian (Chairman of the Remuneration Committee)
Mark Leong Kei Wei
Ong Siow Fong

As at 31 December 2021 and 2022, no share award had been granted.

## 6. WARRANTS

Pursuant to the offer information statement dated 22 May 2018, the Company issued rights shares with free detachable warrants, each warrant carrying the right to subscribe for 1 new ordinary share in the capital of the Company for each warrant share, on the basis of 2 rights shares for every 1 share held by the shareholders and 9 warrants (comprising 3 Tranche 1 warrants, 3 Tranche 2 warrants and 3 Tranche 3 warrants) for every 1 rights share validly subscribed.

A total of 16,577,412,659 rights shares and 149,196,713,931 warrants were issued and were listed and quoted on the Singapore Exchange Securities Trading Limited on 21 June 2018 and 22 June 2018 respectively.

Tranche 1 warrants expired on 17 December 2018, as such the 13,958,284,823 outstanding warrants which were not exercised at expiry date had lapsed.

Tranche 2 warrants expired on 17 December 2019, as such the 23,904,105,155 outstanding warrants which were not exercised at expiry date had lapsed.

Before the completion of the share consolidation and warrant adjustment on 28 July 2020, the number of shares that may be issued on conversion of the Group's outstanding Tranche 3 warrants were 49,732,237,977 at $0.0070 per warrant. As at 31 December 2020, a total of 497,322,345 Tranche 3 warrants at $0.70 per warrant were outstanding.

Tranche 3 warrants expired on 17 June 2021, as such the 497,322,345 outstanding warrants which were not exercised at expiry date had lapsed.

## 7. AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee ("Audit Committee"), comprising all non-executive Directors, at the date of this Statement are:

Mark Leong Kei Wei (Chairman of the Audit Committee)
Oei Su Chi, Ian
Liu Yao

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive Directors and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and external auditors' report on those financial statements;

d) half-yearly and annual announcements as well as the related press releases on the results and the financial position of the Company and the Group;

e) the co-operation and assistance given by the management to the Group's external auditors; and

f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

## 8. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Edward Lee Ewe Ming

Ong Ghim Choon

Singapore
28 March 2023

# INDEPENDENT
# AUDITOR'S REPORT
For the financial year ended 31 December 2022

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

**Opinion**

We have audited the financial statements of mDR Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2022, the consolidated statements of comprehensive income and the consolidated statement of cash flows of the Group and the statements of changes in equity of the Group and Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Emphasis of matter***

We draw attention to Note 42 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.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

**Key Audit Matters (cont'd)**

***Assessment of expected credit losses on investment in debt securities***

As at 31 December 2022, the Group's debt securities amounted to $65,696,000 which represents approximately 28% of the Group's total assets as at year end. The debt securities mainly comprise of quoted bonds securities which the Group has measured at amortised cost and fair value through other comprehensive income.

The Group measures expected credit losses ("ECLs") in accordance with SFRS(I) 9 *Financial Instruments* based on lifetime expected losses for debt securities which credit risk has increased significantly since initial recognition, and 12 month expected credit losses for debts securities which credit risk has not increased significantly since initial recognition.

The key assumptions used in the ECLs include the risk of default of the bond issuers and the expected credit losses. A considerable amount of judgment is required in deriving these key inputs which includes reviewing the financial position of the bond issuers, the existing market conditions as well as considering forward-looking economic information. Accordingly, we identified this as a key audit matter.

As part of our audit, we tested the reasonableness of the key inputs and assumptions used by the Group in the ECLs assessment which is largely dependent on the Group's evaluation of credit risk of the bond issuers. We reviewed the process and tested the key parameters relating to the credit risk of the bond issuers by considering the historical credit losses, the credit ratings of the bonds, the coupon received during the year and subsequent to the reporting date and analysing the share prices of the bond securities from initial recognition to after reporting date to gauge the increase credit risk of the bonds, if any. We have engaged our internal valuation specialist to assist us in evaluating the appropriateness of the impairment models and the reasonableness of the key assumptions used by the management in their impairment model for debts securities measured at fair value through other comprehensive income. We have also tested the forward-looking economic factors used in the ECL assessment by analysing the GDP forecast of the countries in which bonds issuers are operating in. We checked the arithmetic accuracy of the allowance computed. The related disclosures are made in Note 20 to the financial statements.

***Valuation of unquoted equity instruments, derivative asset and convertible loan***

As at 31 December 2022, the Group's unquoted equity instruments, derivative asset and convertible loan amounted to $1,879,000, $64,000 and $2,891,000 respectively.

Management has assessed the contractual terms of these instruments and its business model and have determined that the classification and measurement of these investment securities at fair value through profit and loss under SFRS (I) 9 *Financial Instruments*. Management, assisted by an external valuation specialist, determined the fair value of the instruments at the date of issuance and at the financial reporting date.

The valuations of these financial assets are significant to our audit due to their complexity of the valuation models, and the involvement of significant management judgement in the determination of the inputs used in the valuation models. The valuation methods involved include market and income approach. The key assumptions used in the valuation models are share price, volatility of the share price, discount rates and probability of the liquidity event which are affected by expected future market and economic conditions, and the expected financial performance of the investee company.

**Key Audit Matters (cont'd)**

***Valuation of unquoted equity instruments, derivative asset and convertible loan (cont'd)***

As part of our audit, we have considered the objectivity, independence and expertise of management's external valuation specialist. We have also engaged our internal valuation specialists to assist us in evaluating the appropriateness of the valuation models and the reasonableness of certain key assumptions used by the management and the external valuation specialist in their valuation models.

Our audit procedures in assessing the key assumptions used included, amongst others, reading the agreements and terms, performing searches on additional comparable companies for the volatility of the share prices and the discount rates used. We held discussion with the management and researched on the latest development in the investee company to assess the reasonableness of the probability of the liquidity event. The related disclosures are made in Note 19, Note 24 and Note 36 to the financial statements.

***Existence of inventories***

As of 31 December 2022, the Group's total inventories amounted to $18,142,000. The Group's inventories mainly comprise of spare parts, handsets, prepaid cards and phone accessories. We focused on the existence of inventories as their total carrying amounts are material to the financial statements and there is a higher inherent risk of theft and pilferage.

As part of our audit, we obtained an understanding of the Group's processes and controls relating to the physical safeguards over inventories and inventories movement. We attended and observed management's year-end inventory counts at selected outlets, counted the inventories and traced the test results to management's records on a sample basis. We performed cut off testing on inventory movement at year end and subsequent to year end. We also performed year-on-year analysis on inventories by categories by considering against our understanding of the business operations during the year. The Group's disclosures relating to inventories are made in Note 16 to the financial statements.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

**Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Boon Heng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
28 March 2023

# CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 31 December 2022

| | Note | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 4 | 168,561 | 186,072 |
| Interest income | 4 | 6,919 | 3,209 |
| Cost of sales | 5 | (147,959) | (164,351) |
| Gross profit | | 27,521 | 24,930 |
| Other operating income | 6 | 3,443 | 4,158 |
| Administrative expenses | | (17,815) | (17,900) |
| Other operating expenses | 7 | (4,764) | (6,020) |
| Gain arising from derecognition of financial assets | 6 | 501 | 21 |
| Reversal of impairment loss on financial assets | 7 | 1,783 | 79 |
| Share of profit of an associate | | 4 | 5 |
| Finance costs | 8 | (1,409) | (969) |
| Profit before income tax | 9 | 9,264 | 4,304 |
| Income tax expense | 10 | (80) | (229) |
| Profit for the year from continuing operations | | 9,184 | 4,075 |
| **Discontinued operations** | | | |
| (Loss)/profit for the year from discontinued operations | 11 | (1,959) | 52 |
| **Profit for the year** | | 7,225 | 4,127 |
| **Other comprehensive income/(loss)** | | | |
| ***Items that will not be reclassified subsequently to profit or loss*** | | | |
| Net fair value changes in equity and debt securities carried at fair value through other comprehensive income | | (11,036) | 27,715 |
| Revaluation on leasehold land and building | | – | 149 |
| Income tax relating to component of other comprehensive income that will not be reclassified subsequently | | – | (36) |
| ***Items that may be reclassified subsequently to profit or loss*** | | | |
| Currency translation differences arising from consolidation | | (357) | (164) |
| **Other comprehensive (loss)/income for the year, net of tax** | | (11,393) | 27,664 |
| **Total comprehensive (loss)/income for the year** | | (4,168) | 31,791 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 31 December 2022

| | Note | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|---|
| **Profit/(loss) attributable to:** | | | |
| Owners of the Company | | 7,258 | 4,085 |
| Non-controlling interests | | (33) | 42 |
| | | 7,225 | 4,127 |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Owners of the Company | | (4,135) | 31,801 |
| Non-controlling interests | | (33) | (10) |
| | | (4,168) | 31,791 |
| **Earnings per share (cents):** | | | |
| From continuing operations: | | | |
| - Basic | 12a | 0.829 | 0.463 |
| - Diluted | 12a | 0.829 | 0.463 |
| From continuing and discontinued operations: | | | |
| - Basic | 12b | 1.052 | 0.463 |
| - Diluted | 12b | 1.052 | 0.463 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF
# FINANCIAL POSITION

As at 31 December 2022

| | Note | Group 2022 $'000 | Group 2021 $'000 | Company 2022 $'000 | Company 2021 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | 13 | 12,768 | 25,009 | 1,872 | 3,891 |
| Trade receivables | 14 | 16,023 | 40,296 | 5,315 | 30,000 |
| Other receivables and prepayments | 15 | 2,387 | 3,294 | 12,596 | 16,794 |
| Inventories | 16 | 18,142 | 13,936 | 748 | 770 |
| Investment in debt securities | 20 | 13,027 | 21,334 | 13,027 | 21,334 |
| Income tax recoverable | | 236 | 183 | – | – |
| | | 62,583 | 104,052 | 33,558 | 72,789 |
| **Non-current assets** | | | | | |
| Other receivables and prepayments | 15 | 867 | 2,028 | 50 | 48 |
| Investment in subsidiaries | 17 | – | – | 3,328 | 3,328 |
| Investment in an associate | 18 | 32 | 30 | – | – |
| Investment in equity securities | 19 | 101,032 | 78,851 | 101,032 | 78,851 |
| Investment in debt securities | 20 | 52,669 | 20,367 | 52,669 | 20,367 |
| Property, plant and equipment | 21 | 1,751 | 2,098 | 731 | 1,003 |
| Right-of-use assets | 22 | 4,488 | 6,554 | 501 | 1,011 |
| Investment property | 23 | 7,763 | 8,099 | – | – |
| Convertible loan | 24 | 2,891 | 2,010 | 2,891 | 2,010 |
| Derivative assets | 19 | 64 | 225 | 64 | 225 |
| | | 171,557 | 120,262 | 161,266 | 106,843 |
| **Total assets** | | 234,140 | 224,314 | 194,824 | 179,632 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Bank overdrafts and loans | 25 | 58,504 | 36,704 | 55,678 | 33,387 |
| Trade payables | 26 | 6,694 | 8,820 | 1,566 | 1,169 |
| Other payables | 27 | 8,667 | 8,195 | 4,288 | 4,655 |
| Lease liabilities | 28 | 3,565 | 4,387 | 510 | 590 |
| Lease liabilities from financial institutions | 28 | 81 | 83 | 76 | 77 |
| Income tax payable | | – | 144 | – | – |
| | | 77,511 | 58,333 | 62,118 | 39,878 |
| **Non-current liabilities** | | | | | |
| Bank loans | 25 | 2,358 | 3,595 | 2,358 | 3,595 |
| Other payables | 27 | 314 | 1,011 | – | – |
| Lease liabilities | 28 | 1,806 | 2,902 | 24 | 480 |
| Lease liabilities from financial institutions | 28 | 12 | 95 | 12 | 91 |
| Deferred tax liabilities | 29 | 421 | 439 | – | – |
| | | 4,911 | 8,042 | 2,394 | 4,166 |
| **Total liabilities** | | 82,422 | 66,375 | 64,512 | 44,044 |
| **NET ASSETS** | | 151,718 | 157,939 | 130,312 | 135,588 |

# STATEMENTS OF
# **FINANCIAL POSITION**

As at 31 December 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 | 2021 | 2022 | 2021 |
| | | $'000 | $'000 | $'000 | $'000 |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 30 | 123,276 | 123,276 | 123,276 | 123,276 |
| Treasury shares | 31 | (2,836) | (2,823) | (2,836) | (2,823) |
| Other reserves | 32 | (6,917) | 6,758 | (7,318) | 5,455 |
| Retained earnings | | 37,708 | 32,166 | 17,190 | 9,680 |
| Equity attributable to owners of the company | | 151,231 | 159,377 | 130,312 | 135,588 |
| Non-controlling interests | | 487 | (1,438) | – | – |
| **Total equity** | | 151,718 | 157,939 | 130,312 | 135,588 |
| **Total liabilities and equity** | | 234,140 | 224,314 | 194,824 | 179,632 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2022

| Group | Share capital $'000 (Note 30) | Treasury shares $'000 (Note 31) | Capital reserve $'000 (Note 32) | Premium on acquisition of non-controlling interest $'000 (Note 32) | Investment revaluation reserve $'000 (Note 32) | Property revaluation reserve $'000 (Note 32) | Foreign currency translation reserve $'000 (Note 32) | Retained earnings $'000 | Attributable to equity holders of the company $'000 | Non-controlling interests $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2022** | 123,276 | (2,823) | 556 | (881) | 5,433 | 1,696 | (46) | 32,166 | 159,377 | (1,438) | 157,939 |
| ***Total comprehensive income/(loss) for the year:*** | | | | | | | | | | | |
| Profit for the year | – | – | – | – | – | – | – | 7,258 | 7,258 | (33) | 7,225 |
| Gain on disposal of investment securities transferred to retained earnings | – | – | – | – | (1,748) | – | – | 1,748 | – | – | – |
| Other comprehensive loss for the year | – | – | – | – | (11,036) | – | (357) | – | (11,393) | – | (11,393) |
| **Total** | – | – | – | – | (12,784) | – | (357) | 9,006 | (4,135) | (33) | (4,168) |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | | |
| Dividends | – | – | – | – | – | – | – | (3,998) | (3,998) | – | (3,998) |
| Loss from disposal of non-controlling interest with change in control | – | – | (534) | – | – | – | – | 534 | – | 1,958 | 1,958 |
| Repurchase of shares | – | (13) | – | – | – | – | – | – | (13) | – | (13) |
| **Total** | – | (13) | (534) | – | – | – | – | (3,464) | (4,011) | 1,958 | (2,053) |
| **Balance at 31 December 2022** | 123,276 | (2,836) | 22 | (881) | (7,351) | 1,696 | (403) | 37,708 | 151,231 | 487 | 151,718 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements*

# STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2022

| Group | Share capital $'000 (Note 30) | Treasury shares $'000 (Note 31) | Capital reserve $'000 (Note 32) | Premium on acquisition of non-controlling interest $'000 (Note 32) | Investment revaluation reserve $'000 (Note 32) | Property revaluation reserve $'000 (Note 32) | Foreign currency translation reserve $'000 (Note 32) | Retained earnings (accumulated losses) $'000 | Attributable to equity holders of the company $'000 | Non-controlling interests $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021, as previously reported** | 154,455 | (1,908) | 556 | (881) | (17,536) | 1,583 | 66 | (9,000) | 127,335 | (1,457) | 125,878 |
| Prior period adjustments | – | – | – | – | – | – | – | 1,156 | 1,156 | 29 | 1,185 |
| **Balance at 1 January 2021, as restated** | 154,455 | (1,908) | 556 | (881) | (17,536) | 1,583 | 66 | (7,844) | 128,491 | (1,428) | 127,063 |
| ***Total comprehensive income for the year:*** | | | | | | | | | | | |
| Profit for the year | – | – | – | – | – | – | – | 4,085 | 4,085 | 42 | 4,127 |
| Gain on disposal of investment securities transferred to retained earnings | – | – | – | – | (4,746) | – | – | 4,746 | – | – | – |
| Other comprehensive income/(loss) for the year | – | – | – | – | 27,715 | 113 | (112) | – | 27,716 | (52) | 27,664 |
| **Total** | – | – | – | – | 22,969 | 113 | (112) | 8,831 | 31,801 | (10) | 31,791 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | | |
| Capital reduction | (31,179) | – | – | – | – | – | – | 31,179 | – | – | – |
| Repurchase of shares | – | (915) | – | – | – | – | – | – | (915) | – | (915) |
| **Total** | (31,179) | (915) | – | – | – | – | – | 31,179 | (915) | – | (915) |
| **Balance at 31 December 2021** | 123,276 | (2,823) | 556 | (881) | 5,433 | 1,696 | (46) | 32,166 | 159,377 | (1,438) | 157,939 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements*

# STATEMENTS OF
# CHANGES IN EQUITY

For the financial year ended 31 December 2022

| | Share capital $'000 (Note 30) | Treasury shares $'000 (Note 31) | Capital reserve $'000 (Note 32) | Investment revaluation reserve $'000 (Note 32) | Retained earnings $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| Company | | | | | | |
| **Balance at 1 January 2022** | 123,276 | (2,823) | 22 | 5,433 | 9,680 | 135,588 |
| ***Total comprehensive income/(loss) for the year:*** | | | | | | |
| Profit for the year | - | - | - | - | 9,760 | 9,760 |
| Gain on disposal of investment securities transferred to retained earnings | - | - | - | (1,748) | 1,748 | - |
| Other comprehensive loss for the year | - | - | - | (11,036) | - | (11,036) |
| **Total** | - | - | - | (12,784) | 11,508 | (1,276) |
| ***Transactions with owners, recognised directly in equity*** | | | | | | |
| Dividends | - | - | - | - | (3,998) | (3,998) |
| Repurchase of shares | - | (13) | - | - | - | (13) |
| Waiver of debts from related parties | - | - | 11 | - | - | 11 |
| **Total** | - | (13) | 11 | - | (3,998) | (4,000) |
| **Balance at 31 December 2022** | 123,276 | (2,836) | 33 | (7,351) | 17,190 | 130,312 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements*

# STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2022

| | Share capital $'000 (Note 30) | Treasury shares $'000 (Note 31) | Capital reserve $'000 (Note 32) | Investment revaluation reserve $'000 (Note 32) | Retained earnings (accumulated losses) $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| Company | | | | | | |
| **Balance at 1 January 2021** | 154,455 | (1,908) | 22 | (17,536) | (31,179) | 103,854 |
| ***Total comprehensive income for the year:*** | | | | | | |
| Profit for the year | – | – | – | – | 4,934 | 4,934 |
| Gain on disposal of investment securities transferred to retained earnings | – | – | – | (4,746) | 4,746 | – |
| Other comprehensive income for the year | – | – | – | 27,715 | – | 27,715 |
| **Total** | – | – | – | 22,969 | 9,680 | 32,649 |
| ***Transactions with owners, recognised directly in equity*** | | | | | | |
| Capital reduction | (31,179) | – | – | – | 31,179 | – |
| Repurchase of shares | – | (915) | – | – | – | (915) |
| **Total** | (31,179) | (915) | – | – | 31,179 | (915) |
| **Balance at 31 December 2021** | 123,276 | (2,823) | 22 | 5,433 | 9,680 | 135,588 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements*

