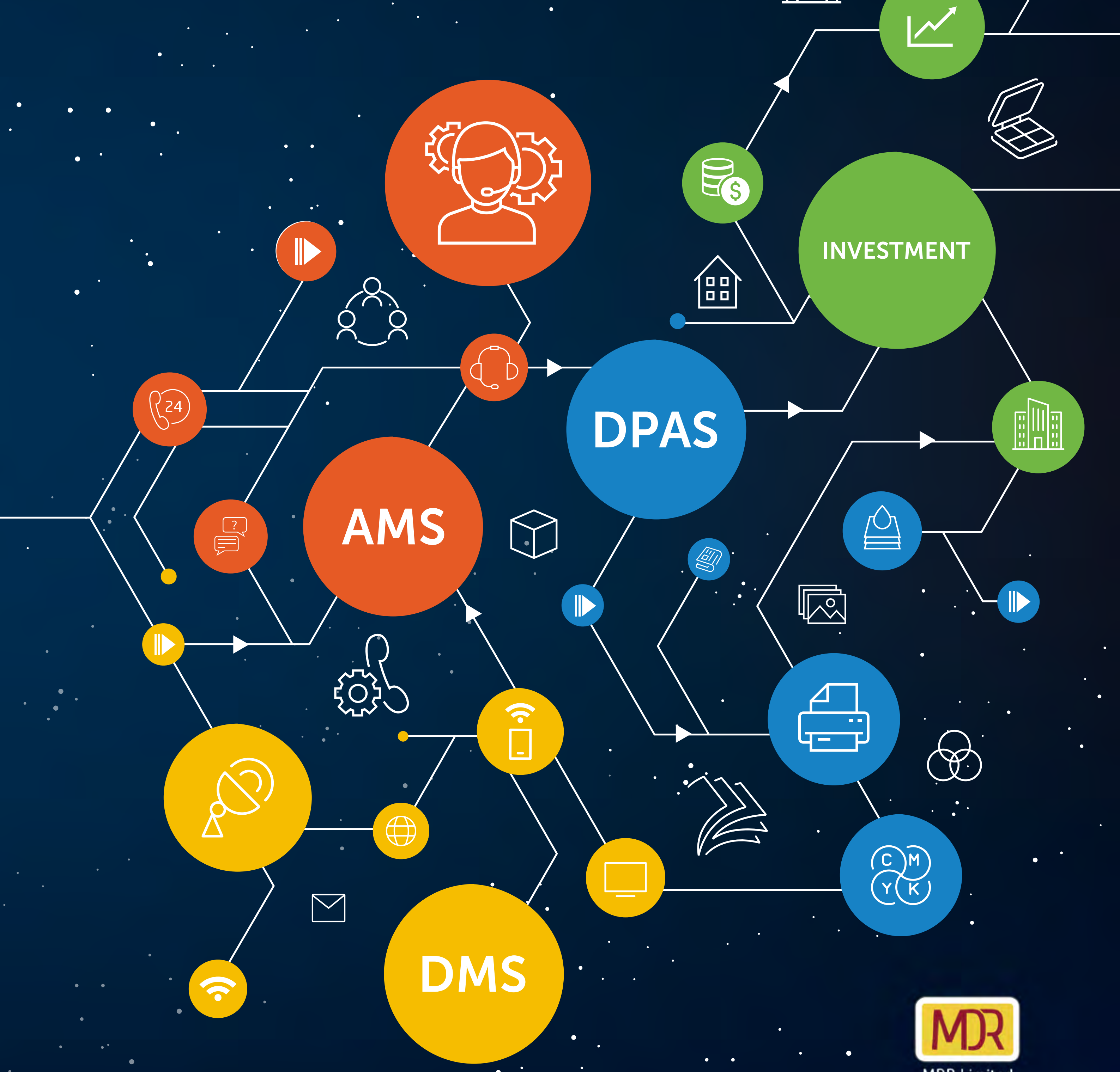
ANNUAL REPORT 2018

BUILDING FORWARD

MOMENTUM



MDR Limited

BUILDING FORWARD

MOMENTUM

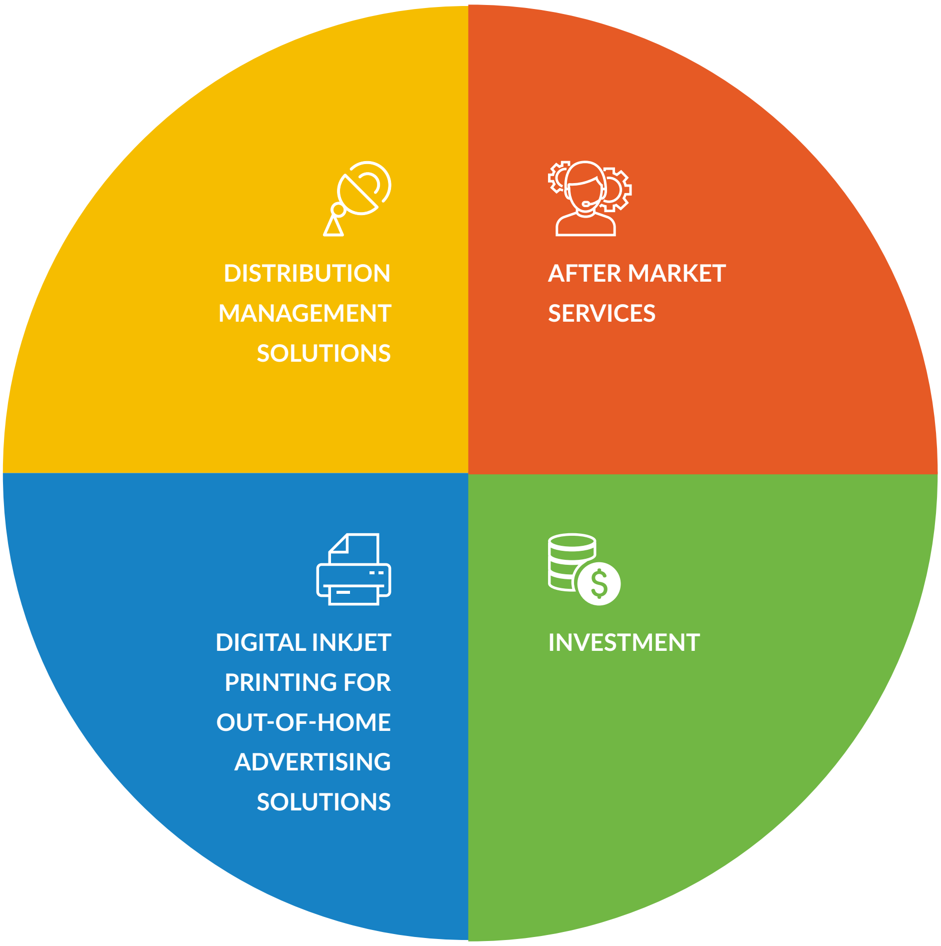
mDR Limited
Annual Report
2018

CONTENTS

mDR Limited ("mDR") is an established after-market service provider for mobile phones and various consumer electronics products. 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.

CORPORATE PROFILE

Business Segments



Major Principals

m1 · Singtel · SAMSUNG · LG · NOKIA · VT

Business Network

About mDR

SGX Mainboard listed, mDR Ltd is a Singapore based corporation with businesses in the distribution and retail of telecommunication products and services, after market services, large format digital inkjet printing and diversified investment business.

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 M1 and Singtel products and services in Singapore. mDR is also the after market service partner for Samsung and Sony in Singapore.

mDR's subsidiary, VT Cosmetics is an official authorised distributor of products of K-Beauty emerging brand, VT Cosmetic, Inc. in Singapore, Malaysia and Indonesia.

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 Group's Businesses Include:

- Authorised distributor and/or retailer of mobile devices and accessories for brands like Huawei, LG, Nokia, Oppo, Razer and Samsung.
- Key partner of telecommunications service providers, M1 and Singtel, through retail distribution networks under HandphoneShop and 3 Mobile respectively
- Distribution of Singtel prepaid cards and services in Singapore under SDS;
- Partner of Samsung for its retail concept stores in Singapore
- Owner of HandPhoneShop.com, an e-commerce portal that offers the latest mobile devices, gadgets, and accessories
- Provider of after market services to end consumers for Samsung and Sony for equipment repairs and technical services in Singapore
- Provision of digital inkjet printing for Point-Of-Sale and Out-Of Home advertising solutions in Malaysia
- Authorised distributor of VT Cosmetics products
- Diversified investment business

For more information on our products and services, visit:

www.handphoneshop.com
www.m-dr.com
www.pixio.com.my
www.vtcosmetics.sg

CHAIRMAN'S STATEMENT

"The Directors (including myself, Ong Ghim Choon, Zhang Yanmin, Mark Leong and Ian Oei) subscribed for their entitlement of the Rights Issue in full. In aggregate, directors and Group employees invested $33.2 million under the Rights subscription and the exercise of Tranche 1 Warrants."

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 December 31, 2018.

Singapore's economy grew by 3.2% in 2018 (2017 : 3.6%). The year was marked by rising trade conflicts, deceleration in economic growth, and looming Brexit — events which posed uncertainties and volatility in global markets including in Singapore. The Group however successfully navigated through the market uncertainties and volatility, and recorded a stable S$2.49 million in profits for the year.

2018 was a key milestone in the Group's transformative journey. Shareholders approved the Company's diversification in two new business segments in April 2018 — Investment and Property. Subsequently, the Company successfully completed the Rights cum Warrants issue in June 2018. The Rights Issue registered a subscription rate of 66.16% and we raised $31.2 million from the

Rights subscription and $35.8 million from the exercise of Tranche 1 Warrants. Thereafter, in September 2018 shareholders approved the first major transaction under the Investment Business and also a new Constitution of the Company. The Directors (including myself, Ong Ghim Choon, Zhang Yanmin, Mark Leong and Ian Oei) subscribed for their entitlement of the Rights Issue in full. In aggregate, directors and Group employees invested $33.2 million under the Rights subscription and the exercise of Tranche 1 Warrants.

FINANCIAL REVIEW

Group's year-on-year revenue from continuing operations decreased by $10.2 million to $264.87 million.

Revenue contribution from Distribution Management Solutions ("DMS") division decreased by $9 million to $232.85 million. This was 4% lower than DMS's FY2017 revenue of $241.76 million. DMS achieved lower revenue largely due to a decline in the distribution and retail sales of accessories, lower revenue from franchisee operations, prepaid cards sales, and handsets distribution.

Year-on-year revenue from After Market Solutions ("AMS") division decreased by $1.8 million to $24.24 million, primarily due to lower repair volumes. This was 7% lower than AMS's FY2017 revenue of $26.03 million.

Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("DPAS") division's revenue was $6.15 million, compared to 2017 revenue of $7.25 million.

The Group recorded $1.6 million in revenue from the investment division (classified under other income in FY2017), $1.31 million from dividend income and $0.32 million from loan interest income. Dividend income grew 236% from $0.39 million in FY2017. Group's gross profit margin from dividend income is 100% and such income is tax free. For the year 2018, approximately $33 million of investment assets generated $1.31 million of dividend income. MDR ended the year with an investment portfolio of $84.92 million but has since divested its position in M1 of nearly $20 million and currently has about $65.18 million of income generating investment assets.

Revenue

$264.87 million

Profit

$2.49 million

Total Net Tangible Assets

$127.50 million

CHAIRMAN'S STATEMENT

The Group's financial position strengthened with total net tangible assets of $127.50 million as at December 31, 2018 (2017 : $62.84 million). As at December 31, 2018, the Group maintained a healthy cash balance of $8.45 million.

BUSINESS OPERATIONS

Singapore Operations

The Group is one of the largest distributor, retailer and aftermarket service provider of mobile phones in Singapore. The DMS division currently operates and manages an island wide network of retail outlets in Singapore comprising 9 Singtel stores (including 3 franchised stores), 9 M1 stores and 3 Samsung concept stores at Plaza Singapura, VivoCity and Westgate. In addition, the Group manages 3 service centres of Samsung at Plaza Singapura, VivoCity and Westgate. An additional Samsung service centre is expected to be operational from April this year at Causeway Point. We opened 2 new M1 stores at Bukit Panjang Plaza and Waterway Point, and a Singtel store is due to open at Poiz Centre in April this year.

AMS business remains an important revenue stream of the Group in its business ecosystem. The AMS division currently provides its suite of aftermarket services both for Samsung and Sony.

We expanded into cosmetics business in October 2018. Group's subsidiary, VT Cosmetics Pte Ltd has opened two outlets, one at Plaza Singapura and the other at Jurong Point. VT business is slowly building the VT brand in Singapore and the region. The Group will monitor VT sales closely to assess the growth and viability of the VT business in Singapore and the region.

DPAS's Operations

The DPAS operations under Pixio Sdn. Bhd. ("Pixio") continues to contribute positively to the Group's revenue. Pixio's business last year was affected by the weak economic growth and a slowdown of local business activities in Malaysia after the 2018 General Election. Pixio is working on expanding its customer base to grow its revenue stream.

FUTURE OUTLOOK

Competition in the telco industry is expected to continue to intensify with the entry of the 4th operator and the various mobile virtual network operators ("MVNOs"). However it is anticipated that the growth in value added services, enterprise business and digitisation by existing telcos will underpin the future growth and revenue of telco products and services. This is also reflected in the changing patterns of sales of various products and services. For example, while the sales of pre-paid cards have generally declined, the sales of post-paid products and services have shown improvements. Overall, we expect DMS's performance to remain muted in 2019 in view of the customary factors, being the distribution business's high reliance on the success of the newer flagship mobile phone models from the principals, overheads and competition. However, with our experience in the telecommunications sector and long established relationship with business partners and principals, overall we remain optimistic about the future outlook of the DMS business.

The Group has successfully deployed the proceeds of $67 million raised from the Rights cum Warrants issue in marketable securities (as at March 15, 2019) and $9.9 million as working capital to purchase inventories. We expect that dividend income from invested marketable securities will continue to be the main stream of revenue for the Investment division, and a main driver of profits and cashflow for the Group. Our investment portfolio return for 2018 was negative 6.8%, outperforming STI's return of negative 9.82%, and other key index returns, for example, FTSE All-Share Index (negative 10.42%) and FTSE ST Catalist (negative 34.13%). Including dividends, our investment portfolio return for 2018 was negative 4.9%, outperforming STI's return of negative 6.5% (including dividends), and other key index returns, for example, FTSE All-Share Index (-6.75% including dividends) and FTSE ST Catalist (-31.95% including dividends). The investment team believes that a severe financial crisis is likely on the horizon and is in the process of building a fixed income portfolio of short duration corporate credits to protect capital while generating a respectable yield. We also believe our equity portfolio to withstand market volatility given its low 0.578 5-year beta and defensive allocation. The dividend yield for our investment portfolio as at December 31, 2018 is 6.37%.

The Group is yet to venture into the Property business, due to lack of attractive real estate assets at our preferred valuation. We are patient investors and will likely find compelling distressed opportunities after a financial crisis. Nonetheless, the Group currently has securitized exposure to real estate assets via SGX listed securities at deep discount to tangible book value. Currently, the equity portfolio has 41% exposure to real estate.

Management is highly optimistic of the Company's potential in terms of value creation and benefits for its shareholders and various stakeholders. Overall, we believe, MDR is now a stronger company with a scaled-up balance sheet, an established telecommunication distribution and retail business, printing business, and a growing investment business. The Group is also actively exploring potential investment opportunities to build new revenue streams and improve shareholders' returns. Apart from its income producing portfolio investments, MDR will seize special situation deals which require active management and the expected risk-return hurdle of these opportunities are expected to be higher.

The Group has made the great leap forward with a resolute determination. We are committed to maintain the forward momentum to accelerate growth and create shareholder value and to improve the profitability and visibility of the Company. The progress made in 2018 is just the first step towards an exciting journey from an evolution into a transformation for the Group and all shareholders.

DIVIDEND/CORPORATE GOVERNANCE

We believe dividend payments are the ultimate tangible evidence of good corporate governance. For year 2018, MDR improved its corporate governance ranking up from 242 (in 2017) to 67 (in 2018) (out of 589 SGX listed companies in the General Category) in the Singapore Governance and Transparency Index 2018 and we are proud to share that our rankings were even higher than some of the blue-chip constituents of the STI i.e. Genting Singapore, Golden Agri-Resources, Thai Beverage and Yangzijiang Shipbuilding. The Board is pleased to propose a final dividend amount of up to $2 million for shareholders' approval at the forthcoming annual general meeting. The dividend translates to about 80.26% of the Group's net profits in 2018, and is 33.33% higher than last year's dividend. Upon shareholders' approval, the final dividend will be paid on May 23, 2019. Barring any unforeseen event, the Company is committed to achieve better performance and a higher dividend payment for 2019.

CHAIRMAN'S STATEMENT

"We believe dividend payments are the ultimate tangible evidence of good corporate governance. For year 2018, MDR improved its corporate governance ranking up from 242 (in 2017) to 67 (in 2018) (out of 589 SGX listed companies in the General Category) in the Singapore Governance and Transparency Index 2018 and we are proud to share that our rankings were even higher than some of the blue-chip constituents of the STI i.e. Genting Singapore, Golden Agri-Resources, Thai Beverage and Yangzijiang Shipbuilding."

INVESTOR RELATIONS

MDR commenced its first earnings call with shareholders/ analysts/media on March 1, 2019. Moving forward, Bloomberg will publish audio file and transcript of the earnings calls. We believe high corporate transparency is essential to existing and potential shareholders, but more importantly, we believe investor relations is a two-way communication dialogue, and management encourages feedback in order to continue operating at an optimal level for all stakeholders. On an on-going basis, MDR will schedule earnings call every quarter.

NOTE OF APPRECIATION

On behalf of the Board and management, I express my sincere thanks to all our shareholders, business partners and customers, for their support and confidence in us. I would also like to extend my heartfelt appreciation to my fellow Directors, management and employees of the Company for their dedication, efforts and teamwork that has contributed to the Group's continued success. We look forward to a bright and successful year ahead.