# CONSOLIDATED STATEMENT
# OF CASH FLOWS

For the financial year ended 31 December 2022

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| **Operating activities** | | |
| Profit before income tax from continuing operations | 9,264 | 4,304 |
| (Loss)/profit before income tax from discontinued operations | (1,959) | 52 |
| | 7,305 | 4,356 |
| Adjustments for: | | |
| Share of profit of an associate | (4) | (5) |
| Depreciation of plant and equipment (Note A) | 742 | 948 |
| Depreciation of right-of-use assets (Note A) | 4,309 | 4,147 |
| Interest expense | 1,409 | 969 |
| Interest income from fixed deposits | (12) | (12) |
| Interest income from lease receivables | (81) | (107) |
| Interest income from investment in debt securities | (5,213) | (891) |
| Interest income from loans to third parties | (1,706) | (2,318) |
| Gain on disposal of plant and equipment | (30) | (37) |
| Gain on disposal of right-of-use assets | (15) | – |
| Gain on lease modification | – | (31) |
| Gain on disposal of debt securities | (501) | (21) |
| Plant and equipment written off | 17 | 36 |
| Loss on change in control of subsidiaries | 1,958 | – |
| Allowance for inventories | 201 | 34 |
| (Reversal of inventories written off)/inventories written off | (1) | 1,833 |
| Loss allowance for trade receivables | 2,705 | 1,341 |
| Trade receivables written off | 4 | – |
| Allowance for impairment on plant and equipment | 16 | 1 |
| Allowance for impairment loss of right-of-use assets | 471 | 231 |
| Reversal of loss allowance on investment in debt securities | (4,492) | (1,420) |
| Fair value gain on unquoted equity investment | (109) | (658) |
| Fair value gain on convertible loan | (881) | (510) |
| Fair value loss on derivative assets | 180 | 234 |
| Fair value gain on investment property | (153) | – |
| Net foreign exchange gain | (116) | (800) |
| **Operating cash flows before movements in working capital** | 6,003 | 7,320 |
| Trade receivables | (657) | (3,305) |
| Other receivables and prepayments | 2,081 | 7,404 |
| Inventories | (4,406) | 9,180 |
| Trade payables | (2,146) | (2,883) |
| Other payables | (308) | 5,121 |
| **Cash generated from operations** | 567 | 22,837 |
| Income tax paid | (280) | (105) |
| Interest received | 93 | 119 |
| Interest received from debt securities | 2,164 | 402 |
| Interest received from loan to third parties | 2,350 | 1,179 |
| Net cash from operating activities | 4,894 | 24,432 |

# CONSOLIDATED STATEMENT **OF CASH FLOWS**

For the financial year ended 31 December 2022

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| **Investing activities** | | |
| Proceeds from disposal of plant and equipment | 181 | 75 |
| Purchase of property, plant and equipment (Note B) | (532) | (1,014) |
| Proceeds from disposal of equity securities | 12,311 | 51,261 |
| Purchase of equity securities | (39,323) | (18,528) |
| Proceeds from disposal of quoted debt securities | 12,034 | 6,053 |
| Investment in unquoted investment securities | (90) | (1,500) |
| Purchase of quoted debt securities | (37,426) | (26,739) |
| Loans to a third party | – | (24,000) |
| Repayment of loan from a third party | 24,000 | – |
| Net cash used in investing activities | (28,845) | (14,392) |
| **Financing activities** | | |
| Purchase of treasury shares | (13) | (915) |
| Interest paid | (1,354) | (969) |
| Repayment of bank borrowings | (40,980) | (34,338) |
| Proceeds from bank borrowings | 62,728 | 43,173 |
| Repayment of lease liabilities | (4,588) | (4,061) |
| Repayment of lease liabilities from financial institutions | (85) | (244) |
| Dividends paid to shareholders | (3,998) | – |
| Net cash from financing activities | 11,710 | 2,646 |
| Net (decrease)/ increase in cash and cash equivalents | (12,241) | 12,686 |
| Cash and cash equivalents at beginning of financial year | 25,009 | 12,324 |
| Effect of foreign exchange rate changes on the balance of cash held in foreign currencies | – | (1) |
| **Cash and cash equivalents at end of financial year (Note 13)** | 12,768 | 25,009 |

**Notes to the consolidated statement of cash flows:**

A. Depreciation expense:

Included in depreciation expense of $5,051,000 (2021: $5,095,000) in the statement of cash flows is $4,852,000 (2021: $4,677,000) which is classified in other operating expenses (Note 7) with the remaining classified in cost of sales (Note 5).

B. Purchase of property, plant and equipment:

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $532,000 (2021: $1,216,000) of which $Nil (2021: $202,000) was acquired under hire purchase loan arrangements with financial institutions (Note 28).

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## 1. CORPORATION INFORMATION

mDR Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited and incorporated in Singapore.

The registered office and principal place of business is at 53 Ubi Crescent, Singapore 408594.

The principal activities of the Company are that of investment holding which includes provision of financing and loans to corporate entities, provision of after-market services for mobile communication devices and consumer electronic products.

The principal activities of the subsidiaries and associate are disclosed in Note 17 and Note 18 to the financial statements respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("SGD" or "$'") and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

As at 31 December 2022, the Group's and the Company's current liabilities exceeded its current assets by $14,928,000 (2021: current assets exceeded its current liabilities by $45,719,000) and $28,560,000 (2021: current assets exceeded its current liabilities by $32,911,000) respectively. In the opinion of the directors, the Group is able to continue as a going concern despite its net current liabilities position as the directors are of the view that the Group will be able to continue to generate net cash inflows from its operating activities for a period of 12 months from the date these financial statements were approved and to enable it to meet its financial obligations as and when they fall due. In addition, the Group has unutilised banking facilities which are available for future use should the need arises.

### 2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and interpretations which are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|---|---|
| SFRS(I)17 *Insurance Contracts* | 1 January 2023 |
| Amendment to SFRS(I)1-8: *Definition of Accounting Estimates* | 1 January 2023 |
| Amendment to SFRS(I)1-12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction* | 1 January 2023 |
| Amendments to SFRS(I)1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* | 1 January 2023 |
| Amendments to SFRS(I)1-1: *Classification of Liabilities as Current or Non-current* | 1 January 2024 |
| Amendments to SFRS(I)16: *Lease Liability in a Sales and Leaseback* | 1 January 2024 |
| Amendments to SFRS(I)1-8: *Non-current Liabilities with Covenants* | 1 January 2024 |
| Amendments to SFRS(I)10 and SFRS(I)1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | To be determined |

The Directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

### 2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 *Basis of consolidation and business combinations (cont'd)*

(a) *Basis of consolidation (cont'd)*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date zat fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations (cont'd)*

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

### 2.5 *Transactions with non-controlling interests*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### 2.6 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation.

All foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of comprehensive income within "other operating expenses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 *Foreign currency (cont'd)*

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold land and properties are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 *Property, plant and equipment (cont'd)*

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

| | | |
|---|---|---|
| Computers and computer system | - | 20% to 33 1/3% |
| Other plant and equipment | - | 10% to 20% |
| Motor vehicles | - | 10% to 20% |
| Furniture, fittings and renovation | - | 10% to 33 1/3% |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leased assets are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 2.8 *Investment properties*

Investment properties are properties that are either owned by the Company or right-of-use assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2 .11 ***Associates***

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 ***Associates (cont'd)***

The Group's share of the profit or loss of its associate is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.12 ***Financial instruments***

(a) ***Financial assets***

*Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement categories for classification of debt instruments applicable to the Group are:

*Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through the amortisation process.

*Fair value through other comprehensive income (FVOCI)*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

*Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

*De-recognition*

A financial asset is de-recognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 ***Financial instruments (cont'd)***

(b) ***Financial liabilities***

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(c) ***Derivatives***

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

*Embedded derivatives*

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivative embedded in hybrid contracts with a financial asset host within the scope of SFRS(I) 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

2.13 ***Financial guarantees***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are more than 1 year past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank, cash on hand, fixed deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 ***Borrowing costs***

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 ***Employee benefits***

(a) *Retirement benefit costs*

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of each reporting period.

2.19 ***Leases***

***As lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the remaining lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 ***Leases (cont'd)***

***As lessee (cont'd)***

Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group has applied the amendment to SFRS(I) 16 *Leases: Covid-19-Related Rent Concessions beyond 30 June 2021*, which is effective on 1 April 2021. The Group applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

***As lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Rental income is accounted for on a straight-line basis over the lease terms.

2.20 ***Inventories***

Inventories consist principally of spare parts, handsets, phone accessories, prepaid cards and raw materials that are stated at lower of cost and net realisable value.

Cost comprises direct materials, and where applicable, net of volume rebates. Cost is caculated using weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 ***Revenue***

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

The Group sells mobile telecommunication equipment, mobile related services, including mobile virtual network operator services and prepaid cards both to the wholesale market and directly to customers through its own retail outlets.

For sale of goods to the wholesale market, revenue is recognised when control of the goods is transferred, being when the goods have been collected by the wholesalers or have been shipped to the wholesaler's specific location (delivery). A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sale of goods to retail customers, revenue is recognised when control of the goods is transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. As the returns of goods from customers during the year are few, the refund liability and the corresponding adjustment to revenue is expected to be immaterial.

Revenue from mobile virtual network operator services is recognised based on the stand-alone selling price of bundled services and/or products. Revenue is recognised over time throughout the contract period as the customers simultaneously receives and consumes the benefit from the Group's performance of providing the services.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effect of variable consideration which is primarily volume rebates. The Group applies the most likely amount method which is used for contracts with a single volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in transaction price and recognised as revenue.

(b) *Incentive income*

The Group actively promotes the goods of suppliers and connects lines for telecommunication companies through its own retail outlets and via franchising arrangement. The Group receives performance incentive from telecommunication companies for promoting its goods and services and from achieving performance targets. Revenue, in the form of incentive income, are recognised at a point when the line connection and when the targets are achieved, in accordance with the terms of agreement with the telecommunication companies. Any amount recognised as an accrued income will be reclassified to trade receivables at the point at which it is invoiced to the telecommunication companies.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 ***Revenue (cont'd)***

(b) *Incentive income (cont'd)*

The Group receives marketing rebates from principals. These rebates are given mainly for promotional events, volume rebates for inventories purchased and rebates for inventories sold. Incentive income is recognised in the period earned.

(c) *Rendering of after-market services*

The Group provides after-market services, including retrofit services and repair management services (in-of-warranty and out-of-warranty) of mobile telecommunication equipment and consumer products. Revenue is recognised when the repair services are completed, representing that the performance obligation is satisfied. Payment of the transaction price is due at the point the customer collects the repaired equipment, for out-of-warranty repairs. A receivable due from the principals is recognised by the Group when the repair services are completed for in-of-warranty repairs.

(d) *Printing and installation service*

The Group provides digital inkjet printing and installation services. Revenue is recognised when the printing works are executed and completed. The performance obligation is satisfied when the printing works have been collected by the customers or have been shipped to the customers' specific location (delivery).

For the installation services, revenue is recognised when the installation works are completed and stage of completion is not determined as the total time expected to install is less than a week. Management considers that the completion of the installations represents that the performance obligation is satisfied.

A receivable is recognised by the Group when the printing works are executed and completed together with installation as management is of the view that time expected to install is relatively short. This represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(e) *Investment income*

Investment income pertains to dividend income and interest income.

Dividend income from investments is recognised at the point in time when the shareholders' rights to receive payment have been established.

Interest income from debt securities and loan to third parties is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(f) *Rental income*

Rental income is recognised on a straight-line basis over the term of the relevant lease.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 ***Government grants***

Government grants are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred income on the balance sheet and is recognised as income in equal amounts over the expected useful life of the related asset.

Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs for which the grants are intended to compensate are expensed. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as 'other income'. Alternatively, they are deducted in reporting the related expenses.

2.23 ***Taxes***

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 ***Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.24 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares net of directly attributable expenses are recognised as share capital in equity.

### 2.25 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

### 2.26 *Contingencies*

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) A present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the balance sheet of the Group.

### 2.27 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATE

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 *Judgements made in applying accounting policies*

*Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

### 3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

*Assessment of expected credit losses on investment in debt securities*

The Group makes allowances for expected credit losses based on an assessment of the recoverability of the debt securities measured at amortised cost and fair value through other comprehensive income.

The impairment provisions for debt securities are based on assumptions about risk of default of the issuer and the exposure on default. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation based on the financials of the issuers, existing market conditions as well as forward looking estimates at the end of each reporting period.

The identification of loss allowance requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying amount of the debt securities and loss allowance in the period in which such estimate has been changed. The justification on the provision of expected credit loss allowance for the debt securities and the carrying amount of debt securities as at 31 December 2022 is disclosed in Note 20 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATE (CONT'D)

3.2 ***Key sources of estimation uncertainty (cont'd)***

*Valuation of unquoted equity instruments, derivative asset and convertible loan*

The Group has investments in unquoted equity instruments, derivative asset, and convertible loan amounting to $1,879,000, $64,000 and $2,891,000 (2021: $1,699,000, $225,000 and $2,010,000) respectively as at 31 December 2022. These financial assets are measured at fair value through profit and loss. The fair values of the instruments are determined using valuation models based on the market-based approach, option pricing model and probability weighted expected return method. The key assumptions used in the valuation models include share price, volatility of the share price, discount rates and probability of the liquidation event. Most of these assumptions could be affected by expected future market and economic conditions and the expected financial performance of the investee company. The carrying amount of unquoted equity instruments, derivative asset and convertible loan as at 31 December 2022 is disclosed in Note 19, 24 and 36 to the financial statements.

## 4. REVENUE AND INTEREST INCOME

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| After-market services income | 17,329 | 16,951 |
| Distribution management solutions income: | | |
| - Sale of goods | 122,604 | 137,028 |
| - Incentive income | 19,507 | 23,871 |
| | 142,111 | 160,899 |
| Investment income: | | |
| - Dividend income | 4,702 | 5,053 |
| - Interest income | 6,919 | 3,209 |
| | 11,621 | 8,262 |
| Digital inkjet printing income | 4,419 | 3,169 |
| | 175,480 | 189,281 |
| *Timing of transfer of goods and services* | | |
| Over time | 384 | 18 |
| At a point in time | 168,177 | 186,054 |
| | 168,561 | 186,072 |
| Revenue | 168,561 | 186,072 |
| Interest income | 6,919 | 3,209 |
| | 175,480 | 189,281 |

## 5. COST OF SALES

Cost of sales represents cost of inventory recognised as an expense, net of rebates designated for cost down purposes.

## 6. OTHER OPERATING INCOME

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Rental support | 1,999 | 1,690 |
| Rental income | 433 | 37 |
| Interest income: | | |
| - bank deposits | 12 | 12 |
| - lease interest income | 81 | 107 |
| Government grants: | | |
| - wage credit | 34 | 27 |
| - work life grant | 25 | – |
| - job support scheme | 2 | 1,172 |
| - job growth incentive | 36 | 5 |
| - rental support scheme | – | 414 |
| - small business recovery grant | 40 | – |
| Fair value gain on investment property | 153 | – |
| Insurance compensation | – | 174 |
| Gain on disposal of plant and equipment | 30 | 37 |
| Gain on disposal of right-of-use assets | 15 | – |
| Sponsorship income | – | 9 |
| Gain on lease modification | – | 31 |
| Foreign currency exchange gain | 377 | 390 |
| Others | 206 | 53 |
| | 3,443 | 4,158 |
| Gain arising from derecognition of financial assets: | | |
| - gain on disposal of investment in debt securities (Note 20) | 501 | 21 |
| | 501 | 21 |
| | 3,944 | 4,179 |

The government grants received mainly comprise the Wage Credit Scheme ("WCS"), the Job Growth Incentive ("JGI"), the Job Support Scheme ("JSS"), the Rental Support Scheme ("RSS") and the Small Business Recovery Grant ("SBRG"), all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

During the year ended 31 December 2022, the Group recognised grants of $2,000 (31 December 2021: $1,172,000), under the JSS. Under this scheme, the government provides wage support to employers, helping businesses retain their local employees (including Singapore citizens and permanent residents) during the economic uncertainty caused by the Corona Virus Disease 2019 ("Covid-19").

## 7. OTHER OPERATING EXPENSES

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Minimum lease payments under operating leases - short term lease | 18 | 142 |
| Plant and equipment written off | 17 | 36 |
| Allowance for impairment on plant and equipment (Note 21) | 16 | 1 |
| Allowance for inventories (Note 16) | 201 | 34 |
| Allowance for impairment of right-of-use assets (Note 22) | 471 | 231 |
| (Reversal of inventories written off)/inventories written off (Note 16) | (1) | 1,833 |
| Depreciation of plant and equipment | 670 | 734 |
| Depreciation of right-of-use assets | 4,182 | 3,943 |
| Fair value gain on unquoted equity investment (Note 19) | (109) | (658) |
| Fair value gain on convertible loan (Note 24) | (881) | (510) |
| Fair value loss on derivative asset (Note 19) | 180 | 234 |
| | 4,764 | 6,020 |
| Reversal of impairment loss on financial assets: | | |
| - Loss allowance for trade receivables, net (Note 14) | 2,705 | 1,341 |
| - Written off for trade receivables (Note 14) | 4 | – |
| - Reversal of loss allowance on investment in debt securities (Note 20) | (4,492) | (1,420) |
| | (1,783) | (79) |
| | 2,981 | 5,941 |

In 2022, the Group received rent concessions from landlords amounted to $33,000 (2021: $159,000) for the leased buildings and premises, which the Group has applied the practical expedient under the Amendment to SFRS(I) 16 *Leases: Covid-19-Related Rent Concessions beyond 30 June 2021*. The rent concessions have been accounted for in profit or loss as negative variable rent.

## 8. FINANCE COSTS

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Interest on bank loans | 1,147 | 589 |
| Interest on lease liabilities | 255 | 366 |
| Interest on lease liabilities from financial institutions | 7 | 14 |
| | 1,409 | 969 |

## 9. PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before tax from continuing operations:

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Audit fees: | | |
| - auditor of the Company | 188 | 166 |
| - other auditors | 15 | 43 |
| Non-audit fees: | | |
| - auditor of the Company | 32 | 36 |
| - other auditors | 59 | 12 |
| Directors' remuneration | 4,861 | 3,268 |
| Directors' fees of the Company | 232 | 160 |
| Employee benefits expense: | | |
| - salaries, bonus and other benefits | 8,987 | 11,405 |
| - defined contribution plans | 836 | 787 |
| Cost of inventories recognised as expense | 144,476 | 162,114 |
| Depreciation of plant and equipment (recognised in cost of sales) | 72 | 214 |
| Depreciation of right-of-use assets (recognised in cost of sales) | 127 | 204 |

## 10. INCOME TAX EXPENSE

The major components of income tax expense for the financial year ended 31 December 2022 and 2021 are:

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Current income tax – continuing operations: | | |
| - Current income taxation | 255 | 93 |
| - Over provision in respect of previous years | (183) | – |
| | 72 | 93 |
| Deferred income tax – continuing operations (Note 29): | | |
| - Origination and reversal of temporary differences | 37 | (6) |
| - (Over)/under provision in respect of previous years | (29) | 142 |
| | 8 | 136 |
| Income tax attributable to continuing operations | 80 | 229 |
| Income tax expense recognised in profit or loss | 80 | 229 |

Domestic income tax is calculated at 17% (2021: 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 10. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 is as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Profit before tax from continuing operations | 9,264 | 4,304 |
| (Loss)/profit before tax from discontinued operation (Note 11) | (1,959) | 52 |
| | 7,305 | 4,356 |
| Income tax expense calculated at 17% (2021:17%) | 1,242 | 741 |
| Non-deductible items | 523 | 132 |
| Non-taxable items | (1,283) | (698) |
| Benefits from previously unrecognised tax losses | (41) | (1) |
| Deferred tax assets not recognised | 528 | 801 |
| Effect of different tax rate of subsidiaries operating in other jurisdictions | 87 | 17 |
| Tax effect of share of results of an associate | (1) | (1) |
| Effect of partial tax exemption and tax relief | (763) | (859) |
| (Over)/under provision in prior years: | | |
| - current tax | (183) | – |
| - deferred tax | (29) | 142 |
| Others | – | (45) |
| Income tax expense recognised in profit or loss | 80 | 229 |

## 11. DISCONTINUED OPERATIONS

Discontinued operations relate to operations in Myanmar inclusive of MDR Myanmar Co., Ltd, Golden Myanmar Sea Co., Ltd, Pixio Myanmar Co., Ltd and MDR Golden Myanmar Sea Co., Ltd., which ceased their business operations in 2017.

During the year, the Group lost control in Golden Myanmar Sea (S) Pte Ltd, Golden Myanmar Sea Co., Ltd and MDR Golden Myanmar Sea Co., Ltd. as there is no director from the Group to control the business operations in these entities. The Group has recognised a loss amounted to $1,958,000 which represents the carrying amount of the non-controlling interests that has been derecognised from the loss of control in these entities.

The results of the discontinued operations are as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Revenue | – | – |
| Cost of sales | – | – |
| Gross profit | – | – |
| Other income | – | – |
| Administrative expenses | – | – |
| Other operating expenses | (1,959) | 52 |
| **(Loss)/profit before income tax** | (1,959) | 52 |
| Income tax expense | – | – |
| **(Loss)/profit for the year from discontinued operations** | (1,959) | 52 |
| **(Loss)/profit attributable to:** | | |
| Owners of the Company | (1,959) | 1 |
| Non-controlling interests | – | 51 |
| | (1,959) | 52 |

Cash flow statement disclosures

During the year, there is no cash flow impact in respect of operating, investing and financing activities (2021: $Nil).

## 11. DISCONTINUED OPERATIONS (CONT'D)

(Loss)/profit per share disclosures

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| (Loss)/profit per share from discontinued operation attributable to owners of the Company (cent per share) | | |
| - Basic | (0.224) | Nil |
| - Diluted | (0.224) | Nil |

The basic and diluted (loss)/profit per share from discontinued operation are calculated by dividing the (loss)/profit from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These (loss)/profit and share data are presented in the tables in Note 12(a).

## 12. EARNINGS PER SHARE

(a) *Continuing operations*

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary owners of the Company is based on the following data:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Profit for the year attributable to the owners of the Company | 7,258 | 4,085 |
| Add back/less: | | |
| Loss/(profit) for the year from discontinued operations | 1,959 | (1) |
| Earnings for the purposes of basic and diluted earnings per share from continuing operations | 9,217 | 4,084 |
| | Number of shares | Number of shares |
| Weighted average number of ordinary shares for basic and diluted earnings per share computation* | 875,684,331 | 881,673,776 |

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

## 12. EARNINGS PER SHARE (CONT'D)

**(b)** ***Continuing and discontinued operations***

The basic and diluted earnings per share are calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit/(loss) and share data are presented in the tables in Note 12(a) above.

## 13. CASH AND BANK BALANCES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Cash and bank balances | 12,768 | 25,009 | 1,872 | 3,891 |
| Shown as: | | | | |
| Cash and bank balances | 12,342 | 24,556 | 1,872 | 3,891 |
| Fixed deposits | 426 | 453 | – | – |
| Cash and cash equivalents in the consolidated statement of cash flows | 12,768 | 25,009 | 1,872 | 3,891 |

The fixed deposits carried interests between 2.20% (2021: 1.50%) per annum. Upon maturity, the fixed deposits are automatically renewed.

## 14. TRADE RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Third parties | 8,338 | 6,794 | 1,342 | 1,235 |
| Accrued income | 4,501 | 4,806 | 226 | 73 |
| Accrued interest receivables from debt securities | 4,712 | 2,304 | 4,712 | 2,304 |
| Loan receivables from third parties | 2,947 | 28,011 | 2,947 | 28,011 |
| Others | – | 533 | – | – |
| Related parties (Note 33) | 156 | 166 | – | – |
| | 20,654 | 42,614 | 9,227 | 31,623 |
| Less: loss allowance for trade receivables | (4,631) | (2,318) | (3,912) | (1,623) |
| | 16,023 | 40,296 | 5,315 | 30,000 |

The average credit period on sales is 30 days (2021: 30 days).

The loan receivables from third parties include:

(i) Loan receivables amounted to $2,947,000 (2021: $2,579,000) that bore interest at 1.25% per month (2021: 1.25% per month). The loan is secured with the shares of the corporate borrower, a mortgage on a property owned by the shareholders of the borrower and personal guarantees from the shareholders of the borrower.

(ii) Loan receivables amounted to $Nil (2021: $25,432,000) that bore interest at 3.50% per month. The loan was provided in 2021 and it was secured by an all-monies mortgage over a property. In addition to the mortgaged property, other securities in relation to the loan are personal guarantee and indemnity by the directors and shareholders of the corporate borrower, pledge of shares of the borrower by the shareholders of the borrower under a share pledge agreement and the Company having a right to purchase the mortgaged property under a sale and purchase agreement upon the occurrence of an event of default under the loan agreement. The loan receivables have been repaid during the year.

## 14. TRADE RECEIVABLES (CONT'D)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables as set out in SFRS(I) 9:

| | Lifetime ECL - not credit-impaired | | | |
|---|---|---|---|---|
| | Collectively assessed $'000 | Individually assessed $'000 | Lifetime ECL - credit-impaired $'000 | Total $'000 |
| **Group** | | | | |
| Balance as at 1 January 2021 | – | 353 | 620 | 973 |
| Amounts recovered | – | (93) | – | (93) |
| Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement | – | 146 | 1,288 | 1,434 |
| Foreign exchange (gain)/loss | – | (5) | 9 | 4 |
| Balance as at 31 December 2021 | – | 401 | 1,917 | 2,318 |
| Amounts recovered | | (65) | (1) | (66) |
| Amounts written off | – | (2) | (2) | (4) |
| Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement | – | 97 | 2,674 | 2,771 |
| Foreign exchange gain | – | (18) | (370) | (388) |
| Balance as at 31 December 2022 | – | 413 | 4,218 | 4,631 |

| | Lifetime ECL - not credit-impaired | | | |
|---|---|---|---|---|
| | Collectively assessed $'000 | Individually assessed $'000 | Lifetime ECL - credit-impaired $'000 | Total $'000 |
| **Company** | | | | |
| Balance as at 1 January 2021 | – | – | 541 | 541 |
| Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement | – | – | 1,073 | 1,073 |
| Foreign exchange loss | – | – | 9 | 9 |
| Balance as at 31 December 2021 | – | – | 1,623 | 1,623 |
| Amounts recovered | – | – | (1) | (1) |
| Amounts written off | – | – | (2) | (2) |
| Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement | – | – | 2,654 | 2,654 |
| Foreign exchange gain | – | – | (362) | (362) |
| Balance as at 31 December 2022 | – | – | 3,912 | 3,912 |

## 14. TRADE RECEIVABLES (CONT'D)

The table below is an analysis of trade receivables:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Not past due and not impaired | 9,006 | 8,393 | 1,594 | 76 |
| Past due but not impaired [(i)] | 7,017 | 31,903 | 3,721 | 29,924 |
| | 16,023 | 40,296 | 5,315 | 30,000 |
| Impaired receivables - | | | | |
| Individually assessed | 4,631 | 2,318 | 3,912 | 1,623 |
| Less: loss allowance for trade receivables | (4,631) | (2,318) | (3,912) | (1,623) |
| Total trade receivables, net | 16,023 | 40,296 | 5,315 | 30,000 |

(i) Aging of receivables that are past due but not impaired:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| 1 to 30 days | 1,919 | 977 | 34 | 42 |
| 31 to 60 days | 325 | 401 | 33 | 31 |
| More than 60 days | 4,773 | 30,525 | 3,654 | 29,851 |
| | 7,017 | 31,903 | 3,721 | 29,924 |

## 15. OTHER RECEIVABLES AND PREPAYMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Deposits | 1,236 | 1,432 | 163 | 163 |
| Prepayments | 235 | 315 | 71 | 103 |
| Third parties | 2,009 | 3,801 | 33 | 50 |
| | 3,480 | 5,548 | 267 | 316 |
| Subsidiaries | – | – | 15,544 | 19,671 |
| | 3,480 | 5,548 | 15,811 | 19,987 |
| Less: loss allowance for other receivables | | | | |
| - subsidiaries | – | – | (3,165) | (3,145) |
| - others | (226) | (226) | – | – |
| | (226) | (226) | (3,165) | (3,145) |
| | 3,254 | 5,322 | 12,646 | 16,842 |
| Analysed as: | | | | |
| Current | 2,387 | 3,294 | 12,596 | 16,794 |
| Non-current | 867 | 2,028 | 50 | 48 |
| | 3,254 | 5,322 | 12,646 | 16,842 |

Other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group or are secured with collateral or other credit enhancements.

Included in the amount due from subsidiaries are net advances of $9,836,000 (2021: $12,770,000) that are unsecured, bear interest at 3.3% (2021: 3.0%) per annum and repayable on demand.

The remaining amount due from subsidiaries is unsecured, interest-free and repayable on demand. During the year, management has determined the allowance of $6,000 (2021: $144,000) was required for a subsidiary due to a significant increase in credit risk.

Included in the non-current other receivables are security deposits due from landlords for the rental of outlets amounted to $682,000 (2021: $1,017,000), for which the lease term expires between 1 to 3 years. The remaining non-current other receivables pertain to receivables for rental support of the retail outlets.

## 15. OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

The table below shows the movement in loss allowance that has been recognised for other receivables set out in SFRS(I) 9:

| Group | 12-month ECL | Lifetime ECL - credit-impaired | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| Balance as at 31 December 2021 and 31 December 2022 | – | 226 | 226 |

| Company | 12-month ECL | Lifetime ECL - credit-impaired | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| Balance as at 1 January 2021 | – | 3,001 | 3,001 |
| Increase resulting from new financial assets and derecognised financial assets | – | 144 | 144 |
| Balance as at 31 December 2021 | – | 3,145 | 3,145 |
| Increase resulting from new financial assets and derecognised financial assets | – | 6 | 6 |
| Foreign exchange loss | – | 14 | 14 |
| Balance as at 31 December 2022 | – | 3,165 | 3,165 |

## 16. INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Spare parts, handsets, phone accessories and prepaid cards | 17,507 | 13,381 | 748 | 770 |
| Raw materials | 635 | 555 | – | – |
| | 18,142 | 13,936 | 748 | 770 |

During the year, inventories amounted to $1,000 was written back (2021: inventories written off $1,833,000). The written back amount during the year and written off amount in 2021 include handsets and phone accessories that were misappropriated during year 2021. Details of the misappropriation are disclosed in Note 42.

An allowance for inventory obsolescence of $201,000 (2021: $34,000) was made during the year.

Inventories written off and inventory obsolescence are presented in the consolidated financial statement within "other operating expenses".

## 17. INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Unquoted equity shares, at cost | 30,186 | 30,186 |
| Impairment loss | (26,858) | (26,858) |
| | 3,328 | 3,328 |
| Non-trade advances to subsidiaries | 7,224 | 8,449 |
| Impairment loss | (7,224) | (8,449) |
| | – | – |
| | 3,328 | 3,328 |

Movement in impairment loss:

| | Company | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| At beginning of year | 35,307 | 35,886 |
| Reversal during the year | – | (579) |
| Written off during the year | (1,225) | – |
| | 34,082 | 35,307 |

The principal activities of the subsidiaries are the provision of after-market services for mobile equipment and consumer electronic products; distributor and retailer of mobile telecommunication equipment and mobile related services, including prepaid cards; the provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions, and investment holding.

The Company had carried out a review of the recoverable amounts of its investment in subsidiaries where there are indicators of impairment. There was no impairment loss recognised during the year. In 2021, the review led to a reversal of impairment loss amounted to $579,000 in wholly-owned subsidiary, Pixio Sdn Bhd.

The recoverable amounts of the subsidiaries were determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the relevant markets in which the subsidiaries operate.

The key assumptions for the value in use calculations are those regarding the discount rates and long-term growth rate. The pre-tax discount rates used in the cash flow projections range from 14.0% to 17.5% (2021: 11.5% to 15.8%), and long-term rates used is 1.94% (2021: 1.79% to 2.08%) respectively.

## 17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Sensitivity to changes in assumptions

With regards to the assessment of recoverable amounts for the investment in subsidiaries, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Details of the subsidiaries are as follows:

| Subsidiaries | Country of incorporation and operations | Principal activity | Effective equity interest 2022 % | Effective equity interest 2021 % |
|---|---|---|---|---|
| **Held directly by the Company** | | | | |
| Distribution Management Solutions Pte. Ltd. (1),(4) | Singapore | Investment holding | 97.53 | 97.53 |
| VT Cosmetics Pte Ltd (f.k.a Shenzhen Quanli Leather (S) Pte Ltd) (1) | Singapore | Dormant | 100 | 100 |
| MDR Asset Holdings Pte Ltd (2) | Singapore | Dormant | 100 | 100 |
| Pixio Sdn. Bhd. (3) | Malaysia | Provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions | 100 | 100 |
| MDR Myanmar Co., Ltd. (2)(4)(5)(6) | Myanmar | Dormant | 51 | 51 |
| Golden Myanmar Sea Company Ltd. (2)(5) | Myanmar | Dormant | – | – |
| Golden Myanmar Sea (S) Pte Ltd. (2)(5)(7) | Singapore | Dormant | – | – |
| MDR Golden Myanmar Sea Company Ltd. (2)(4)(5) | Myanmar | Dormant | – | – |
| Pixio Myanmar Co., Ltd. (2)(6) | Myanmar | Dormant | 100 | 100 |
| **Subsidiaries of Distribution Management Solutions Pte Ltd** | | | | |
| SDS Pte. Ltd. (1) | Singapore | Sale of mobile telecommunication equipment and mobile related services, and prepaid cards | 97.53 | 97.53 |
| A-Mobile Pte. Ltd. (1) | Singapore | Sale of mobile telecommunication equipment and mobile related services, and prepaid cards | 97.53 | 97.53 |
| 3 Mobile Telecom Pte. Ltd. (1) | Singapore | Sale of mobile telecommunication equipment and mobile related services, and prepaid cards | 97.53 | 97.53 |
| HandphoneShop Pte. Ltd. (1) | Singapore | Sale of mobile telecommunication equipment and mobile related services, and prepaid cards | 97.53 | 97.53 |
| Grabphone Pte. Ltd. (f.k.a NBRC Pte. Ltd.) (2) | Singapore | Dormant | 97.53 | 97.53 |

# 17. INVESTMENT IN SUBSIDIARIES (CONT'D)

(1) Audited by Ernst & Young LLP, Singapore.

(2) Management accounts have been used for consolidation purposes as management is of the view that these entities are not significant to the Group.

(3) Audited by KGNP.

(4) The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of these non-wholly owned subsidiaries are individually insignificant to the Group.

(5) In 2013, the Company set up a joint-venture company MDR Myanmar Co., Ltd. ("MDR Myanmar") with three other partners to provide after-market services and consultancy services to a related company, Golden Myanmar Sea Company Ltd ("GMS Myanmar"), in Myanmar. GMS Myanmar and Golden Myanmar Sea (S) Pte Ltd. ("GMS Singapore") are owned by two Myanmese shareholders, one of whom is a Director of MDR Myanmar. GMS Myanmar was involved in the retail and distribution of mobile communication equipment in Myanmar, while GMS Singapore functioned as a buying house for GMS Myanmar.

In April 2014, MDR Golden Myanmar Sea Company Ltd ("MDR Golden") was set up to distribute prepaid cards in Mandalay, Myanmar.

MDR Myanmar, GMS Myanmar and MDR Golden have ceased operations in 2017. As a result, these entities are presented as discontinued operations.

Although the Company does not own any of the equity shares of GMS Myanmar, GMS Singapore and MDR Golden, and consequently does not control any of the voting power of those shares, the Directors concluded that it has acquired control over these three entities via MDR Myanmar on the basis that the Group has the power to direct the relevant activities of these entities by appointment of key management personnel of each of the entities, has rights to variable returns from its involvement with these entities through the loan extended to GMS Singapore and the rights to receipt of management fees from each of these entities, and has the ability to affect those returns through its power over the entities. Accordingly, the financial position and results of GMS Myanmar, GMS Singapore and MDR Golden are included in the consolidated financial statements.

During the year, the Group has lost control in GMS Singapore, GMS Myanmar and MDR Golden as there is no director from the Group to control the business operations in these entities. Accordingly, the entities were deconsolidated on 30 June 2022.

(6) The Group does not intend to continue the Myanmar operations and has since ceased its operations. Management is currently obtaining the necessary approvals from Myanmar's authorities to proceed with their plan to liquidate these entities. Consequently, the Myanmar operations, held via the subsidiaries in Myanmar have been classified as discontinued operations since 31 December 2017.

(7) GMS Singapore has been struck off from the Registrar of Companies in June 2022.

<u>Details of non-wholly owned subsidiaries that have material non-controlling interests</u>

Prior to the Group's loss of control in Golden Myanmar Sea (S) Pte Ltd, Golden Myanmar Sea Co., Ltd and MDR Golden Myanmar Sea Co., Ltd., the Group has material non-controlling interests in Golden Myanmar Sea (S) Pte Ltd and Golden Myanmar Sea Company Ltd. The carrying amount of the non-controlling interests amounted to $1,958,000 was derecognised upon the Group's loss of control in these entities. The amount derecognised, representing the Group's loss of control is presented in the consolidated financial statement within "(Loss)/profit for the year from discontinued operations."

## 17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of non-wholly owned subsidiaries that have material non-controlling interests (cont'd)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests in 2021:

| Name of Subsidiaries | Principal place of business | Proportion of ownership interest held by non-controlling interest | Profit allocated to NCI during the reporting period $'000 | Accumulated NCI at the end of reporting period $'000 |
|---|---|---|---|---|
| **31 December 2021:** | | | | |
| Golden Myanmar Sea Company Ltd | Myanmar | 100% | – | (314) |
| Golden Myanmar Sea (S) Pte Ltd | Singapore | 100% | – | (1,271) |

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of the subsidiary with material non-controlling interests.