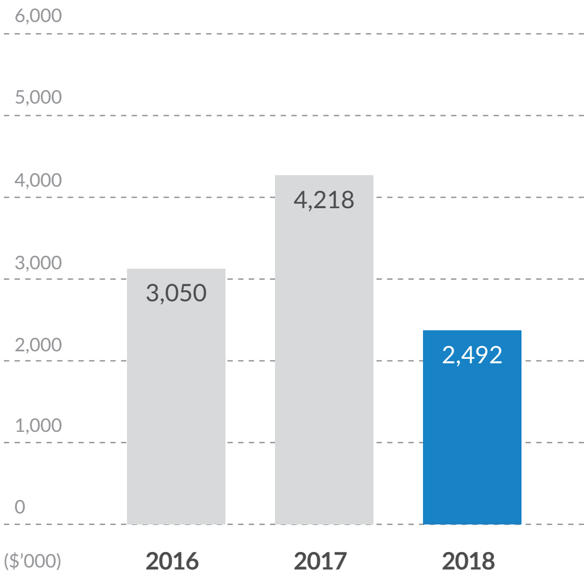
Edward Lee
Executive Chairman

March 29, 2019

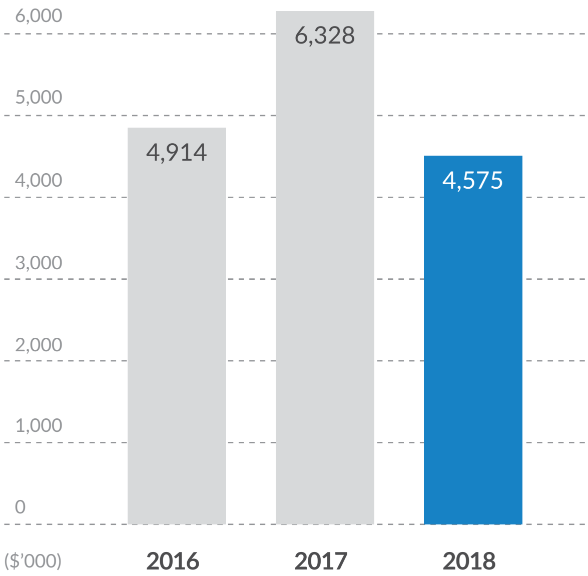
FINANCIAL HIGHLIGHTS

	2016 $'000	2017 $'000	2018 $'000
Profit after tax	3,050	4,218	2,492
EBITDA	4,914	6,328	4,575
Net Assets Value	64,346	65,636	130,300
Dividends	1,300	1,500	2,000

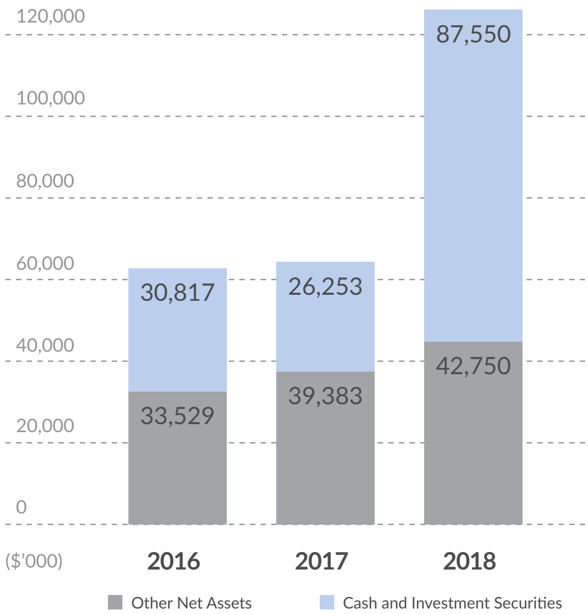
Profit after tax ($'000)



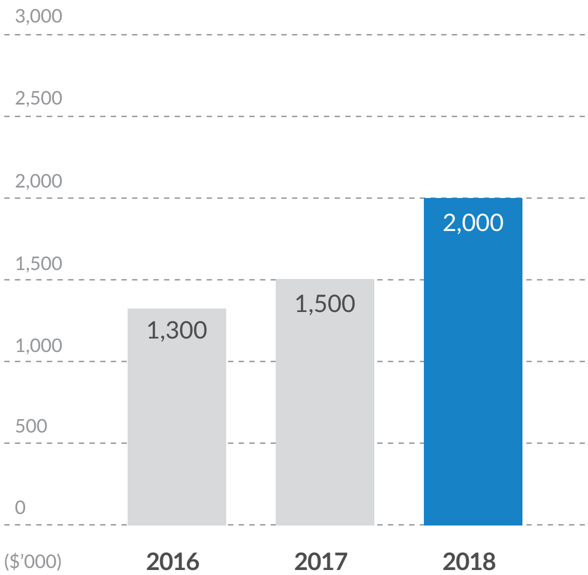
EBITDA ($'000)



Net Assets Value ($'000)



Dividends ($'000)



BOARD OF DIRECTORS

Edward Lee Ewe Ming

Executive Chairman
Non-Independent Executive Director

Date of first appointment as a Director
11 May 2017

Ong Ghim Choon

Chief Executive Officer
Non-Independent Executive Director

Date of first appointment as a Director
19 August 2009

Zhang Yanmin

Executive Director
Non-Independent Director

Date of first appointment as a Director
29 March 2018

Mark Leong Kei Wei

Lead Independent Non-Executive Director

Date of first appointment as a Director
15 May 2017

Oei Su Chi, Ian

Independent Non-Executive Director

Date of first appointment as a Director
1 June 2017

Lai Yew Fei

Independent Non-Executive Director

Date of first appointment as a Director
1 June 2017

BOARD OF DIRECTORS

Edward Lee Ewe Ming

Executive Chairman
Non-Independent Executive Director

Date of first appointment as a Director
11 May 2017

Mr Lee is the Executive Chairman of the Group since June 2017. He is also the Managing Director of Edward Lee Apartments Private Limited and Edward Lee Residences 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.

Ong Ghim Choon

Chief Executive Officer
Non-Independent Executive Director

Date of first appointment as a Director
19 August 2009

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.

Zhang Yanmin

Executive Director
Non-Independent Director

Date of first appointment as a Director
29 March 2018

Ms Zhang is an Executive Director of mDR Ltd. She is currently the Marketing Director of Edward Lee Residences Pte 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.

Mark Leong Kei Wei

Lead Independent Non-Executive Director

Date of first appointment as a Director
15 May 2017

Mr Leong presently serves as an Independent Director and Audit Committee Chairman of two SGX listed companies (including mDR Ltd). He is currently the COO of a SGX listed drilling equipment and engineering solutions provider for the oil & gas industry. Prior to this, in 2012, as Vice President (Finance and Investment) of a family office, Mr Leong helped manage investments as well as identified investment opportunities and exit strategies. In 2010, Mr Leong performed the dual role of Chief Development Officer and Deputy CEO of an ASX listed group. Between 2002 and 2009, he undertook CFO roles in two SGX listed companies and prior to that, Mr Leong was an auditor with a Big Four firm. Mr Leong is a Fellow of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and a Member of the Singapore Institute of Directors (SID).

Oei Su Chi, Ian

Independent Non-Executive Director

Date of first appointment as a Director
1 June 2017

Mr Oei presently serves as an Independent Director of mDR Ltd. He is also an Executive Director, cum the Legal and Compliance Officer, of Guotai Junan International Securities (Singapore) Pte Limited, a Singapore subsidiary of the Guotai Junan Group. The Guotai Junan Group forms one of the largest securities houses operating in China and Hong Kong. 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 for about 15 years and had held the position of Director, Intellectual Property, with Drew & Napier LLC. Mr Oei holds an LL.M. degree from the National University of Singapore and has an IBF Advanced Certificate in Governance, Risk and Compliance.

Lai Yew Fei

Independent Non-Executive Director

Date of first appointment as a Director
1 June 2017

Mr Lai presently serves as an Independent Director of mDR Ltd. Mr Lai has been an Advocate and Solicitor since 1998. Mr Lai has been with Rajah & Tann Singapore LLP since 2001 and was made a Partner in 2008. His area of practice is principally in commercial litigation and arbitration. Mr Lai has represented clients on a wide range of commercial matters including shareholders, companies, banking, finance, joint ventures, private equity trust and estates. He also frequently advises clients on employment, tenancy and professional negligence matters.

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 1 July 2018. Please refer to her profile under the "Board of Directors" section of this Annual Report.

Richard Siua
Group COO

Mr Siua is the Group COO of mDR Ltd since May 2018. Prior to that Mr Siua was the CEO of DMS division of the Group. Mr Siua oversees the operations and management of the Distribution, Retail and After Market Service businesses. Mr Siua has been with the MDR Group for more than 18 years. Mr Siua received a Bachelor of Science (Honours) degree in Real Estate Management from the National University of Singapore.

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.

Peter Ng

Director (Sales)

Mr Ng is the Sales Director of A-Mobile and SDS (subsidiaries of mDR Ltd). He is responsible for the distribution of mobile phones and tablets business (under A-Mobile). He also manages the prepaid cards distribution business (under SDS). Mr Ng has been with the mDR Group for more than 14 years having joined DMS (a subsidiary of mDR) in 2004.

Jimmy Ong

Director (Accessories and Logistics Division)

Mr Ong is the Sales Director of A-Mobile. He is responsible for the distribution of accessories and oversees the Logistics division (both under A-Mobile). He has been with the MDR Group for more than 14 years having joined DMS (a subsidiary of mDR) in 2004.

Alexander Lim

CEO, Pixio

Mr Lim is the CEO of Pixio Sdn. Bhd. (Pixio) since July 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

Legal Counsel

Mr Mohan is the Legal Counsel 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 June 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.

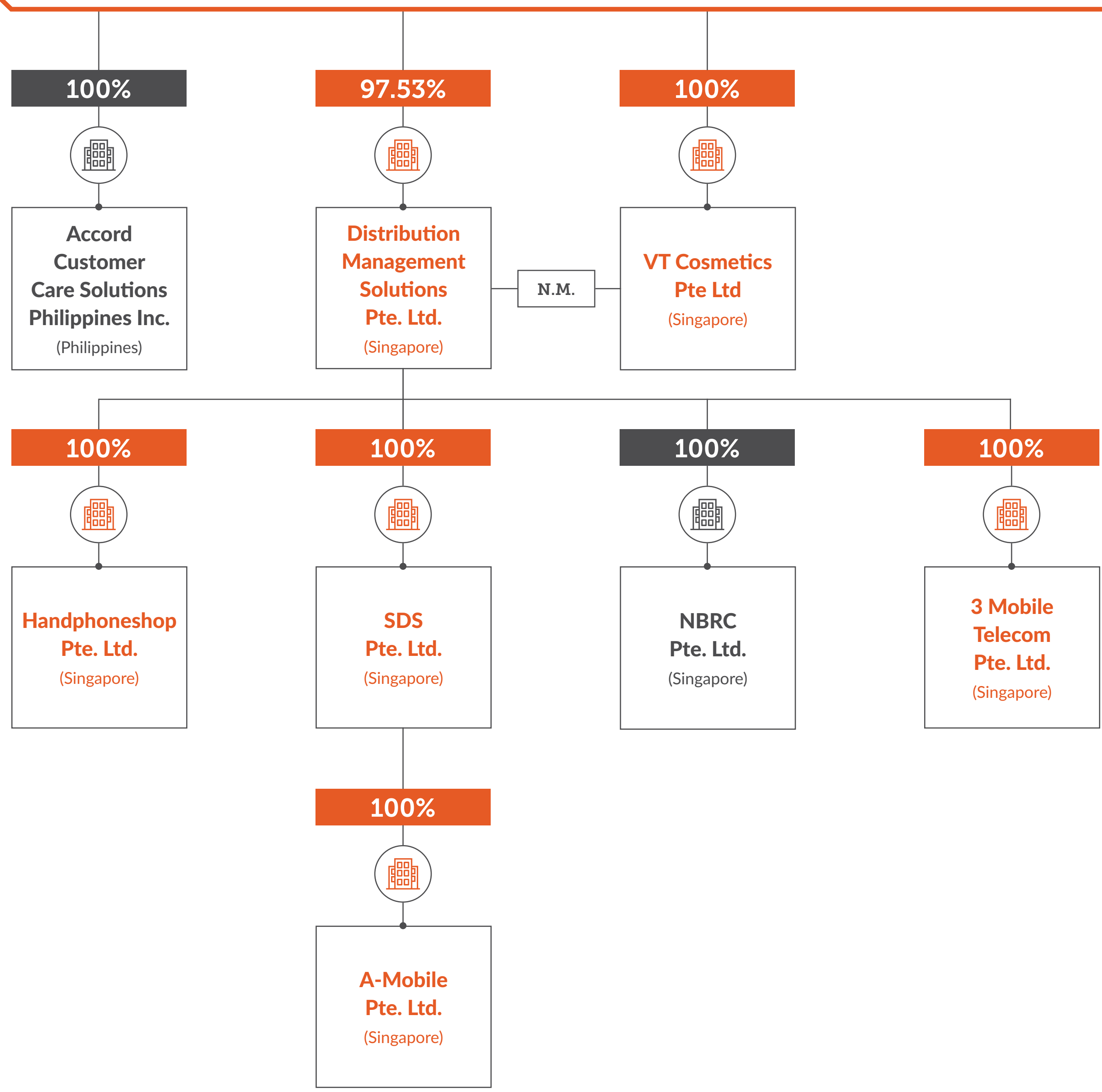
Zhang Yangui

Director (Business Development)

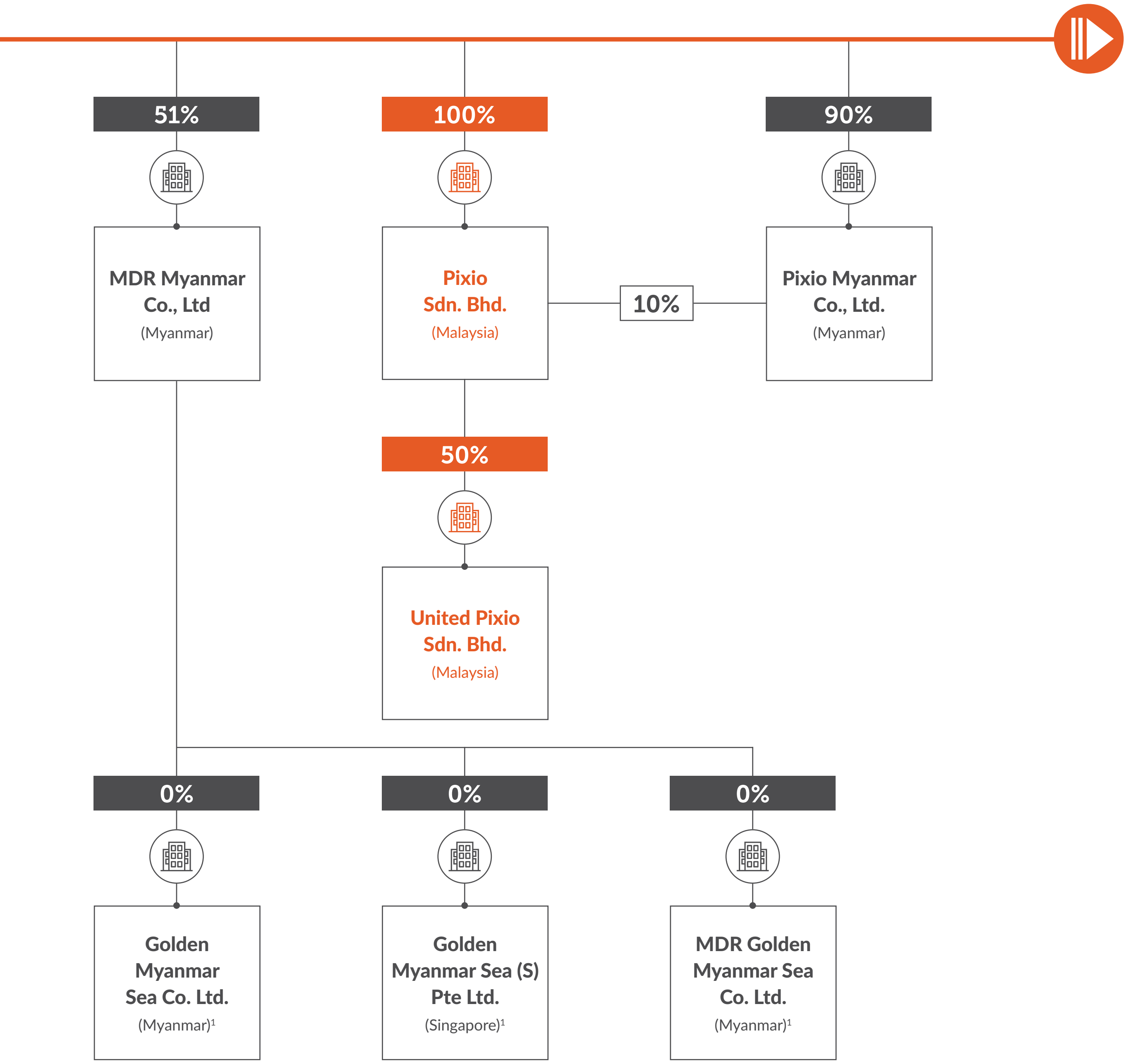
Mr Zhang is the Business Development Director of mDR Ltd. His responsibilities include identifying and developing new business opportunities in the region. He is currently a Director of Geneterra International Group Co., Limited and Zhang International Holdings Co., Limited. Mr Zhang attended Singapore Institute of Management where he majored in Marketing.

GROUP STRUCTURE

MDR Limited



● Active Companies
● Dormant Companies
N.M. Not Meaningful



[1] The Group acquired control over these companies via MDR Myanmar Co., Ltd.

BUSINESS NETWORK

Singtel Exclusive Retailer

(1) **Junction 8**
9 Bishan Place,
#02-32, S(579837)

(2) **Compass One**
1 Sengkang Square,
#B1-08, S(545078)

(3) **East Point Mall**
3 Simei Street 6,
#B1- 05, S(528833)

(4) **Hougang Mall**
90 Hougang Ave 10,
#04-17, S(538766)

(5) **ION Orchard**
2 Orchard Turn,
#B4-21/22, S(238801)

(6) **JEM**
50 Jurong Gateway Road,
#04-57, S(608549)

(7) **Suntec City Mall**
3 Temasek Boulevard,
#02-318, S(038983)

(8) **VivoCity**
1 Harbourfront Walk,
#02-216B, S(098585)

(9) **Market Square @ Downtown East**
E! Avenue
1 Pasir Ris Close,
#01-331, S(519599)

(10) **The Poiz Centre**
51 Upper Serangoon Road,
#01-07, S(347697)

M1 Exclusive Distributor

(11) **Junction 8**
9 Bishan Place,
#02-30, S(579837)

(12) **Bukit Panjang Plaza**
1 Jelebu Road,
#03-16, S(677743)

(13) **Compass One**
1 Sengkang Square,
#B1-12, S(545078)

(14) **JEM**
50 Jurong Gateway Road, #04-38,
S(608549)

(15) **Jurong Point**
1 Jurong West Central 2,
#B1-97, S(648886)

(16) **LOT One Shoppers' Mall**
Choa Chu Kang Ave 4,
#03-17, S(689812)

(17) **Toa Payoh Central**
Blk 190, Lorong 6
Toa Payoh, #01-548,
S(310190)

(18) **Waterway Point**
83 Punggol Central,
#B1-33, S(828761)

(19) **VivoCity**
1 Harbourfront Walk,
#02-216C, S(098585)

Samsung Experience Stores

(20) **VivoCity**
1 Harbourfront Walk,
#02-28/29, S(098585)

(21) **Westgate**
3 Gateway Drive,
#01-01, S(608532)

(22) **Plaza Singapura**
68 Orchard Road,
#B2-23, S(238839)

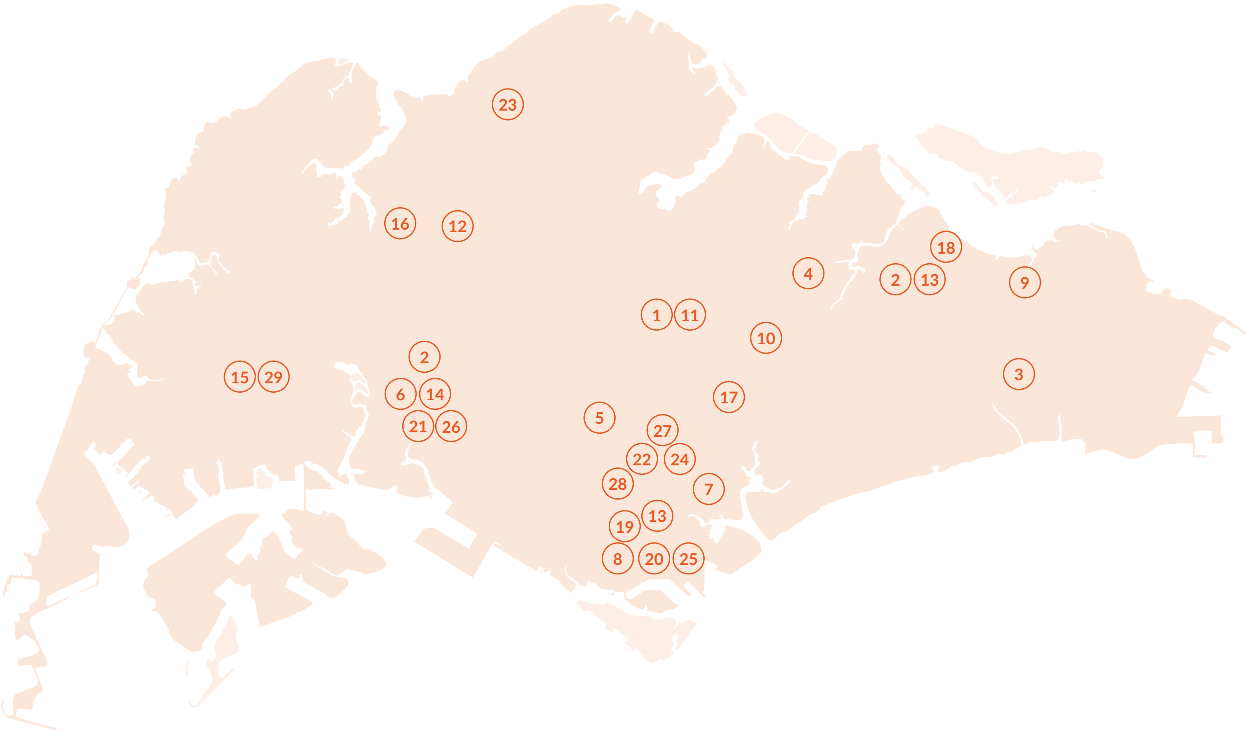
Samsung Service Centres

(23) **Causeway Point**
1 Woodlands Square,
#01-01, S(738099)

(24) **Plaza Singapura**
68 Orchard Road,
#B2-23, S(238839)

(25) **VivoCity**
1 Harbourfront Walk,
#02-28/29, S(098585)

(26) **Westgate**
3 Gateway Drive,
#02-01, S(608532)



Sony Service Centre

27 **313@Somerset**
313 Orchard Road,
#02-28 to 37,
S(238895)

VT Cosmetics Distributor

28 **Plaza Singapura**
68 Orchard Road,
#01-58, S(238839)

29 **Jurong Point Shopping Centre**
63 Jurong West
Central 3, #01-20/21,
S(648331)

Pixio

30 **Pixio Sdn. Bhd.**
No. 32, Jalan 223/51A,
46100 Petaling Jaya,
Selangor DE, Malaysia

31 **United Pixio Sdn. Bhd.**
Lot 88, Block 3,
MCLD Wisma United
Borneo Press Jalan
Piasau, 98000 Miri
Sarawak, Malaysia

About This Report

mDR Limited (“**mDR**”) 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 January 1, 2018 to December 31, 2018. mDR's inaugural Sustainability Report was published in 2018 for the financial year January 1, 2017 to December 31, 2017.

This report has been prepared with reference to the GRI Standards. 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.

GRI
102-1
102-46
102-50
102-51
102-52
102-53
102-54

For any sustainability related matter of the mDR Group,
please email the Investor Relations Department at – **corporateaffairs@m-dr.com**

Sustainability Board Statement

GRI 102-14

mDR Limited is delighted to present its Sustainability Report for FY2018. This FY2018 report displays our commitment to integrate sustainability across our organisation and provide quality service to our valuable stakeholders.

Environment

We aim to conduct our business in an environmentally conscious manner and are aware of our responsibility towards global environmental challenges. We have focused our efforts on reducing the energy consumption in our business operations, through efforts such as installing energy saving lights to reduce our overall energy usage. We also encourage the use of shopping bags made of paper or cloth (instead of plastic), as these are more environment friendly. In the future, mDR aims to identify more areas of improvement where we can further manage and mitigate our environmental impact.

Social

We value our customers immensely. This is reflected in our continuous efforts to gain great customer satisfaction, 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 FY2018 we have had zero breaches in customer privacy. mDR Group 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

Our Board ensures 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.

About mDR

GRI 102-2 • 102-3 • 102-4 • 102-5 • 102-6 • 102-7 • 102-8 • 102-12

EMPLOYEES	
Singapore	259
Malaysia	59

FULL-TIME	SG	MY
Female	90	13
Male	99	46
Total	**189**	**59**

PART-TIME	SG	MY
Female	37	0
Male	33	0
Total	**70**	**0**

mDR Limited is a well-established after market service provider for mobile phones and various consumer electronic products. We are headquartered in Singapore and have operations in both Singapore and Malaysia. We are a public company limited by shares and have been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2003.

The mDR Group is a complete mobile solutions provider. We offer various products and services via our distribution management solutions and after market service segments in Singapore, and digital inkjet printing solutions segment in Malaysia.

Distribution Management Solutions (DMS)

The DMS division is responsible for contributing to the core revenue of our Group. It is primarily involved in the distribution and retail of telecommunication products and services. In Singapore, we operate one of the largest network of telecommunications retail stores (including franchised stores). We offer a variety of M1 and Singtel products and services such as mobile phones, fixed and wireless broadband. We are also the authorised distributor and/or retailer for most major brands including Huawei, LG, Nokia, Oppo, Razer and Samsung. We are also the partner of Samsung for operating and managing its major Experience Stores in Singapore.

After Market Service (AMS)

The AMS division offers equipment repair, technical and customer support services. The AMS division currently provides after market services to end consumers of Samsung and Sony in Singapore.

Digital Inkjet Printing for Out-of-Home Advertising Solutions (DPAS)

The DPAS division offers digital inkjet printing for Point-Of-Sale (POS) and Out-Of-Home (OOH) advertising solutions in Malaysia. The Group's wholly owned subsidiary Pixio Sdn. Bhd. is a key player in the digital inkjet printing for POS and OOH advertising solutions market in Malaysia.

Investment

Investment segment primarily comprises investment in marketable securities.

External charters and principles

GRI 102-12

mDR's policies and operations adhere to international standards and are supported by key external charters and principles, some of which are mentioned below:

- Info-Communications Media Development Authority's (IMDA) guidelines
- SPRING Singapore's guidelines
- Personal Data Protection Commission's guidelines

mDR recognises the UN Global Compact Ten Principles and is considering its adoption in the future.

Awards and Recognition

Achievement as a Singapore 1000 Company
(mDR)

M1 Exclusive Distributors Award
For Contribution in 2018
(Handphoneshop)

Singtel Award
For producing 4 Gold + 4 Silver Excellent Service Award Winners
(3 Mobile)

Samsung Award
For Best Wearables Sales Award 2018
(Samsung Store, Vivocity)

Sustainability at mDR

GRI 102-11 • 102-16 • 102-18

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, by supporting the precautionary principles.

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 Group's vision and mission:

Corporate Vision and Mission

GRI 102-16

Our corporate Vision and Mission is to be the leading complete service provider of telecommunication products and services in Singapore, and to improve shareholders' returns from diverse and sustainable revenue streams.

Governance Structure

GRI 102-18

The Board has set up three committees, namely the Audit Committee, Nominating Committee, and Remuneration Committee, to assist the Board in the efficient execution of its responsibilities.

The Board provides guidance on the social, ethical and environmental impact of the Group's activities and monitors compliance with sustainability issues and practices. Management under the guidance of Board is committed to integrating best sustainability practices into the Group's working environment and business operations.

Stakeholder Engagement

GRI 102-40 • 102-42 • 102-43 • 102-44

At mDR, we develop our sustainability strategy by gathering stakeholders' feedback on issues that are material to them and our business. We select our stakeholders based on importance, representation, responsibility, dependency and proximity.

Our key stakeholders were engaged through carefully formulated and formalised surveys. We then benchmarked against our competitors and peers to identify the top materiality trends, issues and concerns.

We continuously seek to improve communication with our stakeholders, and consider their inputs and feedback in our business strategy. This helps us to develop better trust and understanding with our stakeholders and strengthen our partnerships and relationship as well.

Stakeholder	Concerns Raised	Mode of Engagement	Frequency of Engagement
Shareholders	• Economic Performance • Indirect Economic Impacts • Anti-corruption	• Annual General Meeting (AGM)	• Annually
		• Extraordinary General Meeting	• As Needed
		• Financial Performance announcements	• Quarterly
		• Electronic Communication	• As Needed
Supplier	• Economic Performance • Customer Privacy • Market Presence	• Quotations, Request for proposals	• As Needed
		• Evaluation application	• As Needed
		• Regular meetings	• As Needed
		• Electronic Communication	• As Needed
Customers	• Economic Performance • Marketing and Labelling • Anti-corruption	• Customer Service Hotlines	• As Needed
		• Media events	• As Needed
		• Advertising agents	• As Needed
		• Electronic Communication	• As Needed
Regulator	• Customer Health and Safety • Marketing and Labelling • Customer Privacy	• Income tax filing	• Annually
		• Annual Return	• Annually
		• GST reporting	• Quarterly
		• Electronic Communication	• As Needed
Employee	• Employment • Training and Education • Occupational Health and Safety	• Monthly payroll	• Monthly
		• Regular meetings	• As Needed
		• Staff appraisals	• Annually
		• Training & product knowledge	• Periodically
Top Management	• Economic Performance • Customer Privacy • Marketing and Labelling	• Board meetings	• Quarterly
		• Email updates and regular informal communication through phone	• As Needed
		• New Directors' orientation and training	• As Needed
		• Performance review	• Annually

Materiality Assessment

GRI 102-46 • 102-47

This materiality assessment was carried out in accordance with the Global Reporting Initiative ("GRI") Standards to identify important issues that affect our stakeholders, as well as to diagnose areas where we are impacting the environment, economy and society.

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

Material Aspects and Indicators Identified

Categories	Material Aspects	List of Indicators	Aspect Boundary
Economic	Economic Performance	201-1 Direct economic value generated and distributed	Within organisation
Environment	Energy	302-1 Energy consumption within the organization	Within organisation
Social	Marketing and Labelling	417-2 Incidents of non-compliance concerning product and service information and labelling 417-3 Incidents of non-compliance concerning marketing communications	Within organisation
	Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Within organisation

Environment

Energy

GRI 103-1 • 103-2 • 103-3 • 302-1

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 for logistics, transportation and distribution.

In FY2018, the Group was able to successfully reduce its petrol and diesel consumption to 754 thousand MJ from 1,350 thousand MJ in FY2017, resulting in a 43% savings primarily through better coordination of routes. Even though this is a small step, it reflects our commitment to continuously monitor and reduce our energy consumption across our businesses.

FY2018 Performance

In FY2018, Group's total energy consumption recorded about 6,101 thousand MJ which was 21% lower compared to FY2017. Out of which, electricity consumption amounted 4,987 thousand MJ. As depicted in Figures 1 and 2 below, overseas operations reported the largest energy consumption out of all other areas of operations, accounting for almost 50% of our energy consumption. Also documented is the estimated petrol and diesel consumption from our delivery automobiles and other usage of 754 thousand MJ which was 43% lower compared to FY2017.

FY2019 Targets

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 the 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.

Figure 1

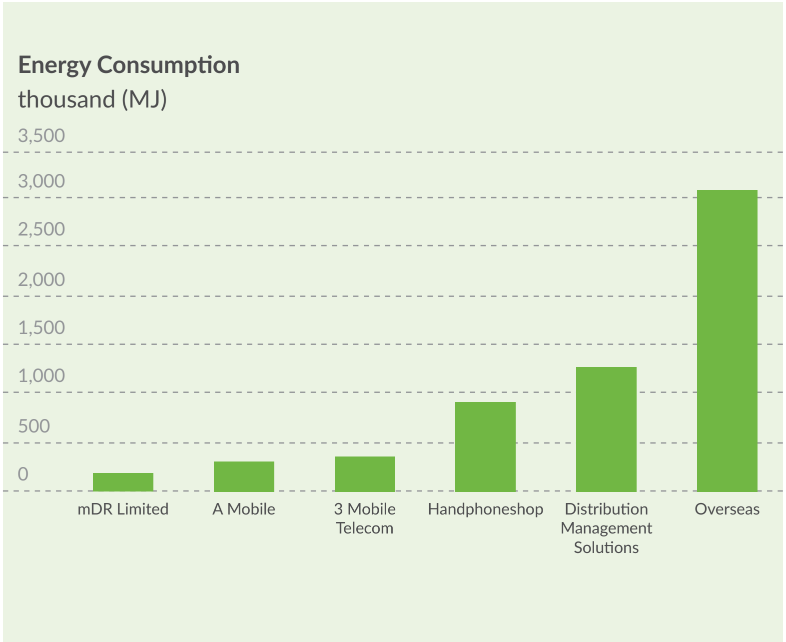
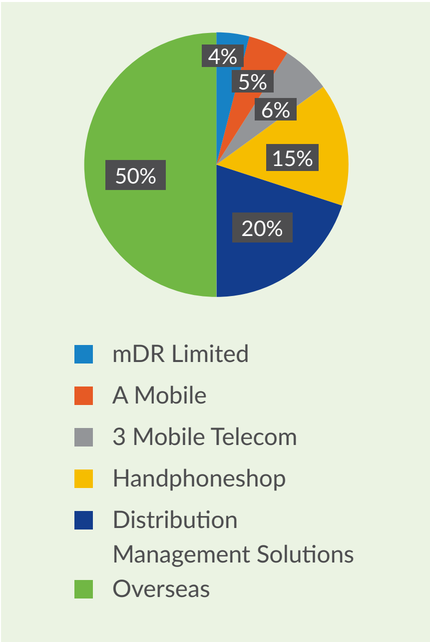


Figure 2



Social

Marketing and Labelling

GRI 103-1 • 103-2 • 417-2 • 417-3

mDR prides itself for its strategic partnerships with global mobile device manufacturers, consumer electronics companies and leading telecommunications service providers to provide its 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 our customers' expectations by providing them with value-added service.

FY2018 Performance

We have not identified any non-compliance with regulations and/or voluntary codes concerning information and labelling, marketing communication, including advertising, promotion and sponsorship, in relation to products and services that we offer.

FY2019 Targets

We will strive to maintain the quality of our products and services, as well as our retail and distribution channels by maintaining high standards that we expect from our partners and suppliers. Quality checks will also be continuously deployed by our staff to ensure compliance with applicable regulations relating to marketing and labelling in the markets in which we operate.

Customer Privacy

GRI 103-1 • 103-2 • 103-3 • 418-1

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

Specific details of our commitment can be found in the mDR 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.

Since 2017, mDR has a Data Protection Committee (DPCo). The DPCo is led by the Group Data Protection Officer to oversee all matters pertaining to the 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. Periodic audit checks are also performed on retail outlets to review the adequacy of PDPA compliance.

FY2018 Performance

We have not identified any substantiated complaints regarding breaches of customer privacy or loss of personal data in 2018.

FY2019 Targets

We will continue to foster and enhance data protection culture in our employees to strengthen the trust between our business partners and customers.

GRI Content Index

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General Standard Disclosures	**Description**	**Chapter, Page Reference, Performance and/or Explanation for Omissions**
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GRI 102-5	Ownership and legal form	24, About mDR
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GRI 102-7	Scale of the organisation	24, About mDR
GRI 102-8	Information on employees and other workers	24, About mDR
GRI 102-9	Supply Chain	(a) Distribution of mobile devices and accessories (i.e. local distribution and retail sales, franchisees) (b) Provider of after market services to end customers for key partners Samsung and Sony, for equipment repairs and technical services
GRI 102-10	Significant changes to organisation and its supply chain	Not Applicable
GRI 102-11	Precautionary principle or approach	26, Sustainability at mDR
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GRI 102-13	Membership of associations	Member of Singapore Business Federation
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General Standard Disclosures		
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CORPORATE INFORMATION

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

Lai Yew Fei
Independent Non-Executive Director

Audit Committee

Mark Leong Kei Wei
Chairman
Oei Su Chi, Ian
Lai Yew Fei

Nominating Committee

Lai Yew Fei
Chairman
Mark Leong Kei Wei
Oei Su Chi, Ian

Remuneration Committee

Oei Su Chi, Ian
Chairman
Mark Leong Kei Wei
Lai Yew Fei

Registered Office

53 Ubi Crescent
Singapore 408594
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W: www.m-dr.com

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623

Auditors

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way, OUE Downtown 2
#33-00, Singapore 068809

Partner-in-charge:
Lim Bee Hui
(Audit engagement partner since 27 April 2018)

Company Secretary

Madan Mohan

Investor Relations

corporateaffairs@m-dr.com

mDR Limited (the "**Company**") is committed to maintain and observe high standards of corporate governance in accordance with the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (the "**Code**"). The Company's corporate governance practices set out in this Report are with reference to the principles of the Code.

The Company has complied with most of the principles and guidelines of the Code. Where there are deviations from the recommendations 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 Company has the necessary financial and human resources to meet its objectives. The Board establishes a control framework that enables risks to be assessed and managed as it oversees the Company's affairs, and provides shareholders with a balanced and understandable assessment of the Company's performance, financial position and business prospects on a quarterly basis. This responsibility extends to making interim and other price sensitive public reports, and reports to regulators as and when required.

The Company has in place internal guidelines setting forth matters that require Board approval, such as those involving annual budgets, investment and divestment proposals, and corporate actions of the Company.

The Board reviews the performance of senior management and the remuneration of the Board and senior management periodically. Key stakeholder groups (which include principals, customers, suppliers and business partners) are identified and the Board guides the management in the Company's strategy and approach in addressing the concerns of these key stakeholder groups.

The Board has set the Group's values and standards (including ethical standards) to ensure that the Group's obligations to shareholders and stakeholders are understood and met. The Board provides guidance on the social, ethical and environmental impact of the Group's activities and monitors compliance with sustainability issues and practices.

The directors discharge their duties and responsibilities as fiduciaries in the interests of the Company.

To assist the Board in the execution of its responsibilities, the Board has established three committees, namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**"), all of which operate within their respective terms of reference and functional procedures. The Board may also constitute other *ad hoc* committees as and when necessary to oversee special matters.

Quarterly meetings are scheduled in advance for the Board to meet. In addition to scheduled meetings, the Board may also hold *ad hoc* meetings as and when required. The constitution of the Company (the "**Constitution**") allows a Board meeting to be conducted by way of teleconference. Board approvals may also be obtained through written resolutions by circulation. 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.

New Directors are briefed and given materials to help them familiarise themselves with the Company's business operations, policies, plans and objectives. Management provides regular briefings to Directors on commercial developments, business activities and strategic directions of the Company. The 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 programmes. Management also periodically provides updates to Directors on the changes in laws and regulations and changing commercial risks. In addition, the external auditors of the Company provide updates to the Directors from time to time on changes to accounting standards and issues which may have an impact on financial statements.

CORPORATE GOVERNANCE

Directors have full access to the Company Secretary and management and are provided with notices, agendas and meeting materials in advance of Board meetings. Key management staff and the Company's auditors and solicitors, where appropriate, are invited to assist the Board in its deliberations.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN FY2018

For financial year ended 31 December 2018, the Directors' attendances at Board and Board committees meetings are as follows:

	Number of meetings attended			
Name of Director	**Board**	**AC**	**NC**	**RC**
Mr Edward Lee Ewe Ming [(1)]	5/5	5/5	4/4	4/4
Mr Ong Ghim Choon [(2)]	5/5	5/5	4/4	4/4
Ms Zhang Yanmin [(3)]	4/4	5/5	4/4	4/4
Mr Mark Leong Kei Wei	5/5	5/5	4/4	4/4
Mr Oei Su Chi, Ian	5/5	5/5	4/4	4/4
Mr Lai Yew Fei	5/5	5/5	4/4	4/4
Aggregate Number of meetings held in FY2018	5	5	4	4

(1) Mr Lee is not a member of the AC, NC and RC. Upon invitation, Mr Lee attended the AC, NC and RC meetings as an Observer.

(2) Mr Ong is not a member of the AC, NC and RC. Upon invitation, Mr Ong attended the AC, NC and RC meetings as an Observer.

(3) Ms Zhang Yanmin was appointed to the Board on 29 March 2018. She is not a member of the AC, NC and RC. Upon invitation, Ms Zhang attended the AC, NC and RC meetings as an Observer.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at the date of this Report, the Board comprises six Directors, namely Mr Edward Lee Ewe Ming, Mr Ong Ghim Choon, Ms Zhang Yanmin, Mr Mark Leong Kei Wei, Mr Oei Su Chi, Ian and Mr Lai Yew Fei. Of the six Board members, three are Non-Independent Executive Directors and the other three are Independent Non-Executive Directors.

The Board takes into account the scope and nature of the operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board has examined its size and is of the view that the current Board size is adequate, given that the Independent Directors form half of the Board's composition. Please refer to the section on "Board of Directors" in this Report for key information on each Director.

The NC reviews the independence of each Independent Director on an annual basis. For this, the NC adopts the Code's definition of what constitutes an Independent Director in its review. An "independent" director as per the Code is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company.

The NC is of the view that the current three Independent Directors (who represent half 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 judgment 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.

The NC is also of the view that the current Board and Board Committee members as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. 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, business and management, industry knowledge, strategic planning, and customer-based knowledge and experience necessary to meet the Group's objectives.[1]

[1] Guideline 2.6, Code of Corporate Governance 2012

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.[2] The Board takes into account the need for progressive refreshing of the Board.

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

Board and Board Committees

Director	Board	Non-Executive	Independent	AC	NC	RC
Mr Edward Lee Ewe Ming	Executive Chairman	–	–	–	–	–
Mr Ong Ghim Choon	Chief Executive Officer	–	–	–	–	–
Ms Zhang Yanmin	Executive Director	–	–	–	–	–
Mr Mark Leong Kei Wei	Lead Independent Director	✓	✓	Chairman	Member	Member
Mr Oei Su Chi, Ian	Director	✓	✓	Member	Member	Chairman
Mr Lai Yew Fei	Director	✓	✓	Member	Chairman	Member

Non-executive directors constructively challenge and help develop proposals on strategy 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 meet from time to time without the presence of management.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 Board applies the principle of clear division of responsibilities between the Board and the management.

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 AC, NC and RC are chaired by independent directors.

The Chairman 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 management, promotes high standards of corporate governance, sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues.

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 is available to the shareholders where they may have concerns which cannot be resolved through the normal channels of the Executive Chairman or the CEO, or where such contact is not possible or appropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises three Directors. All the members of the NC, including the NC Chairman, are independent. All the NC members are non-executive Directors.