Summarised financial information for the financial year ended 2021 in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

***Summarised balance sheet***

| | Discontinued operations | |
|---|---|---|
| | Golden Myanmar Sea Company Ltd $'000 | Golden Myanmar Sea (S) Pte Ltd $'000 |
| **Current** | | |
| Assets | – | 6 |
| Liabilities | (314) | (1,277) |
| Net current liabilities | (314) | (1,271) |
| **Non-current** | | |
| Assets | – | – |
| Liabilities | – | – |
| Non-current assets | – | – |
| Net liabilities | (314) | (1,271) |

## 17. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of non-wholly owned subsidiaries that have material non-controlling interests (cont'd)

***Summarised statement of comprehensive income***

| | Discontinued operations | |
|---|---|---|
| | Golden Myanmar Sea Company Ltd | Golden Myanmar Sea (S) Pte Ltd |
| | $'000 | $'000 |
| Revenue | – | – |
| Income | – | – |
| Profit for the year | – | – |
| Other comprehensive loss | – | – |
| Total comprehensive income for the year | – | – |

***Summarised cash flows***

| | Discontinued operations | |
|---|---|---|
| | Golden Myanmar Sea Company Ltd | Golden Myanmar Sea (S) Pte Ltd |
| | $'000 | $'000 |
| Net cash outflow | – | – |

## 18. INVESTMENT IN AN ASSOCIATE

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Unquoted equity shares, at cost | 15 | 15 |
| Share of post-acquisition profit | 20 | 16 |
| Exchange differences | (3) | (1) |
| | 32 | 30 |

## 18. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate are as follows:

| Associate | Country of incorporation and operations | Principal activity | Proportion of ownership interest 2022 % | 2021 % |
|---|---|---|---|---|
| Pixio United Sdn. Bhd. (formerly known as United Pixio Sdn Bhd) (1) | Malaysia | Media ownership and provision of large format digital inkjet printing | 50 | 50 |

(1) Audited by Crowe Malaysia PLT.

On 14 November 2014, Pixio Sdn Bhd ("Pixio") and UBP Printing Sdn Bhd ("UBP") signed a Joint Venture Agreement to incorporate a joint venture company ("JVC"), Pixio United Sdn. Bhd. (formerly known as United Pixio Sdn Bhd), under the laws of Malaysia as a private company limited by shares with each shareholder holding 50% interest. The JVC is in the business of media ownership and large format digital inkjet printing, and operates in Sabah, Sarawak and Kalimantan. The JVC was incorporated on 15 January 2015.

The Group owns 50% equity shares of the JVC. However, based on the contractual agreements between the Group and UBP, there is a call option giving UBP potential voting rights in excess of their existing 50% equity interest. Accordingly, the Directors have concluded that the Group does not have control or joint control over the JVC but has significant influence over the JVC by virtue of its right to appoint three out of six Directors to the board of the JVC; participation in the decisions about dividend distributions and provision of essential technical information.

On 29 July 2021, Pixio United Sdn. Bhd. changed its name from United Pixio Sdn Bhd to Pixio United Sdn. Bhd..

## 18. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information of Pixio United Sdn. Bhd. (formerly known as United Pixio Sdn Bhd), based on its SFRS(I) financial statements including consolidation adjustments, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| ***Summarised balance sheet*** | | |
| Non-current assets | 16 | – |
| Current assets | 48 | 64 |
| Total assets | 64 | 64 |
| Non-current liabilities | – | – |
| Current liabilities | (1) | (4) |
| Total liabilities | (1) | (4) |
| Net assets | 63 | 60 |
| Proportion of the Group's ownership | 50% | 50% |
| Group's share of net assets, representing carrying amount of investment | 32 | 30 |
| ***Summarised statement of comprehensive income*** | | |
| Revenue | 29 | 45 |
| Profit after tax | 7 | 11 |
| Other comprehensive income | – | – |
| Total comprehensive income | 7 | 11 |

## 19. INVESTMENT IN EQUITY SECURITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Quoted equity instruments, at fair value through other comprehensive income | 99,153 | 77,152 | 99,153 | 77,152 |
| Unquoted equity instruments, at fair value through profit and loss | 1,879 | 1,699 | 1,879 | 1,699 |
| | 101,032 | 78,851 | 101,032 | 78,851 |

Investment in quoted equity instruments is held for medium to long-term strategic purposes. Accordingly, the Directors of the Company have elected to designate these investments in quoted equity instruments as at fair value through other comprehensive income as they believe that recognising short-term fluctuations in these investments' fair values in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The fair values of these securities are based on the quoted bid prices in an active market on the last market day of the financial year. Accordingly, these securities are classified under Level 1 of the fair value hierarchy. A net fair value increase of $5,011,000 (2021: $21,690,000) was recorded for the year.

During the year, the Company disposed $12,311,000 (2021: $51,262,000) equity instruments primarily for portfolio rebalancing and risk management which amongst others, to reduce leverage and diversify portfolio. The gain on disposal transferred to retained earnings amounted to $1,748,000 (2021: $4,746,000). The Company received dividend income amounted to $2,248,000 (2021: $461,000) from the disposed equity instruments during the year.

In April 2021, the Company subscribed for an unquoted equity security and entered into a put option arrangement giving the Company the option and right to require the contracting party to purchase the unquoted equity security for a portion of the said shareholdings, to be exercised any time until 31 March 2022. The put option arrangement has been extended in September 2022 until initial public offering (IPO) approval of the shares of the unquoted equity security.

In October 2022, the Company subscribed for additional shares amounting to $90,000 pursuant to a rights issue and was granted a put option to require the contracting party to purchase the unquoted equity at the same value, to be exercised any time until IPO approval.

As at 31 December 2022, the unquoted equity investment and put options were valued at $1,879,000 and $64,000 (2021: $1,699,000 and $225,000) respectively, resulting in a fair value gain on unquoted equity of $109,000 (2021: $658,000) and a fair value loss on the derivatives of $180,000 (2021: $234,000). The fair value gain and loss are presented in the consolidated financial statement within "other operating expenses". Details of the valuation technique and inputs used are disclosed in Note 36.

## 20. INVESTMENT IN DEBT SECURITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Quoted debt securities, at amortised cost | 16,610 | 26,600 | 16,610 | 26,600 |
| Quoted debt securities, at fair value through other comprehensive income | 59,542 | 23,572 | 59,542 | 23,572 |
| Less: loss allowance on investment in debt securities | (10,456) | (8,471) | (10,456) | (8,471) |
| | 65,696 | 41,701 | 65,696 | 41,701 |
| Analysed as: | | | | |
| Current | 13,027 | 21,334 | 13,027 | 21,334 |
| Non-current | 52,669 | 20,367 | 52,669 | 20,367 |
| | 65,696 | 41,701 | 65,696 | 41,701 |

The Group measures its quoted debt securities at amortised cost and fair value through other comprehensive income.

The average effective interest rate of the quoted debt securities is 4.75% (2021: 4.75%) per annum.

For quoted debts securities at fair value through other comprehensive income, the fair values of these securities are based on the quoted bid prices in an active market on the last market day of the financial year. Accordingly, these securities are classified under Level 1 of the fair value hierarchy.

As at 31 December 2022, the quoted debt securities have nominal values amounting to $419.7 million (2021: $87.9 million), with coupon rates ranging from 3.13% to 11.50% (2021: 4.75% to 11.50%) per annum and mature from 2023 to 2031 and are inclusive of 6 perpetual bonds.

The following table shows the movement in expected credit loss that has been recognised for the respective financial assets.

| Group and Company | Total<br>$'000 |
|---|---|
| Balance as at 1 January 2021 | 19,017 |
| Net decrease in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement | (10,546) |
| Balance as at 31 December 2021 | 8,471 |
| Net increase in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement | 2,128 |
| Foreign exchange movement | (143) |
| Balance as at 31 December 2022 | 10,456 |

## 20. INVESTMENT IN DEBT SECURITIES (CONT'D)

As at 31 December 2021, management had assessed that there was a significant increase in credit risk for a particular debt security, Tsinghua which has been carried at amortised cost and management had determined that an allowance of $8,471,000 was required.

Management has considered the last broker quoted price of the bond as at 31 December 2022 as a good proxy of the recoverable amount and provided an additional allowance of $2,128,000 after taking into consideration the financial position of the issuer, the interest rate and estimated credit loss between the face value and broker quoted price for the bond to determine the recoverable amount of the bond.

For investment in debt securities designated as fair value through other comprehensive income, management had recognised loss allowance of $2,506,000 (2021: allowance of $9,126,000) on debt securities that have been assessed with a significant increase in credit risk. The Group has also reversed previous year's loss allowance amounted to $9,126,000. The loss allowance is estimated based on the difference between expected recovery and carrying value of the bonds.

The net reversal loss allowance on debt securities of $4,492,000 (2021: $1,420,000) is presented in the consolidated financial statement within "other operating expenses".

During the year, the Company has redeemed $11,533,000 (2021: $6,032,000) of debt securities for a consideration of $12,034,000 (2021: $6,053,000). The Company recognised a gain on the redemption of debt securities amounted to $501,000, presented in the consolidated financial statement within "other operating income".

## 21. PROPERTY, PLANT AND EQUIPMENT

| | Computers and computer system $'000 | Other plant and equipment $'000 | Motor vehicles $'000 | Furniture, fittings and renovation $'000 | Assets under construction $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| <u>Group</u> | | | | | | |
| **Cost:** | | | | | | |
| At 1 January 2021 | 2,739 | 4,707 | 1,225 | 1,941 | – | 10,612 |
| Additions | 512 | 25 | 646 | 33 | – | 1,216 |
| Exchange differences | (2) | (37) | (2) | 2 | – | (39) |
| Disposals/write-off | (79) | (476) | (214) | (127) | – | (896) |
| At 31 December 2021 | 3,170 | 4,219 | 1,655 | 1,849 | – | 10,893 |
| Additions | 261 | 110 | 1 | 85 | 75 | 532 |
| Exchange differences | (11) | (209) | (7) | (7) | – | (234) |
| Disposals/write-off | (692) | (81) | (3) | (302) | – | (1,078) |
| Reclassification | 75 | 2 | – | (2) | (75) | – |
| At 31 December 2022 | 2,803 | 4,041 | 1,646 | 1,623 | – | 10,113 |
| **Accumulated depreciation:** | | | | | | |
| At 1 January 2021 | 1,905 | 4,122 | 945 | 1,599 | – | 8,571 |
| Depreciation | 367 | 289 | 116 | 176 | – | 948 |
| Exchange differences | (2) | (46) | (1) | 1 | – | (48) |
| Disposals/write-off | (42) | (443) | (211) | (91) | – | (787) |
| At 31 December 2021 | 2,228 | 3,922 | 849 | 1,685 | – | 8,684 |
| Depreciation | 356 | 139 | 128 | 119 | – | 742 |
| Exchange differences | (10) | (222) | (7) | (4) | – | (243) |
| Disposals/write-off | (581) | (68) | (3) | (266) | – | (918) |
| Reclassification | – | 14 | – | (14) | – | – |
| At 31 December 2022 | 1,993 | 3,785 | 967 | 1,520 | – | 8,265 |
| **Impairment:** | | | | | | |
| At 1 January 2021 | – | – | – | 146 | – | 146 |
| Exchange differences | – | – | – | (1) | – | (1) |
| Additions | – | – | – | 1 | – | 1 |
| Write off | – | – | – | (35) | – | (35) |
| At 31 December 2021 | – | – | – | 111 | – | 111 |
| Exchange differences | – | – | – | – | – | – |
| Additions | – | – | – | 16 | – | 16 |
| Write off | – | – | – | (30) | – | (30) |
| At 31 December 2022 | – | – | – | 97 | – | 97 |
| Carrying amount: | | | | | | |
| At 31 December 2022 | 810 | 256 | 679 | 6 | – | 1,751 |
| At 31 December 2021 | 942 | 297 | 806 | 53 | – | 2,098 |

Certain of the Group's plant and equipment with carrying amount of $32,000 (2021: $64,000) and motor vehicles with carrying amount of $442,000 (2021: $576,000) are under hire purchase loan arrangements with financial institutions (Note 28).

## 21. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Computers and computer system $'000 | Other plant and equipment $'000 | Motor vehicles $'000 | Furniture, fittings and renovation $'000 | Total $'000 |
|---|---|---|---|---|---|
| <u>Company</u> | | | | | |
| **Cost:** | | | | | |
| At 1 January 2021 | 1,560 | 131 | 756 | 210 | 2,657 |
| Additions | 5 | – | 525 | – | 530 |
| Disposals/write-off | – | (2) | (213) | – | (215) |
| At 31 December 2021 | 1,565 | 129 | 1,068 | 210 | 2,972 |
| Additions | 28 | 2 | – | – | 30 |
| Disposals/write-off | (149) | (18) | – | (103) | (270) |
| At 31 December 2022 | 1,444 | 113 | 1,068 | 107 | 2,732 |
| **Accumulated depreciation:** | | | | | |
| At 1 January 2021 | 966 | 73 | 671 | 142 | 1,852 |
| Depreciation | 197 | 18 | 78 | 37 | 330 |
| Disposals/ Write-off | – | (2) | (211) | – | (213) |
| At 31 December 2021 | 1,163 | 89 | 538 | 179 | 1,969 |
| Depreciation | 174 | 18 | 88 | 17 | 297 |
| Disposals/write-off | (149) | (16) | – | (100) | (265) |
| At 31 December 2022 | 1,188 | 91 | 626 | 96 | 2,001 |
| Carrying amount: | | | | | |
| At 31 December 2022 | 256 | 22 | 442 | 11 | 731 |
| At 31 December 2021 | 402 | 40 | 530 | 31 | 1,003 |

The Company's other plant and equipment with carrying amount of $10,000 (2021: $20,000) and motor vehicles with carrying amount of $441,000 (2021: $530,000) are under hire purchase loan arrangements with financial institutions (Note 28).

During the financial year, the Group undertook an assessment on the recoverable amounts of certain underperforming stores. As a result of the assessment, the Group recorded impairment charges of $16,000 and $471,000 (2021: $1,000 and $231,000) in respect of plant and equipment and right of use assets of its underperforming stores.

The impairment loss was recognised as the estimated recoverable amount using value in use calculation. The pre-tax discount rates used in the cash flow projections range from 11.6% to 12.5% (2021: 8.7% to 15.02%), and the long-term growth rate used is 2.59% (2021: 2.08%).

The impairment charge is presented in the consolidated financial statement within "other operating expenses".

## 22. RIGHT-OF-USE-ASSETS

The Group leases several leasehold land and building, leasehold premises and plant and equipment. The lease term for leasehold land and building is 47 years (2021: 48 years) while the average lease term for leasehold premises and plant and equipment is 2 to 3 years (2021: 2 to 3 years).

| | Leasehold land and building $'000 | Leasehold premises $'000 | Plant and equipment $'000 | Total $'000 |
|---|---|---|---|---|
| Group | | | | |
| **Cost:** | | | | |
| At 1 January 2021 | 8,206 | 9,190 | 119 | 17,515 |
| Exchange differences | (107) | 6 | (2) | (103) |
| Additions | – | 6,721 | – | 6,721 |
| Disposals/write-off | – | (1,897) | – | (1,897) |
| Reclassification (Note 23) | (8,099) | – | – | (8,099) |
| At 31 December 2021 | – | 14,020 | 117 | 14,137 |
| Exchange differences | – | (15) | (7) | (22) |
| Additions | – | 2,749 | – | 2,749 |
| Disposals/write-off | – | (2,349) | – | (2,349) |
| At 31 December 2022 | – | 14,405 | 110 | 14,515 |
| **Accumulated depreciation:** | | | | |
| At 1 January 2021 | – | 4,667 | 48 | 4,715 |
| Exchange differences | (4) | 7 | (1) | 2 |
| Depreciation | 153 | 3,971 | 23 | 4,147 |
| Disposals/write-off | – | (1,780) | – | (1,780) |
| Elimination on revaluation | (149) | – | – | (149) |
| At 31 December 2021 | – | 6,865 | 70 | 6,935 |
| Exchange differences | – | (5) | (5) | (10) |
| Depreciation | – | 4,286 | 23 | 4,309 |
| Disposals/write-off | – | (2,113) | – | (2,113) |
| At 31 December 2022 | – | 9,033 | 88 | 9,121 |

## 22. RIGHT-OF-USE-ASSETS (CONT'D)

| | Leasehold land and building $'000 | Leasehold premises $'000 | Plant and equipment $'000 | Total $'000 |
|---|---|---|---|---|
| Group | | | | |
| **Impairment:** | | | | |
| At 1 January 2021 | – | 533 | – | 533 |
| Exchange differences | – | 1 | – | 1 |
| Additions | – | 231 | – | 231 |
| Write-off | – | (117) | – | (117) |
| At 31 December 2021 | – | 648 | – | 648 |
| Additions | – | 471 | – | 471 |
| Write-off | – | (213) | – | (213) |
| At 31 December 2022 | – | 906 | – | 906 |
| **Carrying amount:** | | | | |
| At December 31, 2022 | – | 4,466 | 22 | 4,488 |
| At December 31, 2021 | – | 6,507 | 47 | 6,554 |

Details of impairment assessment is disclosed under Note 21.

The leasehold land and building pertain to property at Jalan 51A/223, Petailing Jaya, Selangor Darul Ehsan. The property was transferred from owner-occupied property to investment property as at 31 December 2021 as there was a change of use. Details of the investment property are disclosed in Note 23. Prior to the transfer to investment property, the revaluation gain amounted to $149,000 was recognised in the property revaluation reserve during 2021. Details of the property revaluation reserve movement are disclosed in Note 32.

## 22. RIGHT-OF-USE-ASSETS (CONT'D)

The Company leases several leasehold premises. The average lease term is 3 years (2021: 3 years).

| | Leasehold premises $'000 |
|---|---|
| **Company** | |
| **Cost:** | |
| At 1 January 2021 | 2,930 |
| Additions | 91 |
| At 31 December 2021 | 3,021 |
| Additions | 198 |
| Disposals/write-off | (61) |
| At 31 December 2022 | 3,158 |
| **Accumulated depreciation:** | |
| At 1 January 2021 | 1,299 |
| Depreciation | 711 |
| At 31 December 2021 | 2,010 |
| Depreciation | 706 |
| Disposals/write-off | (59) |
| At 31 December 2022 | 2,657 |
| **Carrying amount:** | |
| At 31 December 2022 | 501 |
| At 31 December 2021 | 1,011 |

## 23. INVESTMENT PROPERTY

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| **Leasehold land and building** | | |
| At January 1 | 8,099 | – |
| Exchange difference | (489) | – |
| Fair value gain recognised in profit or loss | 153 | – |
| Reclassification from right-of-use assets due to change in use (Note 22) | – | 8,099 |
| At December 31 | 7,763 | 8,099 |

There is a change in use of leasehold land and building from owner-occupied to investment property with effect from 1 December 2021. Accordingly, the leasehold land and building is transferred from right-of-use assets to investment property carried at fair value.

## 23. INVESTMENT PROPERTY (CONT'D)

Details of the leasehold land and building as at 31 December 2022 and 2021 are as follows:

| Description and location | Tenure | Unexpired lease term | Existing use | Professional valuer | Valuation techniques |
|---|---|---|---|---|---|
| Held by subsidiary, Pixio Sdn. Bhd. | | | | | |
| No. 32, Jalan 51A/223, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia | 99-year leasehold, expiring on 9 July 2069 | 47 years | Office and factory | Jones Lang Wootton | Comparison method and depreciated replacement cost method |

The investment property is pledged to the bank for loan facilities granted to the subsidiary.

Rental income and direct operating expenses arising from investment property are as follows:

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Rental income | (433) | (37) |
| Direct operating expenses | 136 | 12 |

Fair value measurement of the Group's leasehold land and building

The fair value measurements were performed by independent valuer, Jones Lang Wootton, not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the property in the relevant location.

In estimating the fair value of the leasehold land and building, the highest and best use is to sell the property. Details of the valuation technique and inputs used are disclosed in Note 36.

## 24. CONVERTIBLE LOAN

The convertible loan pertains to a convertible loan $1,500,000 extended to a third party company in 2020 with a maturity of 2 years from the date of disbursement. The loan is secured with the personal guarantee from the controlling shareholder of the borrower and a corporate guarantee from another company controlled by the same shareholder. The convertible loan was extended for a further one year in January 2023.

The Group measures the convertible loan at fair value through profit or loss. As at 31 December 2022, the convertible loan was valued at $2,891,000 (2021: $2,010,000), resulted in a fair value gain of $881,000 (2021: $510,000). Details of the valuation technique and inputs used are disclosed in Note 36.

## 25. BANK OVERDRAFTS AND LOANS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Secured - at amortised costs | | | | |
| Bank overdrafts | 28,145 | 23,606 | 28,145 | 23,606 |
| Bank loans | 29,121 | 11,892 | 26,295 | 8,575 |
| | 57,266 | 35,498 | 54,440 | 32,181 |
| Unsecured - at amortised costs | | | | |
| Bank loans | 3,596 | 4,801 | 3,596 | 4,801 |
| | 3,596 | 4,801 | 3,596 | 4,801 |
| Total | 60,862 | 40,299 | 58,036 | 36,982 |
| Analysed as: | | | | |
| Current | 58,504 | 36,704 | 55,678 | 33,387 |
| Non-current | 2,358 | 3,595 | 2,358 | 3,595 |
| | 60,862 | 40,299 | 58,036 | 36,982 |

Bank overdrafts are repayable on demand, carry interest at 5.11% to 8.50% (2021: 1.05% to 8.50%), and are secured by a charge over certain equity and debt securities of the Group.

Below are the bank loans details:

a. Loans of $26.30 million (2021: $8.57 million) advanced for the purchase of equity and debt securities. The loans carry interest at the Bank's cost of funds plus 0.50% per annum (2021: 0.50% per annum) and have a maturity of one to seven days. The loans are secured by a charge over certain of the Group's equity and debt securities.

b. An unsecured term loan of $1.44 million (2021: $1.92 million) was advanced for working capital requirements. The loan carries interest at 2.50% per annum and to be repaid over a period of 5 years until September 2025.

c. An unsecured term loan of $2.16 million (2021: $2.88 million) was advanced for working capital requirements. The loan carries interest at 2.75% per annum and to be repaid over a period of 5 years until September 2025.

d. A term loan of $2.83 million (2021: $3.32 million) was advanced in February 2017. Repayments commenced in March 2017 and to be repaid over a period of 15 years until February 2032. The loan carries interest at Effective Cost of Funds ("ECOF") plus 1.25% per annum. The loan is secured by a charge over the Group's property (Note 23) and corporate guarantee from the Company (Note 34).[1]

(1) Due to the existence of a callable clause in the term loan facility agreement, the non-current portion of the loan was presented as a current liability.

## 25. BANK OVERDRAFTS AND LOANS (CONT'D)

***Reconciliation of liabilities arising from financing activities***

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | | | | Non-cash changes | | |
|---|---|---|---|---|---|---|
| | 1 January 2022 | Financing cash flow (i) | New lease liabilities | Foreign exchange movement | Other changes (ii) | 31 December 2022 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Bank overdrafts and loans | 40,299 | 21,748 | – | (1,240) | 55 | 60,862 |
| Lease liabilities from landlords | 7,289 | (4,588) | 2,749 | (10) | (69) | 5,371 |
| Lease liabilities from financial institutions | 178 | (85) | – | – | – | 93 |

| | | | | Non-cash changes | | |
|---|---|---|---|---|---|---|
| | 1 January 2021 | Financing cash flow (i) | New lease liabilities | Foreign exchange movement | Other changes (ii) | 31 December 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Bank overdrafts and loans | 31,552 | 8,835 | – | (88) | – | 40,299 |
| Lease liabilities from landlords | 4,764 | (4,061) | 6,721 | – | (135) | 7,289 |
| Lease liabilities from financial institutions | 222 | (244) | 202 | (2) | – | 178 |

(i) The cash flows comprised the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include disposal and write off of lease liabilities

## 26. TRADE PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Third parties | 6,694 | 8,820 | 1,566 | 1,169 |

Trade payables principally comprise amounts outstanding for trade purchases.

The average credit period on purchase of goods is 30 days (2021: 30 days). The Group and the Company have put in place financial risk management policies to ensure that all payables are within the credit timeframe.

## 27. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Third parties | 796 | 279 | 43 | 82 |
| Accrued staff costs | 4,043 | 3,440 | 3,597 | 3,181 |
| Accrued expenses | 2,406 | 2,516 | 598 | 1,137 |
| Deferred income | 1,736 | 2,971 | 1 | – |
| Subsidiaries | – | – | 49 | 255 |
| | 8,981 | 9,206 | 4,288 | 4,655 |
| Analysed as: | | | | |
| Current | 8,667 | 8,195 | 4,288 | 4,655 |
| Non-current | 314 | 1,011 | – | – |
| | 8,981 | 9,206 | 4,288 | 4,655 |

Accrued staff costs relate to accruals for commission, bonus and defined contribution retirement benefit plans.

Deferred income includes rental support from vendor, of which $314,000 (2021: $1,011,000) is recognised as non-current. The Group and one of its vendors signed an agreement to collaborate in two of the retail stores operations during 2021. As part of the collaboration, it was agreed that the vendor would provide rental support to the Group over the course of the lease period which expires in 2024. Rental support is recognised in other income on the monthly basis over the lease period.

## 28. LEASES

***Group as a lessee***

The Group has lease contracts for retail outlets and plant and equipment. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less and the Group has applied the "short-term lease" recognition exemption for these leases.

(a) ***Right-of-use assets***

The carrying amounts of right-of-use assets and the movements during the year are disclosed in Note 22.

(b) ***Lease liabilities from landlords and financial institutions***

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 25 and maturity analysis of the lease liabilities is disclosed in Note 37.

(c) ***Amounts recognised in profit or loss***

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Depreciation of right-of-use assets | 4,309 | 4,147 |
| Interest expense on lease liabilities | 255 | 366 |
| Interest on lease liabilities from financial institutions | 7 | 14 |
| Lease expenses not capitalised in lease liabilities | | |
| - Expenses relating to short-term leases | 51 | 301 |
| COVID-19-related rent concessions | (33) | (159) |
| Total amount recognised in profit or loss | 4,589 | 4,669 |

(d) ***Total cash outflow***

The Group had total cash outflows for leases of $4,691,000 in 2022 (2021: $4,447,000).

## 28. LEASES (CONT'D)

*Group as a lessee (cont'd)*

(e) *Extension options*

The Group has several lease contracts that includes extension options. The options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

| | Group | | |
|---|---|---|---|
| | Within five years $'000 | More than five years $'000 | Total $'000 |
| **31.12.2022** | | | |
| Extension options expected not to be exercised | 708 | – | 708 |
| **31.12.2021** | | | |
| Extension options expected not to be exercised | 1,854 | – | 1,854 |

*Group as lessor*

In 2021, the Group has entered into operating lease on its investment property (Note 23). These non-cancellable leases have remaining lease terms of 2 years.

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Not later than one year | 420 | 447 |
| Later than one year but not later than five years | 385 | 857 |
| Later than five years | – | – |
| Total amount recognised in profit or loss | 805 | 1,304 |

## 29. DEFERRED TAX

| | Accelerated tax depreciation $'000 | Revaluation of land and buildings $'000 | Unutilised tax losses $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| At 1 January 2021 | (209) | 512 | (31) | – | 272 |
| (Credit)/charge to profit or loss (Note 10): | | | | | |
| Current year | (6) | – | – | – | (6) |
| Under provision in respect of prior years | 111 | – | 31 | – | 142 |
| Charge to other comprehensive income (Note 32) | – | 36 | – | – | 36 |
| Exchange differences | (5) | – | – | – | (5) |
| At 31 December 2021 | (109) | 548 | – | – | 439 |
| Charge to profit or loss (Note 10): | | | | | |
| Current year | – | 37 | – | – | 37 |
| Over provision in respect of prior years | (29) | – | – | – | (29) |
| Exchange differences | – | (26) | – | – | (26) |
| At 31 December 2022 | (138) | 559 | – | – | 421 |

| | Accelerated tax depreciation $'000 | Unutilised tax losses $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| At 1 January 2021 | (111) | (31) | – | (142) |
| Under provision in respect of prior years | 111 | 31 | – | 142 |
| At 31 December 2021 and 31 December 2022 | – | – | – | – |

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Deferred tax liabilities | 421 | 439 | – | – |

## 29. DEFERRED TAX (CONT'D)

As at 31 December 2022, the Group has unutilised tax losses, capital allowances and other temporary differences of approximately $11,761,000 (2021: $10,379,000) that are available for offset against future taxable profits, for which no deferred tax assets are recognised on these amounts due to uncertainty of their utilisation. The tax losses have no expiry date.

*Tax consequences of proposed dividends*

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39).

## 30. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | Number of ordinary shares | | $'000 | $'000 |
| **Issued and paid up:** | | | | |
| At beginning of year | 907,077,553 | 907,077,553 | 123,276 | 154,455 |
| Capital reduction | – | – | – | (31,179) |
| At end of year | 907,077,553 | 907,077,553 | 123,276 | 123,276 |

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

In 2021, a capital reduction exercise was carried out by the Company, reducing the issued and fully paid-up share capital of the Company from $154,455,000 to $123,276,000. Subsequent to the EGM approval on 22 October 2021, the exercise was completed and announced on 10 December 2021.

*Share Award Scheme*

On 28 September 2018, the shareholders of the Company approved the share award scheme known as mDR Share Plan 2018. Under the mDR Share Plan 2018, the Company will deliver shares granted under an award by issuing new shares and/or transferring treasury shares free of charge, upon the participant satisfying such conditions as specified by the Committee administering the mDR Share Plan. As at 31 December 2022 and as at 31 December 2021, no share award had been granted.

## 31. TREASURY SHARES

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | Number of ordinary shares | | $'000 | $'000 |
| At beginning of year | 31,324,983 | 19,689,283 | 2,823 | 1,908 |
| Repurchased during the year | 190,000 | 11,635,700 | 13 | 915 |
| At end of year | 31,514,983 | 31,324,983 | 2,836 | 2,823 |

The Company acquired 190,000 (2021: 11,635,700) of its own shares through purchases on the Singapore Exchange during the year. The amount paid to acquire the shares was $13,000 (2021: $915,000) and has been deducted from shareholders' equity. The shares are held as treasury shares.

## 32. OTHER RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Capital reserve (a) | 22 | 556 | 33 | 22 |
| Investment revaluation reserve (b) | (7,351) | 5,433 | (7,351) | 5,433 |
| Property revaluation reserve (c) | 1,696 | 1,696 | – | – |
| Foreign currency translation reserve (d) | (403) | (46) | – | – |
| Premium on acquisition of non-controlling interest (e) | (881) | (881) | – | – |
| | (6,917) | 6,758 | (7,318) | 5,455 |

**(a) Capital reserve**

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Redemption of convertible redeemable preference shares | 22 | 22 | 22 | 22 |
| Waiver of loan from related party | – | 534 | 11 | – |
| | 22 | 556 | 33 | 22 |

## 32. OTHER RESERVES (CONT'D)

**(b) Investment revaluation reserve**

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments and debts securities designated as at fair value through comprehensive income, net of cumulative gain/loss transferred to retained earnings upon disposal. The movement in the investment revaluation reserve is as follows:

| | Group and Company | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| At 1 January | 5,433 | (17,536) |
| Fair value (loss)/gain on investments in equity instruments | (5,011) | 21,690 |
| Gain on investment in equity instruments transferred to retained earnings upon disposal | (1,748) | (4,746) |
| Fair value loss on investments in debt securities, carried at fair value through other comprehensive income | – | (3,101) |
| (Reversal of)/loss allowance on debts securities, carried at fair value through other comprehensive income | (6,025) | 9,126 |
| At 31 December | (7,351) | 5,433 |

**(c) Property revaluation reserve**

The property revaluation reserve arises on the revaluation of leasehold land and building. Where revalued leasehold land and buildings are sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings. Items of other comprehensive income included in the property revaluation reserve will not be reclassified subsequently to profit or loss.

The revaluation reserves are not available for distribution to the Company's shareholders.

The movement in the property revaluation reserve are as follows:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| At 1 January | 1,696 | 1,583 |
| Revaluation changes during the year in other comprehensive income (Note 22) | – | 149 |
| Related income tax in other comprehensive income (Note 29) | – | (36) |
| At 31 December | 1,696 | 1,696 |

## 32. OTHER RESERVES (CONT'D)

(d) **Foreign currency translation reserve**

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserve.

The movement in the foreign currency translation reserve are as follows:

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| At 1 January | (46) | 66 |
| Changes during the year in other comprehensive income | (357) | (112) |
| At 31 December | (403) | (46) |

(e) **Premium on acquisition of non-controlling interest**

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Effect of acquiring part of non-controlling interest in a subsidiary | (881) | (881) |
| | (881) | (881) |

## 33. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions were entered into by the Group with related parties at terms agreed between the parties during the financial year. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following related party transactions:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Nature of transactions | | |
| *Transactions with companies owned by common Directors:* | | |
| Rental payments | 342 | 342 |
| *Transactions with related parties (Directors of wholly owned subsidiaries):* | | |
| Sales of goods | – | (48) |
| Rental income | – | (4) |

Sales of goods to related parties were made at the Group's usual list prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received, unless otherwise stated in the respective notes to the financial statements.

***Compensation of Directors and key management personnel***

The remuneration of Directors and other members of key management during the year were as follows:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Short-term benefits | 5,362 | 3,731 |
| Post-employment benefits | 109 | 111 |
| | 5,471 | 3,842 |

The remuneration of Directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

## 34. COMMITMENTS AND CONTINGENCIES

The Group has provided the following guarantees at the end of the reporting period:

(a) A subsidiary has outstanding banker's guarantees amounting to $1,000,000 (2021: $1,000,000) issued in favour of one operator (2021: one operator), entered in the normal course of business and under supply agreements.

(b) The Company has issued a corporate guarantee amounting to $4,384,000 (2021: $4,665,000) to secure term loans (Note 25) on the purchase of land and building entered into by a subsidiary.

(c) The Company has outstanding banker's guarantee amounting to $750,000 (2021: $250,000) issued in favour of one operator for a distribution licence agreement entered into by a related company.

(d) The Company has outstanding banker's guarantee amounting to $318,000 (2021: $318,000) issued in favour of one lessor for a lease agreement of a retail outlet, entered into by a related company.

## 35. FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| **Financial assets** | | | | |
| Financial instruments at fair value through other comprehensive income | 158,695 | 100,724 | 158,695 | 100,724 |
| Financial instruments at fair value through profit and loss | 4,834 | 3,934 | 4,834 | 3,934 |
| Amortised cost (including cash and cash equivalents) | 37,964 | 88,438 | 25,916 | 68,759 |
| | 201,493 | 193,096 | 189,445 | 173,417 |
| **Financial liabilities** | | | | |
| Amortised cost | 73,841 | 54,314 | 63,766 | 42,239 |

## 36. FAIR VALUE OF ASSETS AND LIABILITIES

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(a) ***Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value by level at the end of the reporting period:

| | 2022 | | | |
|---|---|---|---|---|
| | Fair value measurements at the end of the reporting period using | | | |
| | Quoted prices in active markets for identical instruments (Level 1) $'000 | Significant observable inputs other than quoted prices (Level 2) $'000 | Significant unobservable inputs (Level 3) $'000 | Total $'000 |
| **Group and Company** | | | | |
| **Assets measured at fair value** | | | | |
| **Financial assets:** | | | | |
| Financial instruments at fair value through other comprehensive income | | | | |
| Quoted equity instruments | 99,153 | – | – | 99,153 |
| Quoted debt securities | 59,542 | – | – | 59,542 |
| Financial instruments at fair value through profit and loss | | | | |
| Unquoted equity instruments | – | – | 1,879 | 1,879 |
| Derivative assets | – | – | 64 | 64 |
| Convertible loan | – | – | 2,891 | 2,891 |
| **Financial assets as at 31 December 2022** | 158,695 | – | 4,834 | 163,529 |
| **Group** | | | | |
| **Non-financial assets:** | | | | |
| Investment property | – | – | 7,763 | 7,763 |
| **Non-financial assets as at 31 December 2022** | – | – | 7,763 | 7,763 |

## 36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) *Assets and liabilities measured at fair value (cont'd)*

| | 2021 | | | |
|---|---|---|---|---|
| | Fair value measurements at the end of the reporting period using | | | |
| | Quoted prices in active markets for identical instruments (Level 1) $'000 | Significant observable inputs other than quoted prices (Level 2) $'000 | Significant unobservable inputs (Level 3) $'000 | Total $'000 |
| **Group and Company** | | | | |
| **Assets measured at fair value** | | | | |
| **Financial assets:** | | | | |
| Financial instruments at fair value through other comprehensive income | | | | |
| Quoted equity instruments | 77,152 | – | – | 77,152 |
| Quoted debt securities | 23,572 | – | – | 23,572 |
| Financial instruments at fair value through profit and loss | | | | |
| Unquoted equity instruments | – | – | 1,699 | 1,699 |
| Derivative assets | – | – | 225 | 225 |
| Convertible loan | – | – | 2,010 | 2,010 |
| **Financial assets as at 31 December 2021** | 100,724 | – | 3,934 | 104,658 |
| **Group** | | | | |
| **Non-financial assets:** | | | | |
| Investment property | – | – | 8,099 | 8,099 |
| **Non-financial assets as at 31 December 2021** | – | – | 8,099 | 8,099 |

Level 1 fair value

Quoted equity instruments and debt securities (Note 19 and 20): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

## 36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) ***Assets and liabilities measured at fair value (cont'd)***

Level 3 fair value measurements

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurement using significant unobservable inputs (Level 3).

| Description | Fair value as at 31.12.2022 | Valuation techniques | Unobservable inputs | Range |
|---|---|---|---|---|
| *Recurring fair value measurements* | | | | |
| Unquoted equity instruments | 1,879 | Market-based approach | Transacted share price | \$0.0055 - \$0.0066 per shares |
| Derivative assets | 64 | Option pricing model | Transacted share price | \$0.0055 - \$0.0066 per shares |
| | | | Volatility of the share price | 74.3% - 91.9% |
| | | | Discount rates | 2.82% - 3.76% |
| Convertible loan | 2,891 | Probability weighted expected return method | Probability weightage | 20% to 80% |
| Investment property | 7,763 | Comparison method | Average market price for comparable properties | \$93 to \$112 per square foot |
| | | Depreciated replacement cost method | Cost range for buildings | \$33 to \$50 per square foot |

## 36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) ***Assets and liabilities measured at fair value (cont'd)***

Level 3 fair value measurements (cont'd)

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

| Description | Fair value as at 31.12.2021 | Valuation techniques | Unobservable inputs | Range |
|---|---|---|---|---|
| *Recurring fair value measurements* | | | | |
| Unquoted equity instruments | 1,699 | Market-based approach | Transacted share price | $0.0038 - $0.0063 per shares |
| Derivative assets | 225 | Option pricing model | Transacted share price | $0.0038 - $0.0063 per shares |
| | | | Volatility of the share price | 69.2% - 89.1% |
| | | | Discount rates | 0.286% - 0.598% |
| Convertible loan | 2,010 | Probability weighted expected return method | Probability weightage | 30% to 70% |
| Investment property | 8,099 | Comparison method | Average market price for comparable properties | $89 to $104 per square foot |
| | | Depreciated replacement cost method | Cost range for buildings | $32 to $52 per square foot |

Impact of a change in the inputs to the fair value

For unquoted equity securities and derivative assets, a significant increase (decrease) in the transacted share price, would result in a significantly higher (lower) fair value measurement.