[2] Guideline 2.4, Code of Corporate Governance 2012

The NC is responsible for, *inter alia*, making recommendations to the Board on all Board appointments, including board succession plans for directors, in particular, the Chairman and the CEO and in determining the independence of Directors.

The NC has put in place a set of guidelines to evaluate Board and individual Director's performance. Each member of the NC abstains from voting on any resolution, making any recommendations and participating in any deliberation of the NC in respect of the assessment of his performance and re-nomination as a Director.

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.

Regulation 104(1) of the Constitution requires every Director to retire from office once every three years 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.

The NC evaluates the performance of a Director in considering his re-appointment. The Board Chairman monitors and assesses each Director's preparedness, contribution to the Board meetings, and the quality of interventions, and reports his findings to the Chairman of the NC. The Directors' attendance records at Board and Board Committee meetings form the other criteria for their re-appointment.

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 are of the view that, setting a fixed numerical limit on listed company board representations by a Director may not be practical, as long as Directors are able to devote sufficient time and attention to the affairs of the Company. The NC also does not wish to limit the pool of outstanding individuals from consideration, who may have other listed company board representations and other commitments, but may have the capacity to participate and contribute as new members of the Company's Board. Notwithstanding the number of listed company board representations and other principal commitments, the NC is of the view that sufficient time and attention has been given by the current Directors 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' time commitments and Directorships is set out below:

Name of Director	Designation	Date of Appointment as a Director	Date of last Re-election as a Director	Directorships in other listed companies: Current (as at 27 March 2019)	Directorships in other listed companies: In the past 3 years
Mr Edward Lee Ewe Ming	• Executive Chairman • Non-Independent Director	11 May 2017	27 April 2018	None	None
Mr Ong Ghim Choon	• Chief Executive Officer • Executive Director	19 August 2009	29 April 2016	None	None
Ms Zhang Yanmin	• Executive Director • Non-Independent Director	29 March 2018	27 April 2018	None	None
Mr Mark Leong Kei Wei	• Lead Independent Non-Executive Director	15 May 2017	27 April 2018	KLW Holdings Ltd	Advance SCT Ltd
Mr Oei Su Chi, Ian	• Independent Non-Executive Director	1 June 2017	27 April 2018	None	None
Mr Lai Yew Fei	• Independent Non-Executive Director	1 June 2017	27 April 2018	None	None

PRINCIPLE 5: BOARD PERFORMANCE

At the end of each financial year, the NC assesses the Board's performance as a whole, and each Board Committees' performance, by evaluating a questionnaire dealing with various aspects, such as, composition, Board processes and procedures, and information flow and accessibility.

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 board representations have been able to and have adequately discharged their duties as Directors of the Company.

The Chairman 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.

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 and each individual Director has been satisfactory.

PRINCIPLE 6: ACCESS TO INFORMATION

Management recognises the importance of flow of complete, adequate information in timely manner to the Board. A Directors' Pack, comprising Board and Board Committee papers are distributed to Directors about a week in advance, in order to allow directors sufficient time to prepare for the meeting. Heads of various Business Divisions are invited periodically to attend Board meetings to provide industry-specific, business plans and strategy updates.

Board memoranda accompany Directors' written resolution(s) to provide explanatory information on such resolution(s). The Directors are provided with the telephone numbers and e-mail addresses of the Company's senior management 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 flows 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 professional development as required.

The Board as a whole makes the decision on the appointment and the removal of the Company Secretary.

REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three Directors. All the RC members, including the RC Chairman, are independent. All the RC members are non-executive Directors.

The RC makes recommendations to the Board on remuneration packages of individual Directors and key executives. The RC meets at least once a year. It is regulated by a definite terms of reference.

The RC is mandated with the responsibility to oversee the general compensation of key employees of the Group with a goal to motivate, recruit and retain such employees, through competitive compensation and progressive policies. The RC reviews the general compensation of key employees and submits its recommendations for approval by the entire Board. 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.

The RC's principal responsibilities are to:

1) recommend to the Board base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives, including identifying equity-based incentives such as share options and share awards;

2) approve the structure of the compensation program (including, but not limited to Directors' fees, salaries, allowances, bonuses, options, share awards and benefits in kind) for Directors and senior management, to ensure that the program is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully; and

3) review and recommend Directors' and key executives' compensation annually taking into account the Group's relative performance, performance of individual Director and key executive, and pay and employment conditions within the industry and in comparable companies.

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 executives.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

Remuneration policy in respect of Executive Directors and other key executives

The RC decides on the specific remuneration packages for the Directors, CEO and all key employees who report directly to the CEO.

The remuneration policy for Executive Directors and key executives of the Company comprises fixed and variable components. The fixed component includes salary, central provident fund ("**CPF**") contributions, annual wage supplement ("**AWS**"), and other benefits. The variable component comprises performance bonuses, which are payable on the achievement of Group and individual performance targets.

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.

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.[3] The Executive Directors owe a fiduciary duty to the Company.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The remuneration of the Directors and key management personnel are as follows:

Directors' Remuneration Table for the Financial Year Ended 31 December 2018[4]

Name of Director	Fees (%)	Salary (%)	Bonus(1) (%)	Other Benefits(2) (%)	Total (%)
<u>Executive Directors</u>					
S$500,000 to S$750,000					
Mr Edward Lee Ewe Ming	–	69.02	14.78	16.20	100
Mr Ong Ghim Choon	–	66.74	18.65	14.61	100
Below S$250,000					
Ms Zhang Yanmin	–	65.67	5.52	28.81	100
<u>Non-Executive Directors</u>					
Below S$250,000					
Mr Mark Leong Kei Wei	100	–	–	–	100
Mr Oei Su Chi, Ian	100	–	–	–	100
Mr Lai Yew Fei	100	–	–	–	100

(1) Includes AWS and variable bonus.
(2) Includes (where applicable) employer's CPF, allowance, and car benefits.

[3] Guideline 8.4, Code of Corporate Governance 2012
[4] Guideline 9.2, Code of Corporate Governance 2012

Key Executives' Remuneration Table for the Financial Year Ended 31 December 2018[5]

Name of Key Executive	Salary (%)	Bonus [1] (%)	Other Benefits[2] (%)	Total (%)
S$250,000 to S$500,000				
Mr Siua Cheng Foo, Richard	69.65	8.62	21.73	100
Below S$250,000				
Ms Yip Li San	83.08	10.07	6.85	100
Mr Ng Eng Ming, Peter	68.77	8.55	22.68	100
Mr Ong Ghim Chwee[3]	66.88	8.32	24.80	100
Mr Alexander Lim Jit Huang	70.77	4.18	25.05	100

(1) Includes AWS and variable bonus.
(2) Include (where applicable) employer's CPF, allowance, and car benefits.
(3) Mr Ong Ghim Chwee is the brother of Mr Ong Ghim Choon (Executive Director of the Company), and his remuneration exceeds S$150,000 during FY2018.

The total remuneration paid to the above-mentioned five key executives in FY2018 is S$1,141,092.[6]

The Code has recommended a full disclosure of the remuneration of all Directors and the CEO on a named basis. The Company believes that the disclosure of the remuneration of each individual Director and the CEO, and also of the key management personnel, on a named basis and total in aggregate, would not be in the interest of the Group's business, given the confidentiality of remuneration matters and the highly competitive nature of the core business of the Group. Furthermore, in addition to this Report the disclosure on remuneration has been made in the Directors' Report and the notes to the financial statements. The Board also responds to questions, if any, from the shareholders on remuneration policy and package in the AGM.

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 of employment.

With the exception of Mr Ong Ghim Chwee, there is no other employee of the Company who is an immediate family member of a Director or the CEO and whose remuneration exceeded S$50,000 during FY2018. Immediate family member in this Report refers to a spouse, child, adopted child, step-child, brother, sister and parent. The disclosure of remuneration of Mr Ong Ghim Chwee has been made in the band of S$250,000 and is reasonably sufficient for reasons of transparency, given the confidentiality of remuneration matters.[7]

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY AND AUDIT

The Board has the responsibility to present a balanced and understandable assessment of the Company's performance, position and prospects including for interim and other price sensitive public reports, and reports to regulators (if required).

The Board reviews the Company's quarterly, half-yearly and full year financial results and performs a full review and discussion of the results before its final approval and release.

[5] Guideline 9.3, Code of Corporate Governance 2012
[6] Guideline 9.3, Code of Corporate Governance 2012
[7] Guideline 9.4, Code of Corporate Governance 2012

Quarterly 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 rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

Management provides all members of the Board with management accounts and such explanation and information on a 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.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management policies and processes

Management reviews the Group's internal processes, business and operational activities regularly to identify areas of significant financial, business, operational, information technology ("**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 AC and the Board.

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. The Risk Register is updated periodically by the in-house Internal Auditor ("**IA**") with inputs from the management of the Group. The nature and exposure of various risks and the adequacy of existing controls in addressing these risks are highlighted to the AC 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 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 are reported to and reviewed by the AC and the Board. Steps are taken to implement the corrective measures recommended by the IA.

Internal Controls

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 upon 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, information technology systems security and project appraisal policies and systems established by management.

The Company has a Limits of Authority in place, which sets out the parameters 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 control systems established, reports from the external and internal auditors, actions taken and the assurance given by the management, on-going review and continuing efforts at enhancing internal controls, including financial reporting, operational, and compliance controls, management accounting, information technology controls, and risk management systems, the Board with the concurrence of the AC is of the opinion that there are adequate and effective internal controls to address the financial, operational, compliance and information technology controls, and risk management systems of the Group in its current business environment.[8]

The Board has received assurance from 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. The CEO and the CFO of the Company have also given assurance to the Board regarding the effectiveness of the Company's risk management and internal control systems.[9]

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three Directors. All the AC members, including the AC Chairman, are independent Directors. All the AC members are non-executive Directors.

Under its terms of reference, the AC reviews the quarterly and full-year financial statements prior to submission to the Board. The AC reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. The AC makes recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approval of the remuneration and terms of engagement of the external auditors. The AC ensures the independence and objectivity of external auditors, and reviews all interested person transactions.

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

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

The AC meets with the external auditors, and the AC Chairman with the IA, at least once a year without the presence of the management.

The AC has reviewed the independence and objectivity of the Company's external auditors Deloitte & Touche LLP ("**Deloitte**"), and has satisfied itself of Deloitte's position as an independent external auditors.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements are reported by the external auditors to the AC from time to time in their meetings with the AC. No former partner or director of the Company's existing external audit firm has acted as a member of the AC in FY2018.

PRINCIPLE 13: INTERNAL AUDIT

The Company has established an internal audit function that is independent of the activities it audits. In FY2018, the internal audit functions of the Group have been carried out by its in-house IA. The AC believes that the Company's IA has the relevant qualifications and experience to perform the internal audit functions of the Group. The AC approves the hiring, removal, evaluation and compensation of the IA.

[8] Guideline 11.3, Code of Corporate Governance 2012
[9] Guideline 11.3, Code of Corporate Governance 2012

The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The IA reports directly to the Chairman of the AC. Reports prepared by the IA are reviewed by the AC.

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

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

The Board ensures that all shareholders are treated fairly and equitably. The Company through SGXNet, website, press releases 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.

Notice of shareholders meetings are despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. Shareholders are informed of the rules, including voting procedures that govern shareholders meetings. In the event a shareholder is not able to attend a shareholders 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 to proactively engage with the Board and the management on the Group's business activities, financial performance and other business related matters.

The Board believes in maintaining regular dialogue with shareholders, to gather views or inputs and to address shareholders' concerns, if any. The Board welcomes questions from shareholders either at the AGM or by contacting the Investor Relations Department. 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 shareholders meetings as proxies.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

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, website and press releases. The Company has adopted quarterly results reporting since its listing. 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/or the Accounting and Corporate Regulatory Authority), and are also made available on the Company's website. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

The Company's corporate website is regularly updated to keep shareholders and stakeholders aware of the developments relating to the Company and Company's affairs.

The Board engages with the shareholders in shareholders meetings and earning calls to gather their views or inputs and address their concerns. Shareholder's communication received by the Investor Relations Department by email or mail are addressed in consultation with the Management and the Board.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

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 within the mandatory period. The notice is also released via SGXNet and/or published in a local newspaper, as well as posted on the Company's website.

At AGMs, shareholders are given equal opportunity to share their views and ask Directors and management questions regarding the activities and performance of the Company.

The Constitution allows a shareholder to appoint one or two proxies to attend and vote in his place at general meetings. The Company is not implementing absentia voting, as this method is elaborate and costly, and the need for it presently does not arise.

All members of the Board, in particular, the Chairman of the Board and the respective Chairman of the Board Committees, senior management, legal advisor, and management are in attendance at the AGM 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.

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. The voting results of all votes cast for and against each resolution and the respective percentages is screened at the meeting and also announced after the meeting via SGXNet and posted on the Company's website.

The Company records minutes of all shareholders' meetings. 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 management. These are made available to shareholders upon request.

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.

In each quarter, the Company circulates a notice to its Directors and key employees who have access to unpublished price sensitive information advising them not to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's first quarter, half-year and third quarter financial results, and one month before the announcement of the Company's 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.

Non-audit fees

The Company had engaged its external auditors Deloitte to provide tax advisory and, agreed upon procedures services for a total fee of S$36,800 in FY2018.

Save for as disclosed herein, there were no other non-audit services rendered by Deloitte to the Company in FY2018.

Interested person and related party transactions policy

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

In the event that a member of the AC is deemed to have an interest in an interested person or related party transaction, he is required to abstain from reviewing that particular transaction.

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 2018:-

Pacific Organisation Pte. Ltd	Leasing of premises	S$33,559 per month

Mr Ong Ghim Choon (Director and Chief Executive Officer of the Company) and his associate own a majority of the shares of Pacific Organisation Pte Ltd.

Audit Firms

The Company has complied with Rule 712 and 715 of the Listing Manual in relation to audit firms.

Whistle-blowing policy

The Company has implemented a whistle-blowing policy pursuant to which any staff of the Company may in confidence, raise concerns about possible improprieties in financial, operational, compliance or other matters. The AC reviews the whistle-blowing policy and arrangements to ensure that arrangements are in place for any concern raised to be independently investigated, and appropriate follow-up action to be taken. Procedures are in place for independent investigation of such matters and for appropriate follow-up action to be carried out.

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.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 56 to 140 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 December 31, 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

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 (Appointed on March 29, 2018)
Mark Leong Kei Wei
Oei Su Chi, Ian
Lai Yew Fei

2 AUDIT COMMITTEE

The members of the 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
Lai Yew Fei

The Audit Committee has met five 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) the quarterly, 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.

2 AUDIT COMMITTEE (CON'TD)

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.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors at the forthcoming AGM of the Company.

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options mentioned in paragraphs 4 and 5 of the Directors' Statement.

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in names of directors		
	At January 1, 2018	At December 31, 2018	At January 21, 2019
mDR Limited			
- Ordinary shares			
Edward Lee Ewe Ming	100	100	100
Ong Ghim Choon	877,973,330	5,933,919,990	5,933,919,990
Oei Su Chi, Ian	10,000	124,952,400	124,952,400
Mark Leong Kei Wei	–	65,800,000	65,800,000

Name of directors and companies in which interests are held	Shareholdings in which directors are deemed to have an interest		
	At January 1, 2018, or date of appointment, if later	At December 31, 2018	At January 21, 2019
mDR Limited			
- Ordinary shares			
Edward Lee Ewe Ming[1]	2,603,371,720	23,879,967,480	23,879,967,480
Zhang Yanmin[2]	1,418,000,000	12,986,811,200	12,986,811,200
Oei Su Chi, Ian	–	26,900,000	26,900,000
Mark Leong Kei Wei	–	40,900,000	40,900,000

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

1 Mr Edward Lee Ewe Ming is deemed interested in 23,879,967,480 shares held via nominee and financial institutions, out of which 12,986,811,200 shares are held jointly with his spouse, Ms Zhang Yanmin.

2 Ms Zhang Yanmin is deemed interested in 12,986,811,200 shares held via nominee and financial institutions, which are jointly held with her spouse, Mr Edward Lee Ewe Ming.

	Options registered in names of directors		
Name of directors and companies in which interests are held	**At January 1, 2018**	**At December 31, 2018**	**At January 21, 2019**
mDR Limited			
- Options granted			
Ong Ghim Choon	5,000,000	–	–

5 SHARE OPTIONS

a) At the Extraordinary General Meeting held on January 13, 2003, the shareholders approved the adoption of the ACCS Share Option Scheme 2003. On June 7, 2006, the share option scheme was renamed as the mDR Share Option Scheme 2003 (the "2003 Scheme").

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

The share option schemes are administered by the Remuneration Committee, comprising the following:

Oei Su Chi, Ian (Chairman of the Remuneration Committee)
Mark Leong Kei Wei
Lai Yew Fei

b) The "2003 Scheme"

Each share option entitles the employees of the Group and of its associated companies to subscribe for one new ordinary share in the Company. The options are granted at a consideration of $1.00 paid by each option holder.

The 2003 Scheme had operated for a maximum period of 10 years commencing on January 13, 2003 and expired on January 12, 2013. Upon expiration of the Scheme, no further share option can be granted but the provision of the Scheme will remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiration.

Particulars of the options granted in 2008, 2011, 2012 and 2013 were set out in the Directors' Statement for the financial years ended December 31, 2008, December 31, 2011, December 31, 2012, and December 31, 2013 respectively.

Following the expiry of the outstanding share options in May 2018, there are no valid and exercisable option under the scheme as at December 31, 2018.

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.

5 SHARE OPTIONS (CONT'D)

c) The share options under the 2003 Scheme outstanding as at December 31, 2018 were as follows:

		Number of share options					
Date of grant	Balance at January 1, 2018	Granted	Exercised	Cancelled/ lapsed	Balance at December 31, 2018	Exercise price per share	Exercisable period
May 13, 2008	7,300,000	–	–	(7,300,000)	–	0.0300	May 13, 2009 to May 12, 2018
Total	7,300,000	–	–	(7,300,000)	–		

d) Options granted to directors of the Company under the 2003 Scheme were as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to December 31, 2018	Aggregate options exercised since commencement of the Scheme to December 31, 2018	Aggregate options lapsed since commencement of the Scheme to December 31, 2018	Aggregate options outstanding at December 31, 2018
Ong Ghim Choon	-	15,000,000	(10,000,000)	(5,000,000)	-
	-	15,000,000	(10,000,000)	(5,000,000)	-

e) The "2003 Scheme"

During the financial year, no options were granted to any Directors or employees of the Group or its associated companies. No employee held more than 5% of the total number of options available under the 2003 Scheme. No shares were issued at a discount to the market price.

The "mDR Share Plan 2018"
As at December 31, 2018, no share award had been granted.

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

6 WARRANTS

Pursuant to the offer information statement dated May 22, 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.

6 WARRANTS (CONT'D)

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 June 21, 2018 and June 22, 2018 respectively.

As at December 31, 2018, a total of 49,688,567,677 Tranche 2 warrants and 49,732,237,977 Tranche 3 warrants were outstanding. Tranche 1 warrants expired on December 17, 2018, as such the 13,958,284,823 outstanding warrants which were not exercised at expiry date had lapsed.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

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Edward Lee Ewe Ming

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Ong Ghim Choon

Date: March 29, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of mDR limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of mDR Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 140.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 December 31, 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the 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.

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 year. 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.

Key audit matters	How the matter was addressed in the audit
Impairment assessment of goodwill Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill impairment at least annually or more frequently when there is an indication that the cash generating unit may be impaired. This assessment requires the exercise of significant judgement and use of subjective assumptions, particularly the growth rates by management about the future cash flows of the businesses and the discount rates applied to future cash flow forecasts. As at December 31, 2018, the carrying amount of goodwill amounted to approximately $2.8 million which arose from the acquisition of Pixio Sdn. Bhd. The key assumptions underlying the impairment assessment and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Notes 3 and 12 to the financial statements.	Our audit procedures focused on evaluating and challenging key assumptions used by management in conducting the impairment assessment. These procedures included: • involving valuation specialists to assess the reasonableness of the valuation methodology, independently developing expectations, in particular, the discount rate, growth rates, and comparing the independent expectations to those used by management; • challenging the cashflow forecasts used, by comparing to current market performance and expectations of future changes in the market; • obtaining an understanding of any changes in the management's business strategy; • conducting retrospective review by assessing whether the Group has achieved prior year's forecasts; and • performing sensitivity analysis around the key drivers of the cash flow forecasts. We have also reviewed the adequacy and appropriateness of the disclosures made in Notes 3 and 12 to the financial statements.
Valuation of inventories Given the nature of the telecommunication industry, the fast pace in technological advancement can result in changes in consumer demand and expose the Group to high risk of inventory obsolescence. Changes in consumer demand may mean that inventories cannot be sold or sales prices are discounted to less than the current carrying amounts. Estimating the future demand for, and hence the recoverable amounts of these products are inherently subjective. The key estimates and the carrying amounts of inventories as at December 31, 2018 are disclosed in Notes 3 and 9 to the financial statements respectively.	Our audit procedures included: • challenging management's basis in determination of allowance for inventories obsolescence; • making a selection of inventories and comparing the costs to the latest selling prices to determine whether the inventories are stated at the lower of cost and net realisable value; and • for any defective, obsolete or unsaleable inventories identified during the physical counts, checked that those items have been considered in the determination of the allowance for inventories or were separately written down. We have also reviewed the adequacy and appropriateness of the disclosures made in Notes 3 and 9 to the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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 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)s, 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 scepticism throughout the audit. We also:

a) 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.

b) 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.

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

d) 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.

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

f) 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 year 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 the 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 Lim Bee Hui.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Date: March 29, 2019

STATEMENTS OF FINANCIAL POSITION

December 31, 2018

	Note	Group			Company		
		December 31, 2018 $'000	December 31, 2017 $'000 (Restated)	January 1, 2017 $'000 (Restated)	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
ASSETS							
Current assets							
Cash and bank balances	6	8,447	11,579	30,778	1,082	3,015	22,090
Trade receivables	7	23,768	22,230	20,867	1,522	2,450	3,554
Other receivables and prepayments	8	5,621	8,362	5,401	28,917	19,052	14,119
Inventories	9	29,921	18,925	20,232	1,174	1,535	2,092
Total current assets		67,757	61,096	77,278	32,695	26,052	41,855
Non-current assets							
Cash and bank balances	6	49	1,440	39	–	1,400	–
Other receivables and prepayments	8	–	–	839	–	–	–
Investment in subsidiaries	10(a)	–	–	–	20,835	20,835	20,835
Investment in an associate	10(b)	14	24	14	–	–	–
Investment securities	10(c)	79,054	13,234	–	79,054	13,234	–
Property, plant and equipment	11	11,097	11,199	4,271	885	497	391
Goodwill	12	2,798	2,798	2,798	–	–	–
Total non-current assets		93,012	28,695	7,961	100,774	35,966	21,226
Total assets		160,769	89,791	85,239	133,469	62,018	63,081
LIABILITIES AND EQUITY							
Current liabilities							
Bank loans	13	14,626	5,485	–	8,986	–	–
Trade payables	14	10,779	11,868	13,572	1,515	1,968	2,888
Other payables	15	5,450	6,704	7,341	1,372	2,159	947
Current portion of finance leases	16	335	461	570	36	68	83
Income tax payable		8	69	7	–	–	–
Total current liabilities		31,198	24,587	21,490	11,909	4,195	3,918
Non-current liabilities							
Finance leases	16	411	645	991	71	74	50
Deferred tax liabilities	17	364	441	118	–	–	–
Total non-current liabilities		775	1,086	1,109	71	74	50
Capital, reserves and non-controlling interests							
Share capital	19	220,312	153,652	153,652	220,312	153,652	153,652
Capital reserve	20	(325)	(859)	(859)	22	22	22
Investment revaluation reserve	21	(5,868)	(1,850)	–	(5,868)	(1,850)	–
Property revaluation reserve	22	751	751	–	–	–	–
Share option reserve	23	–	145	311	–	145	311
Foreign currency translation reserve	24	39	87	–	–	–	–
Accumulated losses		(84,609)	(86,290)	(88,758)	(92,977)	(94,220)	(94,872)
Equity attributable to owners of the Company		130,300	65,636	64,346	121,489	57,749	59,113
Non-controlling interests		(1,504)	(1,518)	(1,706)	–	–	–
Total equity		128,796	64,118	62,640	121,489	57,749	59,113
Total liabilities and equity		160,769	89,791	85,239	133,469	62,018	63,081

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2018

	Note	Group 2018 $'000	Group 2017 $'000
Continuing operations			
Revenue	25	264,869	275,030
Cost of sales	26	(238,107)	(247,747)
Gross profit		26,762	27,283
Other operating income	27	351	2,435
Administrative expenses		(18,291)	(18,383)
Other operating expenses	28	(5,795)	(6,115)
Share of (loss) profit of an associate	10(b)	(9)	9
Finance costs	29	(422)	(311)
Profit before income tax		2,596	4,918
Income tax expense	30	(13)	(260)
Profit for the year from continuing operations		2,583	4,658
Discontinued operations			
Loss for the year from discontinued operations	31	(91)	(440)
Profit for the year	32	2,492	4,218
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Revaluation on leasehold land and building	22	–	987
Net fair value changes in equity securities carried at FVTOCI	21	(4,018)	(1,850)
Income tax relating to component of other comprehensive income that will not be reclassified subsequently	22	–	(236)
		(4,018)	(1,099)
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		10	159
Other comprehensive loss for the year, net of tax		(4,008)	(940)
Total comprehensive (loss) income for the year		(1,516)	3,278

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2018

	Note	2018 $'000	2017 $'000 (Restated)
Profit attributable to:			
Owners of the Company		2,536	4,102
Non-controlling interests		(44)	116
		2,492	4,218
Total comprehensive (loss) income attributable to:			
Owners of the Company		(1,530)	3,090
Non-controlling interests		14	188
		(1,516)	3,278
Earnings per share (cents):			
From continuing and discontinued operations:			
- Basic	34	0.010	0.032
- Diluted	34	0.005	0.032
From continuing operations:			
- Basic	34	0.010	0.034
- Diluted	34	0.005	0.034

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2018

	Share capital $'000	Capital reserve $'000	Investment revaluation reserve $'000	Property revaluation reserve $'000	Share options reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total $'000
Group										
Balance at January 1, 2018, as restated	153,652	(859)	(1,850)	751	145	87	(86,290)	65,636	(1,518)	64,118
Total comprehensive loss for the year										
Profit for the year	–	–	–	–	–	–	2,536	2,536	(44)	2,492
Other comprehensive loss for the year	–	–	(4,018)	–	–	(48)	-	(4,066)	58	(4,008)
Total	–	–	(4,018)	–	–	(48)	2,536	(1,530)	14	(1,516)
Transactions with owners, recognised directly in equity										
Issue of shares pursuant to rights cum warrants issue (Note 19)	66,988	–	–	–	–	–	–	66,988	–	66,988
Expense in relation to issuance of right shares (Note 19)	(328)	–	–	–	–	–	–	(328)	–	(328)
Dividends (Note 33)	–	–	–	–	–	–	(1,000)	(1,000)	–	(1,000)
Transfer between reserves upon expiry of share options (Note 23)	–	–	–	–	(145)	–	145	–	–	–
Waiver of loan from related party (Note 20)	–	534	–	–	-	–	–	534	–	534
Total	66,660	534	–	–	(145)	–	(855)	66,194	–	66,194
Balance at December 31, 2018	220,312	(325)	(5,868)	751	–	39	(84,609)	130,300	(1,504)	128,796

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2018

	Share capital $'000	Capital reserve $'000	Investment revaluation reserve $'000	Property revaluation reserve $'000	Share options reserve $'000	Foreign currency translation reserve $'000 (Restated)	Accumulated losses $'000 (Restated)	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total $'000
<u>Group</u>										
Balance at January 1, 2017, as previously stated	153,652	(859)	–	–	311	(825)	(87,933)	64,346	(1,706)	62,640
Adoption of the SFRS (I) (Note 38)	–	–	–	–	–	825	(825)	–	–	–
Balance at January 1, 2017, as restated	153,652	(859)	–	–	311	–	(88,758)	64,346	(1,706)	62,640
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	4,102	4,102	116	4,218
Other comprehensive loss for the year	–	–	(1,850)	751	–	87	–	(1,012)	72	(940)
Total	–	–	(1,850)	751	–	87	4,102	3,090	188	3,278
Transactions with owners, recognised directly in equity										
Dividends (Note 33)	–	–	–	–	–	–	(1,800)	(1,800)	–	(1,800)
Transfer between reserves upon expiry of share options (Note 23)	–	–	–	–	(166)	–	166	–	–	–
Total	–	–	–	–	(166)	–	(1,634)	(1,800)	–	(1,800)
Balance at December 31, 2017, as restated	153,652	(859)	(1,850)	751	145	87	(86,290)	65,636	(1,518)	64,118

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2018

	Share capital $'000	Capital reserve $'000	Investment revaluation reserve $'000	Share options reserve $'000	Accumulated losses $'000	Total $'000
Company						
Balance at January 1, 2018	153,652	22	(1,850)	145	(94,220)	57,749
Total comprehensive loss for the year						
Profit for the year	–	–	–	–	2,098	2,098
Other comprehensive loss for the year	–	–	(4,018)	–	–	(4,018)
Total	–	–	(4,018)	–	2,098	(1,920)
Transactions with owners, recognised directly in equity						
Issue of shares pursuant to rights cum warrants issue (Note 19)	66,988	–	–	–	–	66,988
Expense in relation to issuance of right shares (Note 19)	(328)	–	–	–	–	(328)
Dividends (Note 33)	–	–	–	–	(1,000)	(1,000)
Transfer between reserves upon expiry of share options (Note 23)	–	–	–	(145)	145	–
Total	66,660	–	–	(145)	(855)	65,660
Balance at December 31, 2018	220,312	22	(5,868)	–	(92,977)	121,489

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2018

	Share capital $'000	Capital reserve $'000	Investment revaluation reserve $'000	Share options reserve $'000	Accumulated losses $'000	Total $'000
Company						
Balance at January 1, 2017	153,652	22	–	311	(94,872)	59,113
Total comprehensive income for the year						
Profit for the year	–	–	–	–	2,286	2,286
Other comprehensive loss for the year	–	–	(1,850)	–	–	(1,850)
Total	–	–	(1,850)	–	2,286	436
Transactions with owners, recognised directly in equity						
Dividends (Note 33)	–	–	–	–	(1,800)	(1,800)
Transfer between reserves upon expiry of share options (Note 23)	–	–	–	(166)	166	–
Total	–	–	–	(166)	(1,634)	(1,800)
Balance at December 31, 2017	153,652	22	(1,850)	145	(94,220)	57,749

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2018

	Group	
	2018	2017
	$'000	$'000
Operating activities		
Profit before income tax from continuing operations	2,596	4,918
Loss before income tax from discontinued operations	(91)	(440)
	2,505	4,478
Adjustments for:		
Share of loss (profit) of an associate	9	(9)
Depreciation expense (Note A)	1,648	1,539
Interest expense	422	311
Interest income from fixed deposits	(134)	(98)
Interest income from loans to a third party	(319)	(1,103)
Dividend income	(1,322)	(393)
Gain on disposal of plant and equipment	(3)	(115)
Plant and equipment written off	51	150
Allowance for inventories	360	592
Bad debts written off – trade	–	3
Bad debts recovered – trade	–	(253)
Loss allowance (Reversal of loss allowance) for trade receivables	52	(39)
Reversal of impairment on plant and equipment	(2)	(3)
Provision for shop closure costs	–	204
Liabilities written back	–	(213)
Net foreign exchange loss (gain)	76	(21)
Operating cash flows before movements in working capital	3,343	5,030
Trade receivables	(1,590)	(1,074)
Other receivables and prepayments	(1,134)	991
Inventories	(11,356)	715
Trade payables	(1,089)	(1,699)
Other payables	(712)	(626)
Cash (used in) from operations	(12,538)	3,337
Income tax paid	(107)	(249)
Interest received	134	98
Net cash (used in) from operating activities	(12,511)	3,186

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2018

	Group	
	2018	2017
	$'000	$'000
Investing activities		
Proceeds from disposal of plant and equipment	20	639
Purchase of property, plant and equipment (Note B)	(1,504)	(6,981)
Loans to a third party	–	(5,000)
Repayment of loans from a third party	3,600	1,400
Interest received from loans to a third party	551	871
Dividend income from equity securities	1,310	393
Dividend income from an associate	12	–
Purchase of equity securities	(69,838)	(15,084)
Net cash used in investing activities	(65,849)	(23,762)
Financing activities		
Proceeds from issuance of ordinary shares, net	66,660	–
Interest paid	(379)	(311)
Repayment of bank borrowings	(20,895)	(3,231)
Proceeds from bank borrowings	29,944	8,466
Changes in cash pledged	1,391	(1,400)
Repayment of obligations under finance leases	(491)	(574)
Dividends paid to shareholders	(1,000)	(1,800)
Net cash from financing activities	75,230	1,150
Net decrease in cash and cash equivalents	(3,130)	(19,426)
Cash and cash equivalents at beginning of financial year	11,579	30,778
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(2)	227
Cash and cash equivalents at end of financial year (Note 6)	8,447	11,579

Notes to the consolidated statement of cash flows

A. Depreciation expense:

Included in depreciation expense of $1,648,000 (2017 : $1,539,000) in the statement of cash flows is $878,000 (2017 : $770,000) which is classified in other operating expenses (Note 28) with the remaining classified in cost of sales (Note 26).

B. Purchase of property, plant and equipment:

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,627,000 (2017 : $7,081,000) of which $123,000 (2017 : $100,000) was acquired under finance lease arrangements.

See accompanying notes to financial statements.

1 GENERAL

a) The Company (Registration No. 200009059G) is incorporated in the Republic of Singapore with its registered office and principal place of business at 53 Ubi Crescent, Singapore 408594. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollar.

b) The principal activities of the Company are that of investment holding and provision of after-market services for mobile communication devices and consumer electronic products.

c) The principal activities of the subsidiaries and associate are disclosed in Note 10(a) and Note 10(b) to the financial statements respectively.

d) The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2018 were authorised for issue by the Board of Directors on March 29, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 38.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payments*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at acquisition date based on the aggregate of the fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition–related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except for:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see below on equity instruments designated as at FVTOCI); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see below on financial assets at FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Amortised cost and effective interest method (cont'd)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “other operating income” line item.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated all investments in quoted equity instruments that are not held for trading as at FVTOCI on initial application of SFRS(I) 9 (see Note 10(c)).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘investment income’ line item (Note 25) (2017: ‘other operating income’ line item (Note 27)) in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other operating expenses' line item; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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:

- 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;
- 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Significant increase in credit risk (cont'd)

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 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

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.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for other receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings

Interest-bearing bank loans and finances leases are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in profit or loss over the term of the borrowings.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating expenses" line item in profit or loss (Note 28) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

OFFSETTING ARRANGEMENTS - Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as expense in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee (cont'd)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories consist principally of spare parts, handsets, accessories, prepaid cards, skin care products and raw materials that are stated at the lower of cost and net realisable value. Cost comprises direct materials, and where applicable, overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the 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.

ASSOCIATE - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

PROPERTY, PLANT AND EQUIPMENT – Land and building held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and building is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortised over the lease terms on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Asset under construction is carried at cost, less any recognised impairment loss. Depreciation of this asset, on the same basis as other plant and equipment, commences when the asset is ready for its intended use.

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:

Leasehold land and building	–	over the terms of lease of 52 years
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.

Assets held under finance leases 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.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings. No transfer is made from the property revaluation reserve to retained earnings except when an asset is derecognised.

GOODWILL ON CONSOLIDATION ("GOODWILL") - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS - The Group has issued equity-settled payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve (share options reserve).

REVENUE RECOGNITION – The Group recognises revenue from the following major sources:

- Sale of goods
- Incentive income
- Rendering of after-market service
- Printing and installation service
- Investment income
- Rental income

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.

Sale of goods

The Group sells mobile telecommunication equipment, mobile related services, including prepaid cards both to the wholesale market and directly to customers through its own retail outlets. The Group also retails skin care products through its own retail outlets.

For sale of goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been collected by the wholesalers or have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Sale of goods (cont'd)

For sale of goods to retail customers, revenue is recognised when control of the goods has 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.

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. Revenue, in the form of incentive income are recognised at the point when the line connections are made on an accrual basis, 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. The amount attributable to its franchisee will be recognised as accrued expenses and will be reclassified to trade payables at the point at which it receives the invoice from its franchisee.

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.

For the provision of after-market services, 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.

Printing and installation service

The Group provides digital inkjet printing and installation services.

For the digital inkjet printing 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income

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

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

DISCONTINUED OPERATIONS – A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations, that the management has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 2). 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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the entity's accounting policies (cont'd)

Control over Golden Myanmar Sea Company Ltd ("GMS Myanmar"), Golden Myanmar Sea (S) Pte Ltd ("GMS Singapore") and MDR Golden Myanmar Sea Company Limited ("MDR Golden")

Note 10(a) states that GMS Myanmar, GMS Singapore and MDR Golden are the subsidiaries of the Group even though the Group has no equity ownership interest and voting rights in these subsidiaries.

In determining control, the management assessed whether the Group has the ability to direct the relevant activities of these companies. The management has determined that the Group has acquired control over these three companies via its subsidiary, MDR Myanmar Co., Ltd. ("MDR Myanmar"), has the ability to direct the relevant activities of these entities, and the rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over the entities.

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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was $2.80 million (December 31, 2017 : $2.80 million; January 1, 2017 : $2.8 million) and the key assumptions underlying the impairment assessment are disclosed in Note 12.

Valuation of inventories

In determining the net realisable value of the inventories, an estimation of the net realisable value of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. These estimates took into consideration the latest selling prices and the saleability of these inventories. The carrying amount of inventories as at December 31, 2018 is disclosed in Note 9 to the financial statements.

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of these investments. The value in use calculation requires the Company to estimate the future cash flows expected from these investments and a suitable discount rate in order to calculate present value. Management has evaluated the recoverability of these investments based on such estimates. The carrying amount of investments in subsidiaries is disclosed in Note 10(a) to the financial statements.

Valuation of leasehold land and building

In estimating the fair value of the leasehold land and building, the Group engages a third party qualified external valuer to perform the valuation. Management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of leasehold land and building are disclosed in Note 11 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Loss allowance for trade and other receivables

The Group makes allowances for expected credit losses based on an assessment of the recoverability of trade and other receivables. The impairment provisions for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation based on the Group's past history, 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 trade and other receivables and loss allowance in the period in which such estimate has been changed.

As at December 31, 2017, included in other receivables was an amount due from a third party of $3,827,000. In assessing the recoverability of this amount, management had determined that no allowance was required under the expected credit loss model, in view of the corporate guarantee from the borrower's parent company, personal guarantee from the Chairman of the Board of the borrower's parent company and personal guarantee from the Chairman of the Board of the Company, and subsequent repayments and derecognition of the asset as disclosed in Note 8. The carrying amounts of trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Financial assets						
Equity instruments, designated as at FVTOCI	79,054	13,234	–	79,054	13,234	–
Amortised cost (including cash and cash equivalents)	37,566	43,186	56,890	31,407	25,734	39,709
	116,620	56,420	56,890	110,461	38,968	39,709
Financial liabilities						
Amortised cost	31,601	25,163	22,474	11,980	4,269	3,968

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives*

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. Market risk exposures are measured using sensitivity analysis as indicated below.

(i) Foreign exchange risk management

The Group operates in Asia with dominant operations in Singapore and Malaysia. The Group previously also operated in Myanmar but has ceased operations since March 2017. 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.

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		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
United States Dollar	–	(2,445)	(3,107)	731	1,303	6,047
Malaysia Ringgit	–	–	(1)	2,151	1,287	676
Singapore Dollar	(2,028)	(2,010)	(2,208)	225	470	20

	Company					
	Liabilities			Assets		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
United States Dollar	–	(343)	(16)	653	713	5,273
Malaysia Ringgit	–	–	(1)	2,151	1,287	676

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(i) Foreign exchange risk management (cont'd)

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.

If the relevant foreign currency strengthens by 5% against the functional currency of each entity in the Group, profit before income tax will increase (decrease) by:

	US Dollar impact		Malaysia Ringgit impact		Singapore Dollar impact	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Group						
Profit or loss	37	(57)	108	64	(90)	(77)
Company						
Profit or loss	33	19	108	64	–	–

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 management

Summary quantitative data of the Group's and Company's interest-bearing financial instruments can be found in Section (iv) of this Note. The Group's policy is to maintain cash equivalents and borrowings in fixed and variable rate instruments.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before income tax ended December 31, 2018 would decrease/increase by $73,000 (2017 : $27,000). This is mainly attributable to the Group's exposure to borrowings with variable rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(ii) Interest rate risk management (cont'd)

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 December 31, 2018 would decrease/increase by $45,000 (2017 : $Nil). This is mainly attributable to the Company's exposure to borrowings with variable rules.