For convertible loan, a significant increase (decrease) in the probability weightage of the liquidation event would result in a significantly higher (lower) fair value measurement.

For investment property, a significant increase (decrease) in the transacted price of comparable properties would result in a significantly higher (lower) fair value measurement.

## 36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) ***Assets and liabilities measured at fair value (cont'd)***

Level 3 fair value measurements (cont'd)

(ii) *Movements in Level 3 assets measured at fair value*

| | Group and Company<br>Fair value measurement using significant unobservable inputs (level 3) | |
|---|---|---|
| | **2022**<br>**$'000** | **2021**<br>**$'000** |
| Unquoted equity instruments | | |
| At 1 January | 1,699 | – |
| Addition | 71 | 1,041 |
| Fair value changes during the year profit and loss | 109 | 658 |
| At December 31 | 1,879 | 1,699 |

| | Group and Company<br>Fair value measurement using significant unobservable inputs (level 3) | |
|---|---|---|
| | **2022**<br>**$'000** | **2021**<br>**$'000** |
| Derivative assets | | |
| At 1 January | 225 | – |
| Addition | 19 | 459 |
| Fair value changes during the year profit and loss | (180) | (234) |
| At December 31 | 64 | 225 |

| | Group and Company<br>Fair value measurement using significant unobservable inputs (level 3) | |
|---|---|---|
| | **2022**<br>**$'000** | **2021**<br>**$'000** |
| Convertible loan | | |
| At 1 January | 2,010 | 1,500 |
| Fair value changes during the year profit and loss | 881 | 510 |
| At 31 December | 2,891 | 2,010 |

## 36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) ***Assets and liabilities measured at fair value (cont'd)***

Level 3 fair value measurements (cont'd)

(ii) *Movements in Level 3 assets measured at fair value (cont'd)*

| | Group<br>Fair value measurement using significant unobservable inputs (level 3)<br>2022<br>$'000 | <br><br>2021<br>$'000 |
|---|---|---|
| Investment property | | |
| At 1 January | 8,099 | – |
| Reclassification from right-of-use asset (Note 23) | – | 8,099 |
| Fair value changes during the year profit and loss (Note 23) | 153 | – |
| Exchange difference | (489) | – |
| At 31 December | 7,763 | 8,099 |

| | Group<br>Fair value measurement using significant unobservable inputs (level 3)<br>2021<br>$'000 |
|---|---|
| Leasehold land and building | |
| At 1 January | 8,206 |
| Depreciation | (153) |
| Revaluation changes during the year in other comprehensive income (Note 32) | 149 |
| Fair value changes during the year profit and loss | – |
| Exchange difference | (103) |
| Reclassification to investment property (Note 23) | (8,099) |
| At 31 December | – |

## 36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) ***Assets and liabilities measured at fair value (cont'd)***

Level 3 fair value measurements (cont'd)

(iii) *Valuation policies and procedures*

It is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance. Management has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date.

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

(i) *Cash and bank balances, trade and other receivables, trade and other payables*

The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short-term maturity.

(ii) *Bank overdrafts and loans, and lease liabilities*

The carrying amounts of the bank overdrafts and loans, and lease liabilities are an approximation of fair values as it is a floating rate instrument that is subjected to frequent repricing to market interest rates on or near the date of balance sheet.

## 36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value*

| | Group | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Carrying amount $'000 | Fair value $'000 | Carrying amount $'000 | Fair value $'000 |
| **Financial assets** | | | | |
| Other receivables (non-current) | 867 | 825 | 2,028 | 1,967 |

| | Company | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Carrying amount $'000 | Fair value $'000 | Carrying amount $'000 | Fair value $'000 |
| **Financial assets** | | | | |
| Other receivables (non-current) | 50 | 49 | 48 | 48 |

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. The key financial risks include foreign currency risk, interest rate risk, credit risk, liquidity risk and equity price risk. The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Foreign currency risk

The Group operates in Asia with dominant operations in Singapore and Malaysia. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions. This risk is managed through natural hedges as revenue denominated in foreign currency is partly matched with corresponding costs in the same foreign currency.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) **Foreign currency risk (cont'd)**

At the end of the reporting period, the significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

| | Group | | | |
|---|---|---|---|---|
| | Liabilities | | Assets | |
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| United States Dollar | (18,023) | (16,400) | 68,084 | 41,919 |
| Malaysia Ringgit | – | – | 685 | 1,053 |
| Hong Kong Dollar | (34,832) | (7,836) | – | – |
| Singapore Dollar | (2,160) | (2,150) | 29 | 281 |
| Australian Dollar | (8) | (218) | – | – |
| Swiss Franc | (1,104) | – | – | – |

| | Company | | | |
|---|---|---|---|---|
| | Liabilities | | Assets | |
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| United States Dollar | (17,881) | (16,288) | 67,951 | 41,773 |
| Malaysia Ringgit | – | – | 685 | 1,053 |
| Hong Kong Dollar | (34,832) | (7,836) | – | – |
| Australian Dollar | (8) | (218) | – | – |
| Swiss Franc | (1,104) | – | – | – |

*Foreign currency sensitivity*

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Foreign currency risk (cont'd)

*Foreign currency sensitivity (cont'd)*

If the relevant foreign currency strengthens by 5% against the functional currency of each entity in the Group, profit before income tax will increase by:

| | US Dollar impact | | Malaysia Ringgit impact | | Hong Kong Dollar impact | | Singapore Dollar impact | | Australian Dollar impact | | Swiss Franc Dollar impact | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Group | | | | | | | | | | | | |
| Profit or loss | 2,503 | 1,276 | 34 | 53 | (1,742) | (392) | (107) | (93) | – | (11) | (55) | – |
| Company | | | | | | | | | | | | |
| Profit or loss | 2,504 | 1,274 | 34 | 53 | (1,742) | (392) | – | – | – | (11) | (55) | – |

If the relevant foreign currencies weaken by 5% against the functional currency of each entity in the Group, there will be an equal and opposite impact on profit before tax.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rates risk arises primarily from its loans and borrowings. The Group's policy is to maintain cash equivalents and borrowings in fixed and variable rate instruments.

*Interest rate sensitivity*

At 31 December 2022, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before income tax would decrease/increase by $304,000 (2021: $201,000).

At 31 December 2022, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit before income tax ended 31 December 2022 would decrease/increase by $290,000 (2021: $185,000).

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**(iii) Credit risk**

Credit risk refers to the risk that the Group's counterparties may default on its contractual obligations, resulting in financial loss to the Group. The major classes of financial assets of the Group are investment securities, cash and bank balances and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers with a sound credit history. For other financial assets (including investment securities), the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation taking into account of the counterparty's payment profile and credit exposure.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread or the extent to which the fair value of a financial asset has been less than its amortised cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**(iii) Credit risk (cont'd)**

*Significant increase in credit risk (cont'd)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group)

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (iii) Credit risk (cont'd)

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

*Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The Group's current credit risk grading framework comprises the following categories:

| Category | Description | Basis for recognising expected credit losses |
|---|---|---|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts. | 12 month expected credit loss |
| Doubtful | Amount is >180 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime expected credit loss - not credit-impaired |
| In default | Amount is >1 year past due or there is evidence indicating the asset is credit-impaired. | Lifetime expected credit loss - credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery. | Amount is written off |

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Credit risk (cont'd)

The table below details the credit quality of the Group's financial assets as well as maximum exposure to credit risk by credit risk grades:

| | Note | External credit rating | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|---|
| Group | | | | | | | |
| 2022 | | | | | | | |
| Trade receivables | 14 | n.a. | Note 1 | Lifetime ECL (simplified approach) | 20,654 | (4,631) | 16,023 |
| Other receivables | 15 | n.a. | Performing | 12-month ECL | 1,783 | – | 1,783 |
| Other receivables | 15 | n.a. | Note 2 | Lifetime ECL | 226 | (226) | – |
| Deposits | 15 | n.a. | Performing | 12-month ECL | 1,236 | – | 1,236 |
| Investment in debt securities | 20 | BB- to NR | Note 3 | Lifetime ECL-Credit impaired | 76,152 | (10,456) | 65,696 |
| | | | | | | (15,313) | |

| | Note | External credit rating | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|---|
| Group | | | | | | | |
| 2021 | | | | | | | |
| Trade receivables | 14 | n.a. | Note 1 | Lifetime ECL (simplified approach) | 42,614 | (2,318) | 40,296 |
| Other receivables | 15 | n.a. | Performing | 12-month ECL | 3,575 | – | 3,575 |
| Other receivables | 15 | n.a. | Note 2 | Lifetime ECL | 226 | (226) | – |
| Deposits | 15 | n.a. | Performing | 12-month ECL | 1,432 | – | 1,432 |
| Investment in debt securities | 20 | B+ to NR | Performing Note 3 | 12-month ECL | 9,989 | – | 9,989 |
| Investment in debt securities | 20 | B- to NR | Note 3 | Lifetime ECL-Credit impaired | 40,183 | (8,471) | 31,712 |
| | | | | | | (11,015) | |

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Credit risk (cont'd)

| | Note | External credit rating | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|---|
| Company | | | | | | | |
| **2022** | | | | | | | |
| Trade receivables | 14 | n.a. | Note 1 | Lifetime ECL (simplified approach) | 9,227 | (3,912) | 5,315 |
| Other receivables | 15 | n.a. | Performing | 12-month ECL | 12,412 | – | 12,412 |
| Other receivables | 15 | n.a. | Note 2 | Lifetime ECL | 3,165 | (3,165) | – |
| Deposits | 15 | n.a. | Performing | 12-month ECL | 163 | – | 163 |
| Investment in debt securities | 20 | BB- to NR | Note 3 | Lifetime ECL-Credit impaired | 76,152 | (10,456) | 65,696 |
| | | | | | | (17,533) | |

| | Note | External credit rating | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|---|
| Company | | | | | | | |
| **2021** | | | | | | | |
| Trade receivables | 14 | n.a. | Note 1 | Lifetime ECL (simplified approach) | 31,623 | (1,623) | 30,000 |
| Other receivables | 15 | n.a. | Performing | 12-month ECL | 16,576 | – | 16,576 |
| Other receivables | 15 | n.a. | Note 2 | Lifetime ECL | 3,145 | (3,145) | – |
| Deposits | 15 | n.a. | Performing | 12-month ECL | 163 | – | 163 |
| Investment in debt securities | 20 | B+ to NR | Performing Note 3 | 12-month ECL | 9,989 | – | 9,989 |
| Investment in debt securities | 20 | B- to NR | Note 3 | Lifetime ECL-Credit impaired | 40,183 | (8,471) | 31,712 |
| | | | | | | (13,239) | |

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**(iii) Credit risk (cont'd)**

Note 1 - Trade receivables

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Note 2 - Other receivables

For the purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses.

In determining the ECL for other receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Note 3 - Investment in debt securities

The Group measures ECL based on lifetime expected losses for debt securities which credit risk has increased significantly since initial recognition, and 12 month expected credit losses for debts securities which credit risk has not increased significantly since initial recognition. In evaluating the credit risk of the bond issuers, the Group assessed the historical default experience, financial position of the counterparties, credit rating, financial analyst reports and various external sources of actual and forecast economic information. The loss allowance is estimated based on the difference between expected recovery and carrying value of the debt securities.

Excessive risk concentration and exposure to credit risk

At the end of the reporting period, approximately 31% (2021: 75%) of the Group's trade receivables were due from 2 customers (2021: 3 customers).

Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**(iii) Credit risk (cont'd)**

Note 3 - Investment in debt securities **(cont'd)**

Excessive risk concentration and exposure to credit risk **(cont'd)**

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

Collateral held as security and other credit enhancements

With the exception of the loan to third parties as set out in Note 14 to the financial statements, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. Hence, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group and the Company has determined the default event on a financial asset to be when the counterparty fails to make contractual payment when they fall due, based on the Group's and the Company's historical information.

The credit risk associated with the loan to third parties are mitigated in part because they were secured with the shares of the borrowers, mortgages on properties owned by the shareholders of the borrower or owned by the borrower and personal guarantees from the shareholders of the borrowers. The carrying amount of loan to third parties amounted to $2,947,000 (2021: $28,011,000) and no loss allowance of the amount owed was provided. Loss allowance for the loans was determined based on net realisable value of collaterals held for the loans to third parties.

**(iv) Liquidity risk**

Liquidity risk refers to the risk that the Group may have insufficient resources to meet its financial liabilities as they fall due. The Group's strategy to manage liquidity risk is to ensure that the Group has sufficient funds to meet its potential liabilities as they fall due. This strategy has not changed from prior periods.

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted payments.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Liquidity risk (cont'd)

*Analysis of financial instruments by remaining contractual maturities (cont'd)*

The amounts included in the following table for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee (Note 34). Based on expectations at the end of the reporting period, the Group consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

| | Carrying amount $'000 | Contractual cash flow $'000 | One year or less $'000 | One to five years $'000 |
|---|---|---|---|---|
| Group | | | | |
| 2022 | | | | |
| Bank loans | 32,717 | 32,717 | 30,359 | 2,358 |
| Bank overdrafts | 28,145 | 28,145 | 28,145 | – |
| Trade and other payables | 12,979 | 12,979 | 12,979 | – |
| Lease liabilities | 5,371 | 5,582 | 3,728 | 1,854 |
| Finance lease | 93 | 96 | 84 | 12 |
| Financial guarantee contracts | – | 6,452 | 6,452 | – |
| | 79,305 | 85,971 | 81,747 | 4,224 |

| | Carrying amount $'000 | Contractual cash flow $'000 | One year or less $'000 | One to five years $'000 |
|---|---|---|---|---|
| Group | | | | |
| 2021 | | | | |
| Bank loans | 16,693 | 16,693 | 13,098 | 3,595 |
| Bank overdrafts | 23,606 | 23,606 | 23,606 | – |
| Trade and other payables | 14,015 | 14,015 | 14,015 | – |
| Lease liabilities | 7,289 | 7,579 | 4,624 | 2,955 |
| Finance lease | 178 | 189 | 93 | 96 |
| Financial guarantee contracts | – | 7,415 | 7,415 | – |
| | 61,781 | 69,497 | 62,851 | 6,646 |

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Liquidity risk (cont'd)

*Analysis of financial instruments by remaining contractual maturities (cont'd)*

| | Carrying amount $'000 | Contractual cash flow $'000 | One year or less $'000 | One to five years $'000 |
|---|---|---|---|---|
| Company | | | | |
| **2022** | | | | |
| Bank loans | 29,891 | 29,891 | 27,533 | 2,358 |
| Bank overdrafts | 28,145 | 28,145 | 28,145 | – |
| Trade and other payables | 5,730 | 5,730 | 5,730 | – |
| Lease liabilities | 534 | 543 | 519 | 24 |
| Finance lease | 88 | 91 | 79 | 12 |
| Financial guarantee contracts | – | 6,452 | 6,452 | – |
| | 64,388 | 70,852 | 68,458 | 2,394 |

| | Carrying amount $'000 | Contractual cash flow $'000 | One year or less $'000 | One to five years $'000 |
|---|---|---|---|---|
| Company | | | | |
| **2021** | | | | |
| Bank loans | 13,376 | 13,376 | 9,781 | 3,595 |
| Bank overdrafts | 23,606 | 23,606 | 23,606 | – |
| Trade and other payables | 5,257 | 5,257 | 5,257 | – |
| Lease liabilities | 1,070 | 1,111 | 631 | 480 |
| Finance lease | 168 | 178 | 87 | 91 |
| Financial guarantee contracts | – | 5,415 | 5,415 | – |
| | 43,477 | 48,943 | 44,777 | 4,166 |

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (v) Equity price risk

The Group is exposed to equity price risks arising from equity investments. Equity investments (Note 19) are held for strategic rather than trading purposes. The Group does not actively trade these investments.

*Equity price sensitivity*

If equity prices had been 5% higher/lower:

- profit before income tax ended 31 December 2022 and 2021 would have been unaffected as the investments in equity instruments are designated as at FVTOCI; and

- other comprehensive income for the year ended 31 December 2022 would increase/decrease by $4,958,000 (2021: $3,858,000) as a result of the changes in fair value of the investments in equity instruments.

The Group's sensitivity to equity prices has not changed significantly from prior year.

## 38. SEGMENT INFORMATION

For management purposes, the Group was organised into four business segments, After-Market Services ("AMS"), Distribution Management Solutions ("DMS") and Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("DPAS") and Investment.

AMS provides after-market service for mobile equipment and consumer electronic products. DMS is a distributor and retailer of mobile telecommunication equipment and mobile related services, including prepaid cards. DPAS provides digital inkjet printing for point-of-sale and out-of-home advertising solutions. Investment segment primarily comprises investment in marketable securities and loans to third parties.

The Group reports information based on these four business segments to the Group's key operating decision makers for the purposes of resource allocation and assessment of the segment information.