(iii) Credit risk management

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.

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	12m ECL
Doubtful	Amount is >180 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >1 year past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – 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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(iii) Credit risk management (cont'd)

For trade and other 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. Notes 7 and 8 include further details on the loss allowance for these assets respectively.

At the end of the reporting period, approximately 21% (December 31, 2017 : 18% ; January 1, 2017 : 27%) of the Group's trade receivables were due from 3 customers. Of the other receivables balance at the end of the year, approximately 36% (December 31, 2017 : 49% ; January 1, 2017 : 16%) of the Group's other receivables is due from 2 customers (December 31, 2017 : 2 customers ; January 1, 2017 : 1 customer). 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.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks. As at December 31, 2018, management has deemed the fair value of the financial guarantee to be immaterial to the financial statements and hence, no amount has been recognised in the statement of financial position as at the end of the reporting period.

Collateral held as security and other credit enhancements

With the exception of the loans to a third party in 2017 as set out in Note 8 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. Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

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 loans to third party in 2017 were mitigated because they were secured with corporate guarantee from the borrower's parent company, personal guarantee from the Chairman of the Board of the borrower's parent company and personal guarantee from the Chairman of the Board of the Company. The carrying amount of loans to third party amounted to $3,827,000. There had not been any significant changes in the quality of the collaterals held for the loans to third party. The Group had not recognised a loss allowance for the loans to third party as a result of these credit enhancements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management

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.

Liquidity and interest risk analyses

Non-derivative financial assets

The Group and the Company's non-derivative financial assets are receivable within one year from the end of the reporting period and are non-interest bearing except as disclosed in Notes 6 and 8 to the financial statements respectively.

Non-derivative financial liabilities

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.

	Average effective interest rate	On demand or within 1 year	1 to 5 years	Adjustment*	Total
	%	$'000	$'000	$'000	$'000
Group					
December 31, 2018					
Bank loans	3.99	14,626	–	–	14,626
Trade and other payables	–	16,229	–	–	16,229
Finance lease (fixed rate)	3.09	371	430	(55)	746
		31,226	430	(55)	31,601
December 31, 2017					
Bank loans	4.61	5,485	–	–	5,485
Trade and other payables	–	18,572	–	–	18,572
Finance lease (fixed rate)	3.24	517	692	(103)	1,106
		24,574	692	(103)	25,163
January 1, 2017					
Trade and other payables	–	20,913	–	–	20,913
Finance lease (fixed rate)	3.24	654	1,081	(174)	1,561
		21,567	1,081	(174)	22,474

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

Non-derivative financial liabilities (cont'd)

	Average effective interest rate %	On demand or within 1 year $'000	1 to 5 years $'000	Adjustment* $'000	Total $'000
Company					
December 31, 2018					
Bank loans	3.29	8,986	–	–	8,986
Trade and other payables	–	2,887	–	–	2,887
Finance lease (fixed rate)	2.74	41	75	(9)	107
		11,914	75	(9)	11,980
December 31, 2017					
Trade and other payables	–	4,127	–	–	4,127
Finance lease (fixed rate)	2.76	73	82	(13)	142
		4,200	82	(13)	4,269
January 1, 2017					
Trade and other payables	–	3,835	–	–	3,835
Finance lease (fixed rate)	2.73	88	50	(5)	133
		3,923	50	(5)	3,968

* The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability in the statement of financial position.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(vi) Equity price risk

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(vi) Equity price risk (cont'd)

If equity prices had been 5% higher/lower:

- profit before income tax ended December 31, 2018 and December 31, 2017 would have been unaffected as the investments in equity instruments are designated as at FVTOCI; and

- other comprehensive income for the year ended December 31, 2018 would increase/decrease by $3,953,000 (2017: $662,000) as a result of the changes in fair value of the investments in equity instruments.

(c) *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 capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and accumulated losses.

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's overall strategy remains unchanged.

5 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.

5 RELATED PARTY TRANSACTIONS (CONT'D)

During the year, the Group entered into the following related party transactions:

	Group	
	2018	2017
	$'000	$'000
Nature of transactions		
Transactions with companies owned by common directors:		
Expenses paid on behalf of the Group	–	12
Legal and professional expenses	–	11
Rental expenses	403	424
Transactions with a related party (shareholder of a non-wholly owned subsidiary):		
Purchase of goods	–	3
Transactions with a related party (director of a wholly owned subsidiary):		
Sales of goods	(82)	(34)
Rental income	(20)	(11)

Sales of goods to a related party 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	
	2018	2017
	$'000	$'000
Short-term benefits	2,445	1,839
Post-employment benefits	137	107
	2,582	1,946

The remuneration of directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Cash and bank balances						
Current	8,447	11,579	30,778	1,082	3,015	22,090
Non-current	49	1,440	39	–	1,400	-
	8,496	13,019	30,817	1,082	4,415	22,090
Shown as:						
Cash and bank balances	8,315	11,288	20,084	1,082	3,015	11,590
Fixed deposits	132	291	10,694	–	–	10,500
Cash pledged	49	1,440	39	–	1,400	–
	8,496	13,019	30,817	1,082	4,415	22,090
Less: Cash pledged	(49)	(1,440)	(39)	–	(1,400)	–
Cash and cash equivalents in the consolidated statement of cash flows	8,447	11,579	30,778	1,082	3,015	22,090

The fixed deposits carried interests at 3% (December 31, 2017 : 3% ; January 1, 2017 : 0.65% to 2.95%) per annum, and mature in January 2019 (December 31, 2017 : January 2018 ; January 1, 2017 : March 2017).

As at December 31, 2017, cash pledged of $1.4 million in the form of fixed deposits to secure bank loans (Note 13), carried interest at 2.75% per annum, and was discharged in June 2018.

7 TRADE RECEIVABLES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Outside parties	13,290	10,676	11,751	1,494	2,251	3,242
Accrued income	10,622	11,798	9,491	32	81	312
Related parties	81	–	–	–	–	–
Subsidiaries	–	–	–	–	118	–
	23,993	22,474	21,242	1,526	2,450	3,554
Less: Loss allowance for trade receivables (outside parties)	(225)	(244)	(375)	(4)	–	–
	23,768	22,230	20,867	1,522	2,450	3,554

The average credit period on sales is 30 days (2017 : 30 days). No interest is charged on outstanding trade receivables.

Loss allowance for trade receivables have always been measured at an amount equal to lifetime expected credit losses (ECL). This allowance has been determined by reference to past default experience and ECL, ranging from 0.2% to 9.2% (December 31, 2017 : 0.2% to 17.4% ; January 1, 2017 : 0.2% to 19.2%) for receivables that are current to more than 60 days past due. The expected credit losses incorporate forward looking estimates. In calculating the expected credit loss rate, the Group and the Company consider historical loss rates for each category of customers and adjust for forward-looking macroeconomic data.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

The Group's customers mainly comprise of reputable and well established telecom operators and equipment principals. Before accepting any new customer, the Group will assess the potential customer's credit quality. Limits are monitored periodically by management. Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

Included in the Group's and the Company's trade receivable balance are debtors with a carrying amount of $7,437,000 (December 31, 2017 : $6,324,000 ; January 1, 2017 : $3,751,000) and $143,000 (December 31, 2017 : $510,000 ; January 1, 2017 : $633,000) respectively, which are past due at the end of the reporting period for which the Group and the Company have not recognised a loss allowance for receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The management believes that there is no further credit provision required in excess of the loss allowance for receivables.

7 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:

Group	Lifetime ECL - not credit-impaired			
	Collectively assessed	Individually assessed	Lifetime ECL - credit-impaired	Total
	$'000	$'000	$'000	$'000
Balance as at January 1, 2017	–	25	350	375
Transfer to credit-impaired	–	(2)	2	–
Amounts written off	–	–	(70)	(70)
Amounts recovered	–	–	(74)	(74)
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement	–	10	25	35
Foreign exchange gains and losses	–	–	(22)	(22)
Balance as at December 31, 2017	–	33	211	244
Amounts written off	–	–	(68)	(68)
Amounts recovered	–	–	(14)	(14)
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement	–	50	16	66
Foreign exchange gains and losses	–	–	(3)	(3)
Balance as at December 31, 2018	–	83	142	225

Company	Lifetime ECL - not credit-impaired			
	Collectively assessed	Individually assessed	Lifetime ECL - credit-impaired	Total
	$'000	$'000	$'000	$'000
Balance as at January 1, 2017 and 2018	–	–	–	–
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement	–	–	4	4
Balance as at December 31, 2018	–	–	4	4

7 TRADE RECEIVABLES (CONT'D)

The table below is an analysis of trade receivables:

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Not past due and not impaired	16,331	15,906	17,116	1,379	1,940	2,921
Past due but not impaired (i)	7,437	6,324	3,751	143	510	633
	23,768	22,230	20,867	1,522	2,450	3,554
Impaired receivables – individually assessed (ii)	225	244	375	4	–	–
Less: Loss allowance for trade receivables	(225)	(244)	(375)	(4)	–	–
Total trade receivables, net	23,768	22,230	20,867	1,522	2,450	3,554
(i) Aging of receivables that are past due but not impaired						
1 to 30 days	5,054	4,636	1,870	130	381	297
31 to 60 days	640	776	513	13	33	8
>61 days	1,743	912	1,368	–	96	328
Total	7,437	6,324	3,751	143	510	633

(ii) These amounts are stated before any deduction for impairment losses and are not secured by any collateral or credit enhancements.

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Deposits	1,390	1,463	2,116	217	165	165
Prepayments	319	425	1,034	114	183	54
Related parties (Note 5)	2	173	–	–	–	–
Staff advances	–	–	1	–	–	–
Outside parties	4,134	6,301	3,321	29	3,718	82
Interest receivables	–	232	–	–	232	–
	5,845	8,594	6,472	360	4,298	301
Subsidiaries	–	–	–	29,591	15,993	14,727
	5,845	8,594	6,472	29,951	20,291	15,028
Less: Loss allowance for other receivables						
- subsidiaries	–	–	–	(1,034)	(1,239)	(909)
- others	(224)	(232)	(232)	–	–	–
	(224)	(232)	(232)	(1,034)	(1,239)	(909)
	5,621	8,362	6,240	28,917	19,052	14,119
Analysed as:						
Current	5,621	8,362	5,401	28,917	19,052	14,119
Non-current	–	–	839	–	–	–
	5,621	8,362	6,240	28,917	19,052	14,119

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 $25,160,000 (December 31, 2017 : $11,033,000 ; January 1, 2017 : $6,517,000) that are unsecured, bear interest at 3% (2017 : 3%) per annum and repayable on demand.

The remaining amount due from subsidiaries is unsecured, interest-free and repayable on demand.

Included in other receivables from outside parties and interest receivables were loans and interest receivable from a third party, amounting to $3,827,000 as at December 31, 2017. The loans bore interest rate within a range of 3.5% to 4% per month and with repayment term by February 2018. The loans were secured with corporate guarantee from the borrower's parent company, personal guarantee from the Chairman of the Board of the borrower's parent company and personal guarantee from the Chairman of the Board of the Company. During the current year, the loans and interest receivables were derecognised due to repayments of $900,000 made by the borrower, repayments of $600,000 made by the borrower through the Chairman of the Board of the borrower's parent company; and the transfer of substantially all the risks and rewards by way of a transfer arrangement, without recourse, of the remaining $2,327,000 to the Chairman of the Board of the Company.

8 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

The carrying amount due from subsidiaries and third parties are neither past due nor impaired at the reporting date.

The loss allowance for other receivables has been determined by taking into consideration recovery prospects and past default experience.

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

Group	Lifetime ECL - not credit-impaired			
	Collectively assessed $'000	Individually assessed $'000	Lifetime ECL - credit-impaired $'000	Total $'000
Balance as at January 1, 2017	–	–	232	232
Transfer to credit-impaired	–	(3,832)	3,832	–
Change in loss allowance due to new other receivables originated net of those derecognised due to settlement	–	3,832	–	3,832
Credit enhancement	–	–	(3,832)	(3,832)
Balance as at December 31, 2017	–	–	232	232
Amounts written off	–	–	(8)	(8)
Balance as at December 31, 2018	–	–	224	224

Company	Lifetime ECL - not credit-impaired			
	Collectively assessed $'000	Individually assessed $'000	Lifetime ECL - credit-impaired $'000	Total $'000
Balance as at January 1, 2017	–	–	909	909
Transfer to credit-impaired	–	(3,832)	3,832	–
Change in loss allowance due to new other receivables originated net of those derecognised due to settlement	–	3,832	330	4,162
Credit enhancement	–	–	(3,832)	(3,832)
Balance as at December 31, 2017	–	–	1,239	1,239
Amounts recovered	–	–	(231)	(231)
Foreign exchange gains and losses	–	–	26	26
Balance as at December 31, 2018	–	–	1,034	1,034

9 INVENTORIES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Spare parts, handsets, accessories, prepaid cards, skin care products and raw materials	29,921	18,925	20,232	1,174	1,535	2,092

10(a) INVESTMENT IN SUBSIDIARIES

	Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Unquoted equity shares, at cost	30,310	31,138	31,138
Impairment loss	(9,475)	(10,303)	(10,303)
	20,835	20,835	20,835
Non-trade advances to subsidiaries	8,449	8,665	8,665
Impairment loss	(8,449)	(8,665)	(8,665)
	–	–	–
	20,835	20,835	20,835

Movement in impairment loss:

	Company	
	2018 $'000	2017 $'000
At beginning of year	18,968	18,968
Write off during the year	(1,044)	–
At end of year	17,924	18,968

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.

During the year, Shenzhen Quanli Leather (S) Pte Ltd changed its name to VT Cosmetics Pte Ltd and its principal activities to retail sale of cosmetics and toiletries (including skin care products).

During the year, the Company has written off impairment loss amounting to $1,044,000 (2017 : $Nil) pursuant to the de-registration of a dormant subsidiary.

No impairment loss is recognised during the year.

10(a) INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Subsidiaries	Effective equity interest			Country of incorporation and operations
	December 31, 2018	December 31, 2017	January 1, 2017	
Held directly by the Company	%	%	%	
Accord Customer Care Solutions Philippines, Inc. [3]	100	100	100	Philippines
Distribution Management Solutions Pte. Ltd. [1]	97.53	97.53	97.53	Singapore
VT Cosmetics Pte Ltd (f.k.a Shenzhen Quanli Leather (S) Pte Ltd) [1]	100	100	100	Singapore
A-Mobile (M) Sdn. Bhd.[2][3]	–	100	100	Malaysia
Pixio Sdn. Bhd. [4]	100	100	100	Malaysia
MDR Myanmar Co., Ltd. [3][5][6]	51	51	51	Myanmar
Golden Myanmar Sea Company Ltd. [3][6]	–	–	–	Myanmar
Golden Myanmar Sea (S) Pte Ltd. [3][6]	–	–	–	Singapore
MDR Golden Myanmar Sea Company Ltd. [3][5][6]	–	–	–	Myanmar
Pixio Myanmar Co., Ltd. [3]	100	100	100	Myanmar
Subsidiaries of Distribution Management Solutions Pte. Ltd.				
SDS Pte. Ltd. [1]	97.53	97.53	97.53	Singapore
A-Mobile Pte. Ltd. [1]	97.53	97.53	97.53	Singapore
3 Mobile Telecom Pte. Ltd. [1]	97.53	97.53	97.53	Singapore
HandphoneShop Pte. Ltd. [1]	97.53	97.53	97.53	Singapore
NBRC Pte. Ltd. [3]	97.53	97.53	97.53	Singapore
World of Gadgets Pte. Ltd. [2]	–	–	97.53	Singapore

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Struck off from Register of Companies.

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

(4) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(5) 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.

10(a) INVESTMENT IN SUBSIDIARIES (CONT'D)

(6) 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 Golden ceased their business operation in March 2017.

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 (Note 8) 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.

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

The net tangible assets and pre-tax profits (losses) of the subsidiaries referred to in Notes (3) above are less than 20% of the net tangible assets and pre-tax profits of the Group at the financial year end.

Composition of the Group

Information about the composition of the Group at each reporting date is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries held by the Company		
		December 31, 2018	December 31, 2017	January 1, 2017
Provision of after-market services	Philippines	1	1	1
Sale of mobile telecommunication equipment and mobile related services, and prepaid cards	Singapore	–	1	1
	Malaysia	–	1	1
Retail sale of comestics and toiletries (including skin care products)	Singapore	1	–	–
Provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions	Malaysia	1	1	1
	Myanmar	1	1	1
		4	5	5

10(a) INVESTMENT IN SUBSIDIARIES (CONT'D)

Composition of the Group (cont'd)

Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiaries held by the Group		
		December 31, 2018	December 31, 2017	January 1, 2017
Dormant	Myanmar	3	3	–
	Singapore	2	2	3
Provision of after-market services	Myanmar	–	–	1
Sale of mobile telecommunication equipment and mobile related services, and prepaid cards	Singapore	5	5	5
	Myanmar	–	–	2
		10	10	11

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December 31, 2018

10(a)INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of non-wholly owned subsidiaries that have material non-controlling interests

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests			Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests		
		December 31, 2018	December 31, 2017	January 1, 2017	2018	2017	December 31, 2018	December 31, 2017	January 1, 2017
		%	%	%	$'000	$'000	$'000	$'000	$'000
Distribution Management Solutions Pte Ltd	Singapore	2.47	2.47	2.47	14	46	505	491	445
Golden Myanmar Sea Company Ltd	Myanmar	100	100	100	(12)	(3)	(332)	(350)	(376)
Golden Myanmar Sea (S) Pte Ltd	Singapore	100	100	100	(3)	207	(1,271)	(1,268)	(1,490)
Individually immaterial subsidiaries with non-controlling interests					(43)	(134)	(406)	(391)	(285)
Total					(44)	116	(1,504)	(1,518)	(1,706)

10(a)INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised financial information 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.

	Distribution Management Solutions Pte Ltd			Golden Myanmar Sea Company Ltd			Golden Myanmar Sea (S) Pte Ltd		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	58,262	44,652	40,186	–	18	21	12	15	16
Non-current assets	1,293	1,371	1,072	–	–	–	–	–	–
Current liabilities	(39,041)	(26,118)	(23,212)	(332)	(368)	(397)	(1,283)	(1,283)	(1,506)
Non-current liabilities	(75)	(43)	(36)	–	–	–	–	–	–
Equity attributable to owners of the Company	19,934	19,371	17,565	–	–	–	–	–	–
Non-controlling interests	505	491	445	(332)	(350)	(376)	(1,271)	(1,268)	(1,490)

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10(a)INVESTMENT IN SUBSIDIARIES (CONT'D)

	Distribution Management Solutions Pte Ltd		Golden Myanmar Sea Company Ltd		Golden Myanmar Sea (S) Pte Ltd	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	233,943	241,759	–	–	–	–
(Expenses) Income	(233,366)	(239,907)	(12)	(3)	(3)	207
Profit (Loss) for the year	577	1,852	(12)	(3)	(3)	207
Profit attributable to owners of the Company	563	1,806	–	–	–	–
Profit (Loss) attributable to the non-controlling interests	14	46	(12)	(3)	(3)	207
Profit (Loss) for the year	577	1,852	(12)	(3)	(3)	207
Other comprehensive income attributable to owners of the Company	–	–	–	–	–	–
Other comprehensive income attributable to non-controlling interests	–	–	30	28	–	16
Other comprehensive income for the year	–	–	30	28	–	16
Total comprehensive income attributable to owners of the Company	563	1,806	–	–	–	–
Total comprehensive income (loss) attributable to non-controlling interests	14	46	18	25	(3)	223
Total comprehensive income (loss) for the year	577	1,852	18	25	(3)	223
Net cash outflow from operating activities	(13,135)	(1,637)	(17)	(5)	(4)	–
Net cash outflow from investing activities	(557)	(881)	–	–	–	–
Net cash inflow from financing activities	12,778	3,247	–	–	–	–
Net cash (ouflow) inflow	(914)	729	(17)	(5)	(4)	–

10(b)INVESTMENT IN AN ASSOCIATE

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Unquoted equity shares, at cost	15	15	15
Share of post-acquisition profit	1	10	1
Exchange differences	(2)	(1)	(2)
	14	24	14

Details of the associate are as follows:

Associate	Proportion of ownership interest and voting power held			Country of incorporation and operations
	December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	
United Pixio Sdn Bhd*	50	50	50	Malaysia

* Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

On November 14, 2014, Pixio Sdn Bhd ("Pixio") and UBP Printing Sdn Bhd ("UBP") signed a Joint Venture Agreement to incorporate a joint venture company ("JVC"), 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 January 15, 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.

10(c) INVESTMENT SECURITIES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Investments in quoted equity instruments designated as at FVTOCI	79,054	13,234	–	79,054	13,234	–
Investments in unquoted equity instruments designated as at FVTPL	–	–	–	–	–	–

The Group measures its quoted equity securities at fair value through other comprehensive income.

These investments in quoted equity instruments are not held for trading. Instead, they are 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 FVTOCI 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 decrease of $4,018,000 (2017: $1,850,000) was recorded for the year.

Management has determined that the fair value of the investment in an unquoted equity instrument was $Nil as at December 31, 2018.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building at revalued amount	Computers and computer system	Other plant and equipment	Motor vehicles	Furniture, fittings and renovation	Asset under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost:							
At January 1, 2017	–	3,780	5,106	1,443	3,530	75	13,934
Additions	6,284	501	408	425	377	(75)	7,920
Exchange differences	235	–	(84)	(21)	(3)	–	127
Disposals/Write-off	–	(2,515)	(526)	(484)	(1,089)	–	(4,614)
Reclassification	155	69	(219)	–	(5)	–	–
Revaluation increase	951	–	–	–	–	–	951
At December 31, 2017	7,625	1,835	4,685	1,363	2,810	–	18,318
Additions	11	201	304	39	536	536	1,627
Exchange differences	(24)	(1)	(4)	(1)	(2)	–	(32)
Disposals/Write-off	–	(100)	(87)	(12)	(689)	–	(888)
At December 31, 2018	7,612	1,935	4,898	1,389	2,655	536	19,025
Comprising:							
December 31, 2018							
At cost	–	1,935	4,898	1,389	2,655	536	11,413
At valuation	7,612	–	–	–	–	–	7,612
December 31, 2017							
At cost	–	1,835	4,685	1,363	2,810	–	10,693
At valuation	7,625	–	–	–	–	–	7,625
Accumulated depreciation:							
At January 1, 2017	-	3,426	2,416	930	2,877	–	9,649
Depreciation	72	263	754	100	350	–	1,539
Exchange differences	1	(4)	(95)	(12)	(1)	–	(111)
Disposals/Write-off	–	(2,449)	(250)	(222)	(1,012)	–	(3,933)
Reclassification	–	–	(4)	4	–	–	–
Eliminated on revaluation	(36)	–	–	–	–	–	(36)
At December 31, 2017	37	1,236	2,821	800	2,214	–	7,108
Depreciation	149	273	681	110	435	–	1,648
Exchange differences	(2)	(1)	(13)	(1)	–	–	(17)
Disposals/Write-off	-	(86)	(71)	(9)	(654)	–	(820)
At December 31, 2018	184	1,422	3,418	900	1,995	–	7,919
Impairment:							
At January 1, 2017	–	–	1	–	13	–	14
Reversal of impairment	–	–	(1)	–	(2)	–	(3)
At December 31, 2017	–	–	–	–	11	–	11
Reversal of impairment	–	–	–	–	(2)	–	(2)
At December 31, 2018	–	–	–	–	9	–	9
Carrying amount:							
At December 31, 2018	7,428	513	1,480	489	651	536	11,097
At December 31, 2017	7,588	599	1,864	563	585	–	11,199
At January 1, 2017	–	354	2,689	513	640	75	4,271

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Certain of the Group's plant and equipment with carrying amount of $668,000 (December 31, 2017 : $1,008,000 ; January 1, 2017 : $1,530,000) and motor vehicles with carrying amount of $212,000 (December 31, 2017 : $241,000 ; January 1, 2017 : $111,000) are under finance lease arrangements (Note 16).

The Group has pledged the leasehold land and buildings with a carrying amount of $6,441,000 (December 31, 2017 : $6,601,000 ; January 1, 2017 : $Nil) to secure banking loans (Note 13) granted to the Group.

	Computers and computer system	Other plant and equipment	Motor vehicles	Furniture, fittings and renovation	Asset under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Cost:						
At January 1, 2017	2,313	86	590	117	75	3,181
Additions	165	13	168	–	(75)	271
Disposals/ Write-off	(1,657)	(10)	(2)	(2)	–	(1,671)
At December 31, 2017	821	89	756	115	–	1,781
Additions	17	41	–	95	405	558
Disposals/ Write-off	(14)	(3)	–	(43)	–	(60)
At December 31, 2018	824	127	756	167	405	2,279
Accumulated depreciation:						
At January 1, 2017	2,187	21	502	80	–	2,790
Depreciation	99	11	34	8	–	152
Disposals/ Write-off	(1,655)	–	(2)	(1)	–	(1,658)
At December 31, 2017	631	32	534	87	–	1,284
Depreciation	78	12	53	19	–	162
Disposals/ Write-off	(14)	(1)	–	(37)	–	(52)
At December 31, 2018	695	43	587	69	–	1,394
Carrying amount:						
At December 31, 2018	129	84	169	98	405	885
At December 31, 2017	190	57	222	28	–	497
At January 1, 2017	126	65	88	37	75	391

The Company's plant and equipment with carrying amount of $31,000 (December 31, 2017 : $Nil ; January 1, 2017 : $Nil) and motor vehicles with carrying amount of $169,000 (December 31, 2017 : $222,000 ; January 1, 2017 : $88,000) are under finance lease arrangements (Note 16).

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

The Group's leasehold land and building are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the Group's leasehold land and building acquired by the Group during the year was performed as at September 30, 2017. The fair value measurements were performed by independent valuer, JS Valuer Property Consultants Sdn Bhd, not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the property in the relevant location. The Group's leasehold land and building were not revalued in 2018 as management has determined that there was no significant changes to the fair value as at December 31, 2018.

Details of the Group's leasehold land and building and information about the fair value hierarchy as at December 31, 2018 and 2017 are as follows:

Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value as at December 31, 2018 $'000
Non-financial assets measured at fair value				
Leasehold land and building	–	–	7,428	7,428

Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value as at December 31, 2017 $'000
Non-financial assets measured at fair value				
Leasehold land and building	–	–	7,588	7,588

There were no transfers between Level 1 and Level 2 during the year.

Details of the leasehold land and building as at December 31, 2017 and 2018 are as follows:

Description of properties	Tenure	Unexpired lease term (years)	Existing use	Professional valuer	Valuation method
Held by subsidiary, Pixio Sdn. Bhd.					
Malaysia					
No. 32, Jalan 51A/223, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan	99-year leasehold, expiring on July 9, 2069	51	Office and factory	JS Valuers Property Consultants Sdn Bhd	Comparison method and depreciated replacement cost method

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Fair value measurement of the Group's leasehold land and building (cont'd)

Site

The subject property fronts onto Jalan 51A/223, within Section 51A, Petaling Jaya, Selangor Darul Ehsan. It is sited about 2.5 kilometres due south-west of the Petaling Jaya city centre and approximately 13 kilometres due south-west of the Kuala Lumpur city centre. The subject property is accessible from the Kuala Lumpur city centre via the Federal Highway, Jalan Utara, Jalan Semangat, Jalan Dato' Jamil Rais 14/15 and finally onto Jalan 51A/223.

Gross floor area

The gross floor area is about 43,796 square feet (4,068.76 square metres).

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 measurements using significant unobservable inputs (Level 3):

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Leasehold land and building in Malaysia	Comparison method and depreciated replacement cost method	Comparable price: \$115 to \$165 per square foot	The estimated fair value increases with higher comparable price, assuming other inputs are held constant.

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciling for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group	
	Fair value measurement using significant unobservable inputs (level 3)	
	2018	2017
	$'000	$'000
Leasehold land and building		
At January 1	7,588	–
Additions	11	6,284
Reclassification	–	155
Depreciation	(149)	(72)
Total gains for the year (Note 22)	–	987
Exchange difference	(22)	234
At December 31	7,428	7,588
Total gains for the year included in other comprehensive income (Note 22)	–	987

(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.

The Group revalues its property and the valuation techniques used are as follow:

The fair value of the leasehold land was determined based on market comparable approach that reflects recent transaction prices for similar properties and adjustments were made where dissimilarities exists. The fair value of the building was determined using depreciated replacement cost method whereby an estimate is made of the current replacement cost and allowing for depreciation.

12 GOODWILL

	Group	
	2018	2017
	$'000	$'000
Cost:		
At beginning of year and at end of year	11,470	11,470
Impairment:		
At beginning of year and at end of year	8,672	8,672
Carrying amount:		
At beginning of year and at end of year	2,798	2,798

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
Mobile communication devices (comprised several CGUs):			
Distribution management solutions businesses and related assets	8,672	8,672	8,672
Digital Inkjet Printing for Out-Of-Home Advertising Solutions:			
Pixio Sdn. Bhd. (single CGU)	2,798	2,798	2,798
	11,470	11,470	11,470

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks.

12 GOODWILL (CONT'D)

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on an estimated growth rate of 4.8% (December 31, 2017 : 5% to 10.9% ; January 1, 2017 : 5% to 11.3%); and estimated growth rate of 4.7% (December 31, 2017 : 4.6% ; January 1, 2017 : 4.8%) beyond 5 years based on expansionary plans of management. The rates used to discount the cash flow forecasts are 12% (December 31, 2017 : 12% ; January 1, 2017 : 11.8%) per annum.

As at December 31, 2018, changes in variables to the key assumptions applied will lead to the following impairment in goodwill:

Change in variable	Impairment ($'000)
1.0% decrease in terminal growth rate	104
0.5% increase in discount rate	64

13 BANK LOANS

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Secured – at amortised costs						
Bank loans	13,149	5,485	–	8,986	–	–
Unsecured – at amortised costs						
Trust receipts	1,477	–	–	–	–	–
Total	14,626	5,485	–	8,986	–	–

Below are the bank loans details:

a. A loan of $8.99 million (December 31, 2017: $Nil ; January 1, 2017: $Nil) advanced for the purchase of investment securities. The loan carries interest at the Bank's cost of funds plus 0.5% per annum and has a maturity of one to seven days. The loan is secured by a charge over the Company's investment securities.

b. A loan of $4.16 million (December 31, 2017: $4.49 million ; January 1, 2017: $Nil). The loan was advanced on February 2017. Repayments commenced on 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 11) and corporate guarantee from the Company (Note 35).

c. A loan of $0.99 million as at December 31, 2017. The loan was advanced on February 2017. Repayments commenced on March 2017 and to be repaid over a period of 5 years until February 2022. The loan carries interest at Effective Cost of Funds ("ECOF") plus 1% per annum. The loan is secured by a charge over the Group's property (Note 11), corporate guarantee from the Company (Note 35) and fixed deposits pledged (Note 6). The lock in period was 1 year from the first drawdown and the loan was fully repaid on June 2018.

d. The trust receipts are repayable within 90 days. The trust receipts were advanced on November 2018 and are repayable on January 2019. Fixed interest rate at 3.065% per annum are charged on the trust receipts and the trust receipts are guaranteed by the Company.

13 BANK LOANS (CONT'D)

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.

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		
	January 1, 2018	Financing cash flow [(i)]	New finance lease [(ii)]	Foreign exchange movement	December 31, 2018
	$'000	$'000	$'000	$'000	$'000
Bank loans (Note 13)	5,485	9,049	–	92	14,626
Finance leases (Note 16)	1,106	(491)	123	8	746

			Non-cash changes		
	January 1, 2017	Financing cash flow (i)	New finance lease (ii)	Foreign exchange movement	December 31, 2017
	$'000	$'000	$'000	$'000	$'000
Bank loans (Note 13)	–	5,235	–	250	5,485
Finance leases (Note 16)	1,561	(574)	100	19	1,106

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

(ii) Please refer to Note B in the statement of cash flows.

14 TRADE PAYABLES

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Outside parties	10,779	11,868	13,572	1,515	1,968	2,888

Trade payables principally comprise amounts outstanding for trade purchases.

The average credit period on purchase of goods is 30 days (2017 : 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.

15 OTHER PAYABLES AND PROVISIONS

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Third parties	2,171	2,399	2,393	70	535	65
Accrued expenses	3,279	3,059	3,374	1,107	827	882
Subsidiaries	–	–	–	195	797	–
Related parties (Note 5)	–	1,246	1,574	–	–	–
	5,450	6,704	7,341	1,372	2,159	947

Movement in provisions:

	Provision for shop closure costs	
	2018 $'000	2017 $'000
Group		
At beginning of year	–	–
Charge to profit or loss (Note 28)	–	204
Utilised during the year	–	(204)
At end of year	–	–

In 2017, provision for shop closure costs represented the present value of the management's best estimate in relation to the closure of Myanmar business operations.

16 FINANCE LEASES

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Amounts payable under finance leases:						
Within one year	371	517	654	335	461	570
In the second to fifth years inclusive	430	692	1,081	411	645	991
	801	1,209	1,735	746	1,106	1,561
Less: Future finance charges	(55)	(103)	(174)	N/A	N/A	N/A
Present value of lease obligations	746	1,106	1,561	746	1,106	1,561
Less: Amount due for settlement within 12 months (shown under current liabilities)				(335)	(461)	(570)
Amount due for settlement after 12 months				411	645	991

16 FINANCE LEASES (CONT'D)

	Company					
	Minimum lease payments			Present value of minimum lease payments		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Amounts payable under finance leases:						
Within one year	41	73	88	36	68	83
In the second to fifth years inclusive	75	82	50	71	74	50
	116	155	138	107	142	133
Less: Future finance charges	(9)	(13)	(5)	N/A	N/A	N/A
Present value of lease obligations	107	142	133	107	142	133
Less: Amount due for settlement within 12 months (shown under current liabilities)				(36)	(68)	(83)
Amount due for settlement after 12 months				71	74	50

The average lease term is between 2 and 7 years (2017 : 5 to 7 years). For the year ended December 31, 2018, the average effective borrowing rate for the Group and Company was between 2.43% and 3.75% (2017 : 2.73% and 3.75%) and 2.70% and 2.78% (2017: 2.73% and 2.78%) per annum, respectively. Interest rates are fixed at the contract date, and thus expose the Group and the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in the functional currencies of the respective entities.

The fair value of the Group's and the Company's lease obligations approximates their carrying amounts.

The Group's and the Company's obligations under finance leases are secured by the lessors' title to the leased assets.

17 DEFERRED TAX LIABILITIES

	Group	
	2018	2017
	$'000	$'000
At beginning of year	441	118
Charge (Credit) to profit or loss (Note 30):		
Current year	48	69
Overprovision in respect of prior years	(128)	–
Charge to other comprehensive income for the year (Note 22)	–	236
Exchange difference	3	18
At end of year	364	441

The balance comprises mainly the tax effect of the excess of tax depreciation over book depreciation of plant and equipment.

Subject to agreement with the relevant tax authorities, the Group has unabsorbed tax losses of $9,940,000 (December 31, 2017 : $11,145,000 ; January 1, 2017 : $13,675,000) available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. The related tax benefits of $1,815,000 (December 31, 2017 : $2,023,000 ; January 1, 2017 : $2,422,000) have not been recognised in the financial statements due to unpredictability of future profit stream.

18 DEFINED CONTRIBUTION PLANS

The employees of the Company and its subsidiaries that are located in Singapore and Malaysia are members of the state-managed retirement benefit plan as operated by the respective Governments of those countries. The Company and the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group and the Company with respect to the retirement benefit plan is to make the specific contributions.

The total expense recognised in profit or loss of $1,178,000 (2017 : $1,138,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2018, the outstanding contributions was $450,000 (2017 : $475,000).

19 SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	12,528,241,084	12,528,241,084	153,652	153,652
Issue of shares pursuant to right cum warrants issue	52,395,036,113	–	66,988	–
Expense in relation to issuance of right shares	–	–	(328)	–
At end of year	64,923,277,197	12,528,241,084	220,312	153,652

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.

Pursuant to the Offer Information Statement dated May 22, 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.

During the year, the Company issued an additional 52,395,036,113 new ordinary shares arising from the exercise of 16,577,412,659 rights issue at $0.00188, through conversion of 35,773,953,154 Tranche 1 warrants at $0.001 and 43,670,300 Tranche 2 warrants at $0.0011. As a result, the Company's issued and paid-up capital increased to $220,312,000 divided into 64,923,277,197 shares as at December 31, 2018.

Warrants

On June 18, 2018, the Company issued 149,196,713,931 warrants and these warrants were subsequently listed on the SGX-ST on June 22, 2018. Each warrant carries the right to subscribe for one new ordinary shares in the capital of the Company.

The number of shares that may be issued on conversion of the Group's outstanding warrants as at December 31, 2018 is as follows:

	December 31, 2018
Tranche 2 warrants, $0.0011 per warrant expiring on December 17, 2019	49,688,567,677
Tranche 3 warrants, $0.0070 per warrant expiring on June 17, 2021	49,732,237,977
	99,420,805,654

There were 35,773,953,154 Tranche 1 warrants and 43,670,300 Tranche 2 warrants exercised in the year ended December 31, 2018.

Outstanding Tranche 1 warrants of 13,958,284,823 expired on December 17, 2018.

19 SHARE CAPITAL (CONT'D)

Share Option

The 2003 Scheme
At the end of the financial year, pursuant to the Company's mDR Share Option Scheme 2003 as disclosed in paragraph 5 of the Directors' Statement, there were Nil (December 31, 2017 : 7,300,000 ; January 1, 2017 : 43,485,000) unissued ordinary shares of the Company under options.

Share Award Scheme
On September 28, 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 December 31, 2018, no share award had been granted.

20 CAPITAL RESERVE

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Redemption of convertible redeemable preference shares	22	22	22	22	22	22
Waiver of loan from related party	534	–	–	–	–	–
Effect of acquiring part of non-controlling interest in a subsidiary	(881)	(881)	(881)	–	–	–
	(325)	(859)	(859)	22	22	22

21 INVESTMENT REVALUATION RESERVE

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal.

The movement in the investment revaluation reserve are as follows:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At January 1	(1,850)	–	(1,850)	–
Fair value loss on investments in equity instruments designated as at FVTOCI	(4,018)	(1,850)	(4,018)	(1,850)
At December 31	(5,868)	(1,850)	(5,868)	(1,850)

21 INVESTMENT REVALUATION RESERVE (CONT'D)

Investments in equity instruments designated as at FVTOCI are not subject to impairment, and their cumulative fair value gain/loss included in the investment revaluation reserve is not subsequently reclassified to profit or loss. There has been no transfer of the cumulative gain or loss arising from these equity investments within equity during the current and prior periods.

22 PROPERTY REVALUATION RESERVE

The property revaluation reserve arises on the revaluation of land and building. Where revalued land or 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.

The revaluation reserves are not available for distribution to the Company's shareholders.

The movement in the property revaluation reserve are as follows:

	Group	
	2018	2017
	$'000	$'000
At January 1	751	–
Revaluation changes during the year in other comprehensive income (Note 11)	–	987
Related income tax in other comprehensive income (Note 17)	–	(236)
At December 31	751	751

23 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Company. The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the market price ("Market Price Options") determined at grant date. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20%. The vesting period is 1 year for market price options and 2 years for options issued at a discount. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options holders may exercise any unexercised options within 1 month from the last date of employment after which, options are forfeited.

23 SHARE-BASED PAYMENTS (CONT'D)

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2018		2017	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	7,300,000	0.030	43,485,000	0.016
Expired/Forfeited during the year	(7,300,000)	0.030	(36,185,000)	0.013
Outstanding at the end of the year	–	–	7,300,000	0.030
Exercisable at the end of the year	–	–	7,300,000	0.030

The fair values of the share options granted previously were calculated using the Black-Scholes pricing model.

The options outstanding at the end of the year have a weighted average remaining contractual life of Nil year (2017 : 0.36 year).

The Group and the Company has reversed $145,000 (2017 : $166,000) from share options reserve for share options expired during the year.

The share option scheme expired on January 12, 2013. Upon expiration of the Scheme, no further share option can be granted but the provisions of the Scheme will remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiration.

Following the expiry of the outstanding share options in May 2018, there are no valid and exercisable options under the scheme as at December 31, 2018.

24 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.