## 38. SEGMENT INFORMATION (CONT'D)

The following is an analysis of the Group's revenue and results by reportable segment:

| | Continuing operations | | | | Discontinued operations | Unallocated | Total |
|---|---|---|---|---|---|---|---|
| | AMS | DMS | DPAS | Investment | | | |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| 2022 | | | | | | | |
| **Segment revenue** | | | | | | | |
| External | 17,329 | 142,111 | 4,419 | 11,621 | – | – | 175,480 |
| Inter-segment | – | – | – | – | – | – | – |
| | 17,329 | 142,111 | 4,419 | 11,621 | – | – | 175,480 |
| **Segment result** | 145 | (1,263) | 1,275 | 8,674 | (1,959) | 8 | 6,880 |
| Net foreign exchange gain | | | | | | | 376 |
| Gain on disposal of plant and equipment | | | | | | | 30 |
| Gain on disposal of right-of-use assets | | | | | | | 15 |
| Profit before income tax and share of profit of associate | | | | | | | 7,301 |
| Share of profit of associate | | | | | | | 4 |
| Profit before income tax | | | | | | | 7,305 |
| Income tax expense | | | | | | | (80) |
| Profit for the year | | | | | | | 7,225 |
| **Segment assets** | 5,576 | 43,724 | 11,396 | 173,443 | 1 | – | 234,140 |
| **Segment liabilities** | (3,637) | (13,658) | (3,879) | (60,827) | – | (421) | (82,422) |

## 38. SEGMENT INFORMATION (CONT'D)

| | Continuing operations | | | | | | |
|---|---|---|---|---|---|---|---|
| | AMS $'000 | DMS $'000 | DPAS $'000 | Investment $'000 | Discontinued operations $'000 | Unallocated $'000 | Total $'000 |
| 2022 | | | | | | | |
| **Other segment information** | | | | | | | |
| Capital expenditure – property, plant and equipment | 29 | 357 | 146 | – | – | – | 532 |
| Capital expenditure – right-of-use assets | 198 | 2,551 | – | – | – | – | 2,749 |
| Reversal of loss allowance on investment in debt securities | – | – | – | (4,492) | – | – | (4,492) |
| Depreciation of plant and equipment | 296 | 328 | 117 | 1 | – | – | 742 |
| Depreciation of right-of-use assets | 706 | 3,476 | 127 | – | – | – | 4,309 |
| Allowance for impairment of plant and equipment | – | 16 | – | – | – | – | 16 |
| Allowance for impairment of right-of-use assets | – | 471 | – | – | – | – | 471 |
| Plant and equipment written off | 5 | 12 | – | – | – | – | 17 |
| Allowance for inventories | 32 | 166 | 3 | – | – | – | 201 |
| (Reversal of inventories written off)/inventories written off | – | (5) | 4 | – | – | – | (1) |
| (Reversal of loss allowance)/loss allowance for trade receivables | (3) | 22 | 32 | 2,654 | – | – | 2,705 |
| Gain on disposal of debt securities | – | – | – | (501) | – | – | (501) |
| Interest income (recorded under revenue) | – | – | – | (6,919) | – | – | (6,919) |
| Interest income (recorded under other operating income) | – | (82) | (9) | (2) | – | – | (93) |
| Interest expenses | 49 | 205 | 124 | 1,031 | – | – | 1,409 |
| Fair value gain on debt securities | – | – | – | (109) | – | – | (109) |
| Fair value gain on convertible loan | – | – | – | (881) | – | – | (881) |
| Fair value loss on derivative asset | – | – | – | 180 | – | – | 180 |
| Fair value gain on investment property | – | – | (153) | – | – | – | (153) |

## 38. SEGMENT INFORMATION (CONT'D)

| | Continuing operations | | | | | | |
|---|---|---|---|---|---|---|---|
| | **AMS** | **DMS** | **DPAS** | **Investment** | **Discontinued operations** | **Unallocated** | **Total** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| 2021 | | | | | | | |
| **Segment revenue** | | | | | | | |
| External | 16,951 | 160,899 | 3,169 | 8,262 | – | – | 189,281 |
| Inter-segment | – | – | – | – | – | – | – |
| | 16,951 | 160,899 | 3,169 | 8,262 | – | – | 189,281 |
| **Segment result** | 106 | (207) | 233 | 3,718 | – | (9) | 3,841 |
| Net foreign exchange gain | | | | | | | 442 |
| Gain on disposal of plant and equipment | | | | | | | 37 |
| Gain on lease modification | | | | | | | 31 |
| Profit before income tax and share of profit of associate | | | | | | | 4,351 |
| Share of profit of associate | | | | | | | 5 |
| Profit before income tax | | | | | | | 4,356 |
| Income tax expense | | | | | | | (229) |
| Profit for the year | | | | | | | 4,127 |
| **Segment assets** | 8,889 | 53,106 | 11,177 | 150,799 | 343 | – | 224,314 |
| **Segment liabilities** | (6,356) | (17,905) | (4,259) | (37,415) | – | (440) | (66,375) |

## 38. SEGMENT INFORMATION (CONT'D)

| | Continuing operations | | | | | | |
|---|---|---|---|---|---|---|---|
| | AMS $'000 | DMS $'000 | DPAS $'000 | Investment $'000 | Discontinued operations $'000 | Unallocated $'000 | Total $'000 |
| **2021** | | | | | | | |
| **Other segment information** | | | | | | | |
| Capital expenditure – property, plant and equipment | 531 | 633 | 52 | – | – | – | 1,216 |
| Capital expenditure – right-of-use assets | – | 6,478 | 243 | – | – | – | 6,721 |
| Reversal of loss allowance on investment in debt securities | – | – | – | (1,420) | – | – | (1,420) |
| Depreciation of plant and equipment | 329 | 373 | 246 | – | – | – | 948 |
| Depreciation of right-of-use assets | 712 | 3,231 | 204 | – | – | – | 4,147 |
| Allowance for impairment of plant and equipment | – | 1 | – | – | – | – | 1 |
| Allowance for impairment of right-of-use assets | – | 231 | – | – | – | – | 231 |
| Plant and equipment written off | – | 4 | 32 | – | – | – | 36 |
| (Reversal of)/allowance for inventories | (14) | 39 | 9 | – | – | – | 34 |
| Inventories written off | – | 1,823 | 10 | – | – | – | 1,833 |
| Loss allowance for trade receivables | – | 215 | 53 | 1,073 | – | – | 1,341 |
| Gain on disposal of debt securities | – | – | – | (21) | – | – | (21) |
| Interest income (recorded under revenue) | – | – | – | (3,209) | – | – | (3,209) |
| Interest income (recorded under other operating income) | – | (109) | (10) | – | – | – | (119) |
| Interest expenses | 76 | 309 | 128 | 456 | – | – | 969 |
| Fair value gain on debt securities | – | – | – | (658) | – | – | (658) |
| Fair value gain on convertible loan | – | – | – | (510) | – | – | (510) |
| Fair value loss on derivative asset | – | – | – | 234 | – | – | 234 |

## 38. SEGMENT INFORMATION (CONT'D)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in 2022 and 2021.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of foreign exchange differences, gain on disposal of plant and equipment, gain on disposal of right-of-use assets, share of profit of associate and income tax expense. This is the measure reported to the key operating decision makers for the purposes of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources between segments, the key operating decision makers re-assess the resources allocation and monitor the financial assets attributable to each segment.

The key operating decision makers also monitor the tangible, intangible and financial assets attributable to each segment.

Geographical information

| | Revenue from external customers | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Continuing Operations | | |
| Singapore | 171,061 | 186,112 |
| Malaysia | 4,419 | 3,169 |
| | 175,480 | 189,281 |
| Discontinued Operations | | |
| Myanmar | – | – |
| | 175,480 | 189,281 |

| | Non-current assets | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Continuing Operations | | |
| Singapore | 163,425 | 111,696 |
| Malaysia | 8,132 | 8,225 |
| | 171,557 | 119,921 |
| Discontinued Operations | | |
| Myanmar | – | 341 |
| | 171,557 | 120,262 |

## 38. SEGMENT INFORMATION (CONT'D)

Geographical information (cont'd)

Information about major customers

Included in revenues arising from After-Market Services are revenues of $12,837,000 (2021: $14,501,000) which arose from sales to the segment's one major customer (2021: one major customer).

Included in revenues arising from Distribution Management Solutions are revenues of $24,029,000 (2021: $35,777,000) which arose from sales to the segment's one major customer (2021: one major customer).

Included in revenues arising from DPAS are revenues of $240,000 (2021: $99,000), $584,000 (2021: $630,000) and $773,000 (2021: $175,000) which arose from sales to the segment's three major customers (2021: three major customers).

## 39. DIVIDENDS

| | Group and Company | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Proposed but not recognised as a liability as at 31 December: | | |
| *Dividends on ordinary shares, subject to shareholders' approval at the AGM:* | | |
| Final exempt (one-tier) dividend for 2022: 0.4854 cents (2021: 0.4567 cents) per share | 4,250 | 4,000 |
| At 31 December | 4,250 | 4,000 |

## 40. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of net debt (borrowings and lease liabilities disclosed in Notes 25 and 28 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings and non-controlling interests).

The Group's management reviews the capital structure on an on-going basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues or the redemption of existing debt.

The Group is not subject to any externally imposed capital requirements.

## 41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation. As a result of the reclassification, the Group's other operating income increased by $390,000. Correspondingly, the Group's other operating expenses increased by $390,000 accordingly.

## 42. 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.

During the year, 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 16).

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.

## 43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 28 March 2023.

# INTERESTED PERSON **TRANSACTIONS**

Year ended 31 December 2022

| Name of Interested Person | Nature of relationship | Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) |
|---|---|---|---|
| | | S$'000 | |
| Pacific Organisation Pte Ltd - Rental Expenses | Mr Ong Ghim Choon (Director and Chief Executive Officer of the Company) and his associate own the shares of Pacific Organisation Pte Ltd. | 342 | Nil |

# SUPPLEMENTAL
# **INFORMATION**

STATISTICS OF SHAREHOLDINGS AS AT 17 MARCH 2023

## SHARE CAPITAL

| | | |
|---|---|---|
| Issued and Paid-up Capital | : | S$123,276,197 |
| Number of Issued Shares | : | 907,077,553 |
| Number of Issued Shares (excluding Treasury Shares) | : | 875,562,570 |
| Number and Percentage of Treasury Shares | : | 31,514,983 or 3.47% |
| Number and Percentage of Subsidiary Holdings(2) | : | 0 or 0% |
| Class of Shares | : | Ordinary Shares |
| Voting Rights | : | One vote per share. The Company cannot exercise any voting rights in respect of the Shares held by it as Treasury Shares. |

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | %(1) |
|---|---|---|---|---|
| 1 - 99 | 1,319 | 13.86 | 48,397 | 0.01 |
| 100 - 1,000 | 4,328 | 45.49 | 1,929,973 | 0.22 |
| 1,001 - 10,000 | 2,727 | 28.66 | 11,234,104 | 1.28 |
| 10,001 - 1,000,000 | 1,108 | 11.64 | 79,117,326 | 9.04 |
| 1,000,001 AND ABOVE | 33 | 0.35 | 783,232,770 | 89.45 |
| **TOTAL** | **9,515** | **100.00** | **875,562,570** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

| NO. | NAME | NO. OF SHARES | %(1) |
|---|---|---|---|
| 1 | CITIBANK NOMINEES SINGAPORE PTE LTD | 444,167,076 | 50.73 |
| 2 | CHONG SHIN LEONG | 111,300,000 | 12.71 |
| 3 | ONG GHIM CHOON | 59,339,200 | 6.78 |
| 4 | LIM CHIN TONG | 27,770,417 | 3.17 |
| 5 | DBS NOMINEES (PRIVATE) LIMITED | 20,455,464 | 2.34 |
| 6 | MICHAEL KOH KOW TEE | 15,750,000 | 1.80 |
| 7 | LIM SZE CHIA | 11,200,100 | 1.28 |
| 8 | LIM TOW BOON | 10,150,000 | 1.16 |
| 9 | RAFFLES NOMINEES (PTE.) LIMITED | 10,004,949 | 1.14 |
| 10 | ANG SOO LIM | 8,390,551 | 0.96 |
| 11 | OCBC SECURITIES PRIVATE LIMITED | 8,189,638 | 0.94 |
| 12 | MAYBANK SECURITIES PTE. LTD. | 7,692,216 | 0.88 |
| 13 | PHILLIP SECURITIES PTE LTD | 5,973,810 | 0.68 |
| 14 | ONG GEOK LAN LANDY | 5,058,000 | 0.58 |
| 15 | LIM LAI HIONG | 3,785,045 | 0.43 |
| 16 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 3,546,884 | 0.41 |
| 17 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 2,927,786 | 0.33 |
| 18 | LIN GUODONG | 2,780,000 | 0.32 |
| 19 | DBSN SERVICES PTE. LTD. | 2,520,125 | 0.29 |
| 20 | OEI SU CHI IAN (HUANG SHUQI) | 1,827,042 | 0.21 |
| | **TOTAL** | 762,828,303 | 87.14 |

**Notes:**

(1) Percentage is calculated based on total number of Issued Shares excluding Treasury Shares.

(2) "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited as shares referred to in Sections 21(4), 21(4B), 21(6A and 21(6C) of the Companies Act 1967.

# SUPPLEMENTAL **INFORMATION**

AS AT 17 MARCH 2023

## DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial shareholders in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholdings respectively are as follows:

| | Direct interest | Deemed interest | Total interest | |
|---|---|---|---|---|
| | No. of shares | No. of shares | No. of shares | %[1] |
| **Directors** | | | | |
| Edward Lee Ewe Ming | 1 | 398,374,143[2] | 398,374,144 | 45.50 |
| Ong Ghim Choon | 59,339,200 | – | 59,339,200 | 6.78 |
| Zhang Yanmin | - | 216,634,196[3] | 216,634,196 | 24.74 |
| Mark Leong Kei Wei | 1,411,000 | 715,000[4] | 2,126,000 | 0.24 |
| Oei Su Chi, Ian | 2,336,042 | 470,000[5] | 2,806,042 | 0.32 |
| Ong Siow Fong | 1,499,100 | – | 1,499,100 | 0.17 |
| Liu Yao | – | – | – | – |
| **Substantial Shareholders** | | | | |
| Edward Lee Ewe Ming | 1 | 398,374,143[2] | 398,374,144 | 45.50 |
| Ong Ghim Choon | 59,339,200 | - | 59,339,200 | 6.78 |
| Zhang Yanmin | - | 216,634,196[3] | 216,634,196 | 24.74 |
| Chong Shin Leong | 111,300,000 | 400,000[6] | 111,700,000 | 12.76 |

**Notes:**

(1) Based on the issued and paid-up share capital of the Company of 875,562,570 Shares (excluding 31,514,983 treasury shares) as at 17 March 2023.

(2) Mr Edward Lee Ewe Ming is deemed interested in 398,374,143 Shares held via nominee and financial institutions, out of which 216,634,196 Shares are held jointly with his spouse, Ms Zhang Yanmin.

(3) Ms Zhang Yanmin is deemed interested in 216,634,196 Shares held via nominee and financial institutions, which are jointly held with her spouse, Mr. Edward Lee Ewe Ming.

(4) Mr Mark Leong Kei Wei is deemed interested in 715,000 Shares held by his spouse.

(5) Mr Oei Su Chi, Ian is deemed interested in 470,000 Shares held by his spouse.

(6) Mr Chong Shin Leong is deemed interested in 400,000 Shares held via DBS Nominees (Private) Ltd.

## PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Approximately 34.13% of the Company's shares are held by the public and Rule 723 of the Mainboard Listing Rules of the SGX-ST has been complied with.

# SUPPLEMENTAL **INFORMATION**

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Information relating to the following Directors, who are standing for re-election as a Director at the Annual General Meeting of the Company, is provided pursuant to Rule 720(6) of the Mainboard Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited:

| Name of Director | Mark Leong Kei Wei | Zhang Yanmin | Liu Yao |
|---|---|---|---|
| **Date of appointment** | 15 May 2017 | 29 March 2018 | 28 September 2020 |
| **Date of last re-appointment (if applicable)** | 30 April 2021 | 30 April 2021 | 30 April 2021 |
| **Age** | 46 | 34 | 33 |
| **Country of principal residence** | Singapore | Singapore | China |
| **The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)** | Based on the overall contribution and performance of Mr Leong, the Nominating Committee and the Board has recommended that Mr Leong be re-appointed as an Independent Non-Executive Director of the Company. | Based on the overall contribution and performance of Ms Zhang, the Nominating Committee and the Board has recommended that Ms Zhang be re-appointed as a Non-Independent Executive Director of the Company. | Based on the overall contribution and performance of Ms Liu, the Nominating Committee and the Board has recommended that Ms Liu be re-appointed as an Independent Non-Executive Director of the Company. |
| **Whether appointment is executive, and if so, the area of responsibility** | Non-Executive | Executive | Non-Executive |
| **Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)** | • Lead Independent Director<br>• Chairman, Audit and Risk Committee<br>• Member, Nominating Committee<br>• Member, Remuneration Committee | • Executive Director | • Independent Director<br>• Member, Audit and Risk Committee |
| **Professional qualifications** | • Fellow of the Association of Chartered Certified Accountants (ACCA)<br>• Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) | • Diploma in Business Administration, Singapore Polytechnic | • CPA Australia<br>• Bachelor of Business (Major in Accountancy), RMIT University, Australia |

# SUPPLEMENTAL **INFORMATION**

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

| Name of Director | Mark Leong Kei Wei | Zhang Yanmin | Liu Yao |
|---|---|---|---|
| **Working experience and occupation(s) during the past 10 years** | Mr Leong presently serves as the Lead Independent Director and Audit and Risk Committee Chairman of mDR Ltd. He has considerable corporate, management and directorship experience in a broad range of functions and industries having undertaken several C-suite roles (Chairman, CEO, COO, & CFO) in several private as well as listed companies. Mr Leong currently serves as Non-Executive & Independent Director in several Singapore and Australian listed companies. Mr Leong is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA), a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Member of the Singapore Institute of Directors. | Ms Zhang is an Executive Director of mDR Ltd since July 2018. She was previously the Marketing Director of Edward Lee Residences Private Ltd. Ms Zhang is also Advisor to Yann Investment Co., Ltd, where she takes on the role of chief investment officer and manages a portfolio of public equity investments. | Ms Liu is a Chartered Professional Accountant (Australia) and is currently a Finance Supervisor with Schenker Logistics (Shanghai). Prior to joining Schenker Logistics, Ms Liu was an Industry Controller with Louis Dreyfus Company (Shanghai). Before that, she was an Assistant Manager (Audit) with KPMG Singapore with a focus on Real Estate, Consumer & Tourism sectors for both public listed and private companies. |
| **Shareholding interest in the listed issuer and its subsidiaries** | 2,126,000 | 216,634,196 | No |
| **Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries** | No | Ms Zhang is the spouse of Mr Edward Lee Ewe Ming, the Executive Chairman and controlling shareholder of the Company. | No |
| **Conflict of interest (including any competing business)** | No | No | No |

# SUPPLEMENTAL **INFORMATION**

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

| Name of Director | Mark Leong Kei Wei | Zhang Yanmin | Liu Yao |
|---|---|---|---|
| **Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer** | Yes | Yes | Yes |
| **Other principal commitments* including Directorships**<br>* *"Principal Commitments" has the same meaning as defined in the Code.* | | | |
| **Past (for the last 5 years)** | • Advance SCT Limited<br>• Ascendance Limited<br>• Atos Wellness Ltd<br>• Auspac Financial Services Pty Ltd<br>• Auspac Financial Advisory Pty Ltd<br>• Cosmo Consortium Pte Ltd<br>• Cosmo Real Estate Pte Ltd<br>• East Indonesia Mining Pte Ltd<br>• Fan Ma Fang Zhi (Tian Jin) Co, Ltd.<br>• LCT Holdings Ltd<br>• Ma Ji Xie (Tian Jin) Co, Ltd.<br>• PT Selatan Arc Mineral<br>• Pulai Mining Sdn Bhd<br>• RBV Energy (Singapore) Pte Ltd<br>• Solar Energy Investments Pte Ltd<br>• Sumberjaya Land and Mining Sdn Bhd<br>• T8 Investments Pte Ltd<br>• Top Mining Ltd | • Marketing Director, Edward Lee Residences Private Ltd | • Industry Controller, Louis Dreyfus Company (Shanghai) |

# SUPPLEMENTAL INFORMATION

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

| Name of Director | Mark Leong Kei Wei | Zhang Yanmin | Liu Yao |
|---|---|---|---|
| **Present** | Directorships<br>• 9R Limited<br>• Apeiron Agrocommodites Pte Ltd<br>• Avalon Partners Pte Ltd<br>• Catalano Ltd<br>• HS Optimus Holdings Ltd<br>• LMIRT Management Ltd<br>• Osteopore Ltd | Directorships<br>• 3 Mobile Telecom Pte Ltd<br>• A-Mobile Pte Ltd<br>• Distribution Management Solutions Pte Ltd<br>• Handphoneshop Pte Ltd<br>• SDS Pte Ltd<br><br>• Advisor, Yann Investment Co., Ltd | • Finance Supervisor, Schenker Logistics |
| **Information required**<br>**Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.** | | | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No | No |

# SUPPLEMENTAL **INFORMATION**

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

| Name of Director | Mark Leong Kei Wei | Zhang Yanmin | Liu Yao |
|---|---|---|---|
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No | No |
| (c) Whether there is any unsatisfied judgment against him? | No | No | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | No |

# SUPPLEMENTAL **INFORMATION**

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

| Name of Director | Mark Leong Kei Wei | Zhang Yanmin | Liu Yao |
|---|---|---|---|
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No | No |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No | No |

# SUPPLEMENTAL **INFORMATION**

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

| Name of Director | Mark Leong Kei Wei | Zhang Yanmin | Liu Yao |
|---|---|---|---|
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:— | | | |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No | No |

# SUPPLEMENTAL **INFORMATION**

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

| Name of Director | Mark Leong Kei Wei | Zhang Yanmin | Liu Yao |
|---|---|---|---|
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No | No |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, | No | No | No |
| in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | | | |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No | No |

# NOTICE OF
# ANNUAL GENERAL MEETING

MDR Limited

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

**NOTICE IS HEREBY GIVEN** that the Twenty Second (22nd) Annual General Meeting ("**AGM**") of mDR Limited (the "**Company**") will be held way of electronic means on 28 April 2023 (Friday) at 2:30 p.m. (Singapore time) to transact the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the audited Financial Statements of the Company for the year ended 31 December 2022 together with the Auditors' Report thereon.

**(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of S$4.25 million (approximate) in respect of the financial year ended 31 December 2022.

[*See Explanatory Note (i)*] **(Resolution 2)**

3. To re-elect Mr Mark Leong Kei Wei, a Director of the Company retiring pursuant to Regulation 104(1) of the Constitution of the Company.

[*See Explanatory Note (ii)*] **(Resolution 3)**

4. To re-elect Ms Zhang Yanmin, a Director of the Company retiring pursuant to Regulation 104(1) of the Constitution of the Company.

[*See Explanatory Note (ii)*] **(Resolution 4)**

5. To re-elect Ms Liu Yao, a Director of the Company retiring pursuant to Regulation 104(1) of the Constitution of the Company.

[*See Explanatory Note (ii)*] **(Resolution 5)**

6. To approve the payment of up to S$300,000 to be paid to all Directors (other than the Executive Directors) as Directors' fees for the financial year ending 31 December 2023 (same as for FY2022: up to S$300,000; Directors' fees paid for FY2022: S$231,515).

[*See Explanatory Note (iii)*] **(Resolution 6)**

7. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

**(Resolution 7)**

# NOTICE OF
# ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue shares**

"That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, notwithstanding that the authority conferred by this Resolution may have ceased to be in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall be less than ten per cent (10%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation and adjustment as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares, excluding treasury shares and subsidiary holdings, at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

In this Resolution 8, "subsidiary holdings" shall have the meaning ascribed to it in the SGX-ST Listing Manual.

[*See Explanatory Note (iv)*] **(Resolution 8)**

9. **Authority to allot and issue Shares under the mDR Share Plan 2018**

"That the Directors be and are hereby authorised to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of Awards under the mDR Share Plan 2018, provided that the aggregate number of Shares to be allotted and issued pursuant to the mDR Share Plan 2018 and any other share- based incentive schemes that may be implemented by the Company, shall not exceed 15% of the total issued and paid-up Shares (excluding treasury shares and subsidiary holdings) on the day preceding the date on which the Award shall be granted."

[*See Explanatory Note (v)*] **(Resolution 9)**

10. **Proposed renewal of the Share Buy-back Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (the "**Companies Act**") and such other laws and regulations as may for the time being be applicable, the exercise by the directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire issued and paid-up ordinary shares in the share capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) on-market purchases transacted through the trading system of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), or as the case may be, any other securities exchange on which the Shares may for the time being be listed on ("**Market Purchase**"); and/or

(ii) off-market purchases otherwise than on a securities exchange, in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the SGX-ST Listing Manual ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the SGX-ST Listing Manual, be and is hereby authorised and approved generally and unconditionally ("**Share Buy-back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-back Mandate shall, at the discretion of the Directors, either be cancelled or held as treasury shares and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors to purchase Shares pursuant to the Share Buy-back Mandate may be exercised by the Directors any time and from time to time, on and from the date of the passing of this resolution, up to the earliest of:

(i) the date on which the next annual general meeting is held or is required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by Shareholders in a general meeting;

(d) in this resolution:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs during the relevant five (5) Market Day period and the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the Off-Market Purchase from the holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, and other related expenses) to be paid for the Shares as determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

"**Prescribed Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

(e) the Directors and/or any of them be and are hereby authorised to do any and all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the matters referred to in this resolution and the taking of any and all actions whatsoever, by any Director on behalf of the Company in connection with the proposed Share Buy-back Mandate prior to the date of the passing of this resolution be and are hereby approved, ratified and confirmed."

[*See Explanatory Note (vi)*] **(Resolution 10)**

11. To transact any other business that may be properly transacted at an annual general meeting.

## BY ORDER OF THE BOARD

**Madan Mohan**
Company Secretary
Singapore, 10 April 2023

## EXPLANATORY NOTES:

(i) **Resolution 2:** Ordinary Resolution 2, if passed, will allow the Company to pay final tax exempt (one-tier) cash dividend of up to S$4.25 million (approximate). The dividend per share will be determined based on the total number of issued shares as at Record Date.

(ii) **Resolutions 3 to 5:** Ordinary Resolutions 3 to 5 are to re-elect Mr Mark Leong Kei Wei, Ms Zhang Yanmin, and Ms Liu Yao as Directors of the Company.

Mr Mark Leong Kei Wei will, upon re-election as a Director of the Company, remain as Chairman of the Audit and Risk Committee ("**ARC**"), member of both, the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), and will be considered independent. Ms Zhang Yanmin will, upon re-election as a Director of the Company, remain as Executive Director of the Company, and will be considered non-independent. Ms Liu Yao will, upon re-election as a Director of the Company, remain as a member of the ARC, and will be considered independent.

More information on these Directors are set out in the "Board of Directors" and "Corporate Governance" sections in the Annual Report 2022. Please refer to the "Supplemental Information" section of the Annual Report 2022 for information relating to these Directors as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST.

(iii) **Resolution 6:** Ordinary Resolution 6 is to seek approval for the payment of up to S$300,000 to all Directors (other than Executive Directors) as Directors' fees for the financial year ending 31 December 2023 (which is the same as that approved for the preceding financial year). Total Directors' fees paid for FY2022 was S$231,515. Additional information on the Directors' fees can be found under "Corporate Governance" section in the Company's Annual Report 2022.

(iv) **Resolution 8:** Ordinary Resolution 8, if passed, will empower the Directors of the Company, to issue Shares and to make or grant instruments (such as warrants, debentures or options) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total fifty per cent (50%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings, of which the number of Shares that may be issued other than on a *pro rata* basis to shareholders shall be less than ten per cent (10%) of the total number of Shares that may be issued ("**General Mandate**"). For the purpose of determining the aggregate number of Shares that may be issued pursuant to the General Mandate, the percentage of issued Shares shall be based on the total number of issued Shares, excluding treasury shares and subsidiary holdings, at the time Resolution 8 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time Resolution 8 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

(v) **Resolution 9:** Ordinary Resolution 9, if passed, will authorise and empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares in the capital of the Company in accordance with the rules of the mDR Share Plan 2018. The mDR Share Plan 2018 was first approved by the shareholders at the Extraordinary General Meeting of the Company held on 28 September 2018.

(vi) **Resolution 10:** Ordinary Resolution 10 is to renew the Share Buy-back Mandate to allow the Company to purchase or otherwise acquire its Shares, on the terms and subject to the conditions set out in this Resolution.

The Company intends to use internal resources of funds and/or external borrowings to finance the purchase or acquisition of Shares pursuant to the proposed renewal of the Share Buy-back Mandate. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. Purely for illustrative purposes only, the financial effects of the purchase or acquisition of such Shares by the Company pursuant to the Share Buy-back Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2022, based on certain assumptions, are set out in the circular to shareholders dated 10 April 2023 ("**Share Buy-back Circular**"). Please refer to the Share Buy- back Circular for more details.

## ADDITIONAL NOTES:

(1) The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will not be sent to members. Instead, this Notice of AGM will be sent to members by electronic means via publication on SGXNET at the URL https://www.sgx.com/securities/company-announcements and the Company's corporate website at the URL http://www.m-dr.com/meetings.

(2) Alternative arrangements relating to:

(a) attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream);

(b) submission of questions in advance of, or "live" at, the AGM, and addressing of substantial and relevant questions prior to, or at, the AGM; and

(c) voting at the AGM (i) "live" by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on the member's behalf at the AGM,

are set out in the accompanying Company's announcement dated 10 April 2023. This announcement may be accessed on SGXNET at the URL https://www.sgx.com/securities/company-announcements and the Company's corporate website at the URL http://www.m-dr.com/meetings.

***Participation in the AGM***

(3) Members of the Company and, where applicable, their appointed proxy(ies) will be able to participate in the proceedings of the AGM through a "live" audio-visual webcast or "live" audio-only stream. In order to do so, members or their proxy(ies) must pre-register at the pre-registration website at the URL https://conveneagm.sg/mdr by **2:30 p.m.** on **25 April 2023**. Following verification, authenticated members or their proxy(ies) will receive an email on their authentication status ("**Confirmation Email**") and will be able to access the live webcast using the login credentials created during pre-registration.

(4) Members or their proxy(ies) who have successfully registered, but have not received the Confirmation Email by 10:00 a.m. on 27 April 2023 should contact the Company for assistance, by phone at +65 6347 8911 / +65 9736 1264, or by email at corporateaffairs@m-dr.com.

(5) Investors who hold shares in the Company through relevant intermediaries (as defined in section 181 of the Companies Act 1967), and who wish to participate in the proceedings of the AGM should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

***Submission of questions prior to or during the AGM***

(6) Members or their proxy(ies) will be able to ask questions "live" at the AGM, by submitting their questions through the "live" chat function of the audio-visual webcast platform.

If a member or their proxy(ies) wishes to submit questions in advance of the AGM related to the resolutions tabled for approval at the AGM, all questions must be submitted no later than **5:00 p.m.** on **18 April 2023** through the following means:

(a) via the pre-registration website at the URL https://conveneagm.sg/mdr; or

(b) by email to corporateaffairs@m-dr.com; or

(c) by post to the registered office of the Company at mDR Limited, 53 Ubi Crescent, Singapore 408594, Attn. Company Secretary.

**To ensure that questions are received by the Company by the stipulated deadline, members or their proxy(ies) are strongly encouraged to submit questions via the pre-registration website or by email.**

When submitting questions, members or their proxy(ies) should provide their full name, NRIC/Passport Number, contact number and email address, and the manner in which the shares are held in the Company (e.g. via CDP, CPF or SRS) for verification. The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM by publishing the Company's responses on SGXNET and the Company's website on or before 23 April 2023. Substantial and relevant questions received after 18 April 2023 will be addressed at the AGM.

***Proxy Voting and "Live" Voting***

(7) A member who wishes to exercise his/her/its voting rights at the AGM may:

(a) vote "live" via electronic means at the AGM or appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf; or

(b) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.

The Proxy Form for the AGM may be accessed on SGXNET at the URL https://www.sgx.com/securities/company-announcements, or the Company's corporate website at the URL http://www.m-dr.com/meetings, or the pre-registration website at the URL https://conveneagm.sg/mdr.

Where a member (whether individual or corporate) appoints a proxy(ies), he/she/it should give specific instructions as to the voting, or abstentions from voting, in respect of each resolution. If no specific direction as to voting is given, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

(8) (a) A member who is not a relevant intermediary (as defined below) is entitled to appoint not more than two (2) proxies. Where such member's Proxy Form appoints more than one (1) proxy, the proportion of the shareholdings concerned to be represented by each proxy shall be specified in the Proxy Form.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's Proxy Form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

"**relevant intermediary**" has the meaning ascribed to in Section 181 of the Companies Act 1967.

(9) CPF and SRS investors:

(a) may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 April 2023, being 7 working days before the date of the AGM.

(10) A proxy need not be a member of the Company.

***Submission of Proxy Form***

(11) The duly completed Proxy Form must be submitted to the Company in the following manner:

(a) if submitted by post, be deposited at the registered office of the Company at mDR Limited, 53 Ubi Crescent, Singapore 408594, Attn. Company Secretary; or

(b) if submitted electronically, be submitted:

(i) via email to the Company at corporateaffairs@m-dr.com; or
(ii) via the pre-registration website at the URL https://conveneagm.sg/mdr,

in each case, by no later than **2:30 p.m.** on **25 April 2023**, being 72 hours before the time appointed for holding the AGM. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above or via the pre-registration website provided above.

**Members are strongly encouraged to submit completed Proxy Forms electronically via email or the pre-registration website.**

***Documents for the AGM***

(12) All documents, including the Annual Report 2022, the Notice of AGM, the Share Buy-back Circular, the Proxy Form, and information relating to the business of the AGM have been published on SGXNET at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL http://www.m-dr.com/meetings. Printed copies of the documents will not be sent to members. Members are advised to check SGXNET or the Company's website regularly for updates.

## NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

**NOTICE IS HEREBY GIVEN THAT** the Share Transfer Books and Register of Members of the Company will be closed from 5:00 p.m. on 8 June 2023 up to (and including) 9 June 2023 for the purpose of determining shareholders' entitlement to the proposed final dividend (tax exempt one-tier) for the financial year ended 31 December 2022 (the "**Proposed Dividend**"), to be paid subject to shareholders' approval at the AGM.

Duly completed registrable transfers of shares received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5:00 p.m. on 8 June 2023 will be registered to determine shareholders' entitlement to the Proposed Dividend.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5:00 p.m. on 8 June 2023 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved by shareholders at the AGM, will be paid on 28 June 2023.

**Personal Data Privacy:**

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via 'live' audio-visual webcast or 'live' audio-only stream, or (c) submitting any questions prior to the AGM in accordance with this Notice, a member consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof);

(ii) processing of the registration for purposes of granting access to members (or their corporate representatives in the case of members which are legal entities) to the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing substantial and relevant questions from members before the AGM and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance lists, proxy lists, minutes (including questions and answers) and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

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MDR Limited

# PROXY FORM
## ANNUAL GENERAL MEETING

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

**IMPORTANT**:
1. The AGM (as defined below) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM dated 10 April 2023 ("**Notice of AGM**") and this Proxy Form will not be sent to members. Instead, the Notice of AGM and this Proxy Form will be sent to members by electronic means via publication on SGXNET at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL http://www.m-dr.com/meetings.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions in advance of, or "live" at, the AGM, and addressing of substantial and relevant questions prior to, or at, the AGM, and voting at the AGM "live" by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means, or by appointing the Chairman of the Meeting as proxy to vote on the member's behalf at the AGM, are set out in the Notice of AGM and the accompanying Company's announcement dated 10 April 2023, which may be accessed on SGXNET at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL http://www.m-dr.com/meetings.
3. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund ("**CPF**") and Supplemental Retirement Scheme ("**SRS**") investors. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 April 2023, being 7 working days before the date of the AGM.
4. By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).**

I/We*, ______________________ (Name) ______________ (NRIC / Passport / Co. Reg. No.*)

of ____________________________________________ (Address)

being a member/members* of MDR LIMITED (the "**Company**"), hereby appoint:

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Email Address | | | |

and/or*

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Email Address | | | |

or failing him/her/them*, the Chairman of the Meeting, as my/our* proxy/proxies to attend, speak and vote for me/us* on my/our* behalf at the Twenty Second (22nd) Annual General Meeting of the Company (the "**AGM**") to be held by way of electronic means on Friday, 28 April 2023 at 2:30 p.m., and at any adjournment thereof in the following manner:

| No. | Resolutions | For | Against | Abstain |
|---|---|---|---|---|
| **ORDINARY BUSINESS** | | | | |
| 1. | Directors' Statement and audited Financial Statements for the year ended 31 December 2022 | | | |
| 2. | Declaration of final tax exempt (one-tier) dividend of S$4.25 million (approximate) for the year ended 31 December 2022 | | | |
| 3. | Re-election of Mr Mark Leong Kei Wei as a Director | | | |
| 4. | Re-election of Ms Zhang Yanmin as a Director | | | |
| 5. | Re-election of Ms Liu Yao as a Director | | | |
| 6. | Approval of Directors' fees of up to S$300,000 for the year ending 31 December 2023 | | | |
| 7. | To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration | | | |
| **SPECIAL BUSINESS** | | | | |
| 8. | General authority to allot and issue shares | | | |
| 9. | Authority to allot and issue Shares under the mDR Share Plan 2018 | | | |
| 10. | Proposed renewal of the Share Buy-back Mandate | | | |

**NOTE:**
(1) Email address is compulsory for registration purposes. Only email address provided in the submitted Proxy Form will receive an email to pre-register for the AGM.
(2) Voting will be conducted by poll for all resolutions. If you wish your proxy(ies) to cast all your votes "**For**" or "**Against**" a resolution, please indicate with a "√" in the "**For**" or "**Against**" box provided in respect of that resolution. Alternatively, please indicate the number of votes "**For**" or "**Against**" in the "**For**" or "**Against**" box provided in respect of that resolution. If you wish your proxy(ies) to abstain from voting on a resolution, please indicate with a "√" in the "**Abstain**" box provided in respect of that resolution. Alternatively, please indicate the number of Shares that your proxy(ies) is directed to abstain from voting in the "**Abstain**" box provided in respect of that resolution. In any other case, the proxy(ies) may vote or abstain as the proxy(ies) deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM and at any adjournment thereof.

Dated this __________ day of __________ 2023

| Total Number of Shares held |
|---|
| |

_______________________________
Signature(s) or Common Seal of Member(s)

***Delete as appropriate**

*Fold this flap for sealing. Glue firmly.*

**NOTES:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.

2. A member who wishes to exercise his/her/its voting rights at the AGM may (a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf; or (b) (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. Where a member (whether individual or corporate) appoints a proxy(ies), he/she/it should give specific instructions as to the voting, or abstentions from voting, in respect of each resolution. If no specific direction as to voting is given, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

3. (a) A member who is not a relevant intermediary (as defined below) is entitled to appoint not more than two (2) proxies. Where such member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy shall be specified in the Proxy Form.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's Proxy Form appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

   "**relevant intermediary**" has the meaning ascribed to in Section 181 of the Companies Act 1967.

4. A proxy need not be a member of the Company.

5. The duly completed Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the registered office of the Company at mDR Limited, 53 Ubi Crescent, Singapore 408594, Attn. Company Secretary; or

   (b) if submitted electronically, be submitted:

      (i) via email to the Company at corporateaffairs@m-dr.com; or
      (ii) via the pre-registration website at the URL https://conveneagm.sg/mdr,

   in either case, by no later than **2:30 p.m.** on **25 April 2023**, being 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above or via the pre-registration website provided above.

   **Members are strongly encouraged to submit completed Proxy Forms electronically via email or the pre-registration website.**

6. Completion and return of this Proxy Form shall not preclude a member from attending and voting at the AGM. A member who accesses the "live" webcast of the AGM proceedings may revoke the appointment of a proxy(ies) at any time before voting commences and in such an event, the Company reserves the right to terminate the proxy(ies)' access to the AGM proceedings.

7. The Proxy Form must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment). In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.

9. Terms not defined herein have the meanings ascribed to them in the Notice of AGM.

10. Any reference to a time of day is made by reference to Singapore time.

11. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

*Fold this flap for sealing. Glue firmly.*

**Affix**
**Postage**
**Stamp**

Company Secretary
**mDR Limited**
53 Ubi Crescent
Singapore 408594

MDR Limited

UEN: 200009059G
53 Ubi Crescent
Singapore 408594
Telephone : +65 6347 8911
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**www.m-dr.com**