24 FOREIGN CURRENCY TRANSLATION RESERVE (CONT'D)

The movement in the foreign currency translation reserve are as follows:

	Group	
	2018 $'000	2017 $'000 (Restated)
At January 1, as previously reported	87	(825)
Adoption of the SFRS (I) (Note 38)	–	825
At January 1, as restated	87	–
Changes during the year in other comprehensive income	(48)	87
At December 31	39	87

25 REVENUE

	Group	
	2018 $'000	2017 $'000
Continuing operations		
After-market services income	24,240	26,027
Distribution management solutions income:		
Sale of goods	173,574	187,727
Incentive income	59,273	54,028
	232,847	241,755
Digital inkjet printing income	6,153	7,248
Investment income	1,629	–
	264,869	275,030
Discontinued operations (Note 31):		
Distribution management solutions income:		
Sale of goods	–	9,901
Incentive income	–	154
	–	10,055
Digital inkjet printing income	–	191
	–	10,246
	264,869	285,276

26 COST OF SALES

Cost of sales represents cost of inventory recognised as an expense.

27 OTHER OPERATING INCOME

	Group					
	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Rental income	20	11	–	–	20	11
Interest income						
Bank deposits	134	98	–	–	134	98
Loans to a third party (Note 8)	-	1,103	–	–	–	1,103
Dividend income from equity instruments designated as at FVTOCI (Note 10(c))	-	393	–	–	–	393
Dividend income from associate	12	–	–	–	12	–
(Reversal of) Liabilities written back	(50)	213	–	–	(50)	213
Bad debt recovered - trade	–	253	–	–	–	253
Productivity and Innovation Credit cash payout	–	65	–	–	–	65
Wage credit from government	113	121	–	–	113	121
Third party compensation	–	99	–	–	–	99
Sponsorship income	104	64	–	–	104	64
Others	18	15	–	9	18	24
	351	2,435	–	9	351	2,444

28 OTHER OPERATING EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Minimum lease payments under operating leases	4,393	4,693	–	24	4,393	4,717
Gain on disposal of plant and equipment	(3)	(42)	–	(73)	(3)	(115)
Plant and equipment written off	51	61	–	89	51	150
Reversal of impairment on plant and equipment (Note 11)	(2)	(3)	–	–	(2)	(3)
Allowance for inventories (Note 9)	360	525	–	67	360	592
Loss allowance (Reversal of loss allowance) for trade receivables (Note 7)	52	(67)	–	28	52	(39)
Bad debts written off – trade	–	3	–	–	–	3
Depreciation expense	878	743	–	27	878	770
Provision for shop closure cost (Note 15)	–	–	–	204	–	204
Foreign currency exchange loss	66	202	51	15	117	217
	5,795	6,115	51	381	5,846	6,496

29 FINANCE COSTS

	Group					
	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Interest on bank loans	364	225	–	–	364	225
Interest on obligations under finance leases	58	86	–	–	58	86
	422	311	–	–	422	311

30 INCOME TAX EXPENSE

	Group					
	Continuing operations		Discontinued operations		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current tax	128	202	–	–	128	202
Deferred tax (Note 17)	48	69	–	–	48	69
	176	271	–	–	176	271
Overprovision in respect of prior years:						
- current tax	(35)	(11)	–	–	(35)	(11)
- deferred tax (Note 17)	(128)	-	–	–	(128)	–
Tax expense	13	260	–	–	13	260

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group					
	Continuing operations		Discontinued operations		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Profit (Loss) before tax	2,596	4,918	(91)	(440)	2,505	4,478
Numerical reconciliation of income tax expense						
Income tax expense calculated at 17% (2017 : 17%)	441	836	(15)	(75)	426	761
Non-deductible items	280	136	–	–	280	136
Non-taxable items	(129)	(211)	–	–	(129)	(211)
Effect of utilisation of tax losses not recognised as deferred tax assets	(190)	(552)	(8)	–	(198)	(552)
Deferred tax assets not recognised	25	57	14	96	39	153
Effect of different tax rate of subsidiaries operating in other jurisdictions	24	26	24	(35)	48	(9)
Tax effect of share of results associate	2	(2)	–	–	2	(2)
Tax exempt income	(261)	(71)	–	–	(261)	(71)
Others	(16)	52	(15)	14	(31)	66
	176	271	–	–	176	271
Overprovision in prior years						
- current tax	(35)	(11)	–	–	(35)	(11)
- deferred tax	(128)	–	–	–	(128)	–
Net	13	260	–	–	13	260

31 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., with the latter 2 entities having ceased their business operations in March 2017. The operations have been discontinued since 2017.

The results of the discontinued operations are as follows:

		Group	
	Note	2018	2017
		$'000	$'000
Revenue	25	–	10,246
Cost of sales	26	(40)	(9,936)
Gross profit		(40)	310
Other income	27	–	9
Administrative expenses		–	(378)
Other operating expenses	28	(51)	(381)
Loss before income tax		(91)	(440)
Income tax expense		–	–
Loss for the year from discontinued operations		(91)	(440)
Loss attributable to:			
Owners of the Company		(36)	(303)
Non-controlling interests		(55)	(137)
		(91)	(440)

During the year, the operations in Myanmar contributed a net cash outflow of $0.3 million (2017 : $1.9 million) to the Group's net operating cash flows and a net cash inflow of $Nil (2017 : $836,000) in respect of investing activities. There are no cash flow impact in respect of financing activities.

32 PROFIT FOR THE YEAR

Other than as disclosed elsewhere in the financial statements, profit for the year has been arrived at after charging (crediting):

	Group					
	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Directors' remuneration:						
- of the Company	1,319	762	–	–	1,319	762
- of the subsidiaries	530	327	–	–	530	327
Total directors' remuneration	1,849	1,089	–	–	1,849	1,089
Directors' fees:						
- of the Company	187	160	–	–	187	160
- of the subsidiaries	-	9	–	–	–	9
Total directors' fees	187	169	–	–	187	169
Employee benefits expense (including directors' remuneration):						
Defined contribution plans	1,178	1,131	–	7	1,178	1,138
Others	14,199	14,371	–	266	14,199	14,637
Total employee benefits expenses *	15,377	15,502	–	273	15,377	15,775
Audit fees paid to the auditors of the Company *	192	189	–	–	192	189
Non-audit fees paid to the auditors of the Company *	37	55	–	–	37	55
Audit fees paid to other auditors *	22	21	–	6	22	27
Non-audit fees paid to other auditors*	40	4	–	3	40	7

* These expenses are included in the line item "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

33 DIVIDENDS

In respect of the current year, the directors propose that a dividend of 0.00308 cents per share (indicative dividend rate) will be paid to shareholders on May 23, 2019. The dividend is subject to approval by shareholders at the Annual General meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders in the Register of Members as at Book Closure Date, May 9, 2019. The total estimated dividend to be paid is approximately $2 million.

On May 23, 2017, first and final dividend for 2016 of 0.01038 cents per share (total dividend of $1,300,000) was paid to shareholders.

On September 19, 2017, an interim dividend for 2017 of 0.00399 cents per share (total dividend of $500,000) was paid to shareholders.

On May 23, 2018, a final dividend for 2017 of 0.00798 cents per share (total dividend of $1,000,000) was paid to shareholders.

34 EARNINGS PER SHARE

From continuing and discontinued operations

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

Earnings

	Group	
	2018	2017
	$'000	$'000
Earnings for the purposes of basic earnings per share and diluted earnings per share [Profit for the year attributable to owners of the Company]	2,536	4,102

Number of shares

	Group	
	2018	2017 (Restated)
Weighted average number of ordinary shares for the purposes of basic earnings per share	25,569,778,876	12,971,524,687
Effect of dilutive potential ordinary shares: Warrants conversion	22,388,118,590	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	47,957,897,466	12,971,524,687

On June 18, 2018, the Company issued 16,577,412,659 ordinary shares arising from exercise of rights issue in June 2018. Following the issue of right shares, the aggregate number of issued shares increased from 12,528,241,084 shares to 29,105,653,743 shares. As a result, the number of ordinary shares used for the per share calculations has been adjusted for retrospectively as required by SFRS(I) 1-33.

In 2017, the share options are antidilutive and hence disregarded in the calculation of diluted earnings per share.

34 EARNINGS PER SHARE (CONT'D)

From 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:

Earnings figures are calculated as follows:

	Group	
	2018	2017
	$'000	$'000
Profit for the year attributable to the owners of the Company	2,536	4,102
Add:		
Loss for the year from discontinued operations (Note 31)	36	303
Earnings for the purposes of basic and diluted earnings per share from continuing operations	2,572	4,405

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

In 2017, the share options are antidilutive and hence disregarded in the calculation of diluted earnings per share.

From discontinued operations

Basic and dilutive loss per share for the discontinued operations is Nil cents per share (2017 : 0.002 cents per share), based on loss for the year from the discontinued operations of $36,000 (2017 : $303,000) and the denominators detailed above for both basic and diluted losses per share.

35 GUARANTEES

a) A subsidiary has issued a corporate guarantee amounting to $1,000,000 (2017 : $1,000,000) in favour of an equipment principal for a supply agreement entered into by a related company.

b) The Group has outstanding banker's guarantees amounting to $1,000,000 (2017 : $1,000,000) issued in favour of one operator (2017 : one operator), entered in the normal course of business and under supply agreements.

c) The Group has an outstanding standby letter of credit amounting to $820,000 (2017 : $803,000) issued in favour of an equipment principal for a supply agreement entered into by a related company.

d) The Company has issued a corporate guarantee amounting to $1,434,000 (2017 : $1,865,000) to secure a hire purchase loan on equipment entered into by a subsidiary.

e) The Company has issued a corporate guarantee amounting to $182,000 (2017 : $182,000) to secure a hire purchase loan on vehicle entered into by the Company.

f) The Company has issued a corporate guarantee amounting to $4,743,000 (2017 : $5,948,000) to secure term loans (Note 13) on the purchase of land and building entered into by a subsidiary.

36 OPERATING LEASE ARRANGEMENTS

	Group	
	2018	2017
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense during the year	4,393	4,717

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
Within one year	3,681	3,502	3,948
In the second to fifth year inclusive	2,930	3,974	2,533
	6,611	7,476	6,481

Operating lease payments represent rentals payable by the Group for its office premises, retail outlets and service centres. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 3 years.

37 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 and skin care products. 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.

37 SEGMENT INFORMATION (CONT'D)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Group						
	Continuing operations						
	AMS	DMS	DPAS	Investment	Discontinued operations	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018							
Segment revenue							
External	24,240	232,847	6,153	1,629	–	–	264,869
Inter-segment	–	–	–	–	–	–	–
	24,240	232,847	6,153	1,629	–	–	264,869
Segment result	967	554	702	599	(40)	248	3,030
Rental income	–	–	20	–	–	–	20
Net foreign exchange loss							(117)
Gain on disposal of plant and equipment							3
Finance costs							(422)
Profit before income tax and share of loss of associate							2,514
Share of loss of associate							(9)
Profit before income tax							2,505
Income tax expense							(13)
Profit for the year							2,492
Segment assets	5,025	60,788	15,483	79,054	405	14	160,769
Segment liabilities	(2,817)	(14,034)	(5,638)	(8,986)	(126)	(372)	(31,973)
Other segment information							
Capital expenditure	558	831	238	–	–	–	1,627
Depreciation	163	649	836	–	–	–	1,648
Reversal of impairment of plant and equipment	–	(2)	–	–	–	–	(2)

37 SEGMENT INFORMATION (CONT'D)

Segment revenues and results (cont'd)

	Group						
	Continuing operations						
	AMS	DMS	DPAS	Investment	Discontinued operations	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017							
Segment revenue							
External	26,027	241,755	7,248	–	10,246	–	285,276
Inter-segment	–	–	–	–	–	–	–
	26,027	241,755	7,248	–	10,246	–	285,276
Segment result	879	2,263	674	1,173	(498)	380	4,871
Rental income	–	–	11	–	–	–	11
Net foreign exchange loss							(217)
Gain on disposal of plant and equipment							115
Finance costs							(311)
Profit before income tax and share of profit of associate							4,469
Share of profit of associate							9
Profit before income tax							4,478
Income tax expense							(260)
Profit for the year							4,218
Segment assets	9,239	46,047	16,552	17,066	863	24	89,791
Segment liabilities	(3,490)	(12,949)	(7,351)	–	(1,373)	(510)	(25,673)
Other segment information							
Capital expenditure	267	931	6,720	–	2	–	7,920
Depreciation	152	542	795	–	50	–	1,539
Reversal of impairment of plant and equipment	–	(3)	–	–	–	–	(3)

37 SEGMENT INFORMATION (CONT'D)

Segment revenues and results (cont'd)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in 2018 and 2017.

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, share of (loss) profit of associate, finance costs, 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 chief operating decision maker re-assesses the resources allocation and monitors 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	
	2018	**2017**
	$'000	**$'000**
Continuing Operations		
Singapore	258,716	267,782
Malaysia	6,153	7,248
	264,869	275,030
Discontinued Operations		
Myanmar	–	10,246
	264,869	285,276

	Non-current assets	
	2018	**2017**
	$'000	**$'000**
Continuing Operations		
Singapore	81,430	16,498
Malaysia	11,236	11,858
	92,666	28,356
Discontinued Operations		
Myanmar	346	339
	93,012	28,695

37 SEGMENT INFORMATION (CONT'D)

Segment revenues and results (cont'd)

Information about major customers

Included in revenues arising from After-Market Services are revenues of $16,168,000 (2017 : $22,783,000) and $665,000 (2017 : $1,182,000) which arose from sales to the segment's two major customers (2017 : two major customers).

Included in revenues arising from Distribution Management Solutions are revenues of $36,766,000 (2017 : $34,248,000) and $21,772,000 (2017 : $17,600,000) which arose from sales to the segment's two major customers (2017 : two major customers).

Included in revenues arising from DPAS are revenues of $602,000 (2017 : $1,029,000) and $623,000 (2017 : $597,000) which arose from sales to the segment's two major customers (2017 : two major customers).

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS(I)) for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and the election of certain transition options available under SFRS(I) 1.

Management has elected the option to reset the foreign currency translation reserve for all foreign operation to zero as at date of transition to SFRS (I) on January 1, 2017. As a result, foreign currency translation deficit as at January 1, 2017 of S$825,000 has been reclassified to accumulated losses.

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

The line items on the Group's financial statements that have been adjusted from the adoption of SFRS(I) as described above are summarized below:

	As previously reported $'000	Adjustments $'000	As restated $'000
Balance Sheet			
As at 1 January 2017			
Equity			
Foreign currency translation reserve	(825)	825	–
Accumulated losses	(87,933)	(825)	(88,758)
As at 31 December 2017			
Equity			
Foreign currency translation reserve	(738)	825	87
Accumulated losses	(85,465)	(825)	(86,290)

SFRS(I) 15 Revenue from Contracts with Customers

Except for SFRS(I) 1 as disclosed above, the initial application of SFRS(I) 15 did not result in a material impact on the financial statements of the Group.

In addition, the Group had early adopted FRS 109 in 2017. Accordingly, there is no further impact on the Group's financial statements when the Group adopted the new financial reporting framework – SFRS(I) in 2018.

39 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after January 1, 2019
- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Financial Instruments: Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-19 *Employee Benefits: Plan Amendment, Curtailment or Settlement*
- Amendments to SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Long-term Interests in Associate and Joint Ventures*
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

Effective for annual periods beginning on or after January 1, 2021
- SFRS(I) 17 *Insurance Contracts*

Effective date is deferred indefinitely
- Amendments to SFRS(I) 10 *Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

39 STANDARDS ISSUED BUT NOT EFFECTIVE (CONT'D)

Management anticipates that the adoption of the above SFRS(I) and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

SFRS(I) 16 Leases

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the existing framework.

Management has performed a preliminary analysis relating to the change in the accounting for leases as a lessee under SFRS(I) 16.

As at December 31, 2018, the Group has non-cancellable operating lease commitments of $6.6 million (2017 : $7.5 million). FRS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 36. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements.

USE OF PROCEEDS

Year ended December 31, 2018

The following sets out the status on the use of proceeds from the Rights cum Warrants Issue undertaken by the Company pursuant to the offer information statement dated May 22, 2018 ("**OIS**").

	S$'000
Net proceeds from the Rights cum Warrants Issue[1]	66,988
Utilisation	
Investment in quoted securities	(45,838)
Repayment of loan to finance the investment in quoted securities	(11,235)
Utilisation towards working capital: Purchases of inventories	(9,915)
Balance of net proceeds	–

Notes:

(1) Aggregate proceeds from Rights and conversion of Warrants as at December 31, 2018.

The use of proceeds from the Rights cum Warrants Issue is in accordance with the intended use as disclosed in the OIS.

INTERESTED PERSON TRANSACTIONS

Year ended December 31, 2018

Name of Interested Person	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)
Pacific Organisation Pte Ltd	S$402,708	Nil

SUPPLEMENTAL INFORMATION

STATISTICS OF SHAREHOLDINGS
As at March 15, 2019

SHARE CAPITAL

Issued and Paid-up Capital	:	S$222,326,043
Number of Issued Shares	:	64,956,520,197
Number of Issued Shares (excluding Treasury Shares)	:	64,954,039,397
Number and Percentage of Treasury Shares	:	2,480,800 or 0.0038%[1]
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 - 99	41	0.40	1,121	0.00
100 - 1,000	280	2.75	180,985	0.00
1,001 - 10,000	1,533	15.06	10,313,272	0.02
10,001 - 1,000,000	6,992	68.67	1,492,816,444	2.30
1,000,001 AND ABOVE	1,336	13.12	63,450,727,575	97.68
TOTAL	**10,182**	**100.00**	**64,954,039,397**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	% [1]
1	CITIBANK NOMINEES SINGAPORE PTE LTD	26,610,121,813	40.97
2	CHONG SHIN LEONG	6,600,000,000	10.16
3	ONG GHIM CHOON	5,933,919,990	9.14
4	LIM CHIN TONG	2,796,056,107	4.30
5	DBS NOMINEES (PRIVATE) LIMITED	2,417,841,704	3.72
6	KOH KOW TEE MICHAEL	1,575,000,000	2.42
7	LIM TOW BOON	945,600,000	1.46
8	RAFFLES NOMINEES (PTE.) LIMITED	903,135,830	1.39
9	YEO HWEE CHING ALICE	768,715,000	1.18
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	642,651,143	0.99
11	LIM SZE CHIA	640,010,000	0.99
12	PHILLIP SECURITIES PTE LTD	553,078,630	0.85
13	ONG GEOK LAN LANDY	505,800,000	0.78
14	ANG SOO LIM	478,076,600	0.74
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	340,562,313	0.52
16	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	330,362,545	0.51
17	OCBC SECURITIES PRIVATE LIMITED	314,825,676	0.48
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	265,135,948	0.41
19	LIM LAI HIONG	227,002,664	0.35
20	LIN GUODONG	182,000,000	0.28
	TOTAL	**53,029,895,963**	**81.64**

Notes:

[1] Percentage is calculated based on 64,954,039,397 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, Chapter 50 of Singapore.

SUPPLEMENTAL INFORMATION

STATISTICS OF WARRANTHOLDINGS

TRANCHE 2 WARRANTS (W191217), As at March 15, 2019

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	1	0.08	3	0.00
100 - 1,000	2	0.17	720	0.00
1,001 - 10,000	4	0.34	27,492	0.00
10,001 - 1,000,000	415	35.20	160,345,254	0.32
1,000,001 AND ABOVE	757	64.21	49,494,951,208	99.68
TOTAL	**1,179**	**100.00**	**49,655,324,677**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	17,707,773,420	35.66
2	ONG GHIM CHOON	5,267,839,980	10.61
3	CHONG SHIN LEONG	4,530,000,000	9.12
4	DBS NOMINEES (PRIVATE) LIMITED	2,844,811,374	5.73
5	LIM CHIN TONG	2,008,112,214	4.04
6	KOH KOW TEE MICHAEL	1,050,000,000	2.11
7	RAFFLES NOMINEES (PTE.) LIMITED	1,044,918,276	2.10
8	LIM TOW BOON	645,600,000	1.30
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	630,111,600	1.27
10	PHILLIP SECURITIES PTE LTD	567,634,800	1.14
11	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	519,210,000	1.05
12	LIM SZE CHIA	480,000,000	0.97
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	362,612,100	0.73
14	LAU YEE CHOO	360,000,000	0.72
15	ONG GEOK LAN LANDY	337,200,000	0.68
16	OCBC SECURITIES PRIVATE LIMITED	315,530,001	0.64
17	LAWRENCE LEE BENG TECK	300,060,000	0.60
18	NEO BAN CHUAN	300,000,000	0.60
19	YEO HWEE CHING ALICE	300,000,000	0.60
20	UOB KAY HIAN PRIVATE LIMITED	297,384,000	0.60
	TOTAL	**39,868,797,765**	**80.27**

STATISTICS OF WARRANTHOLDINGS

TRANCHE 3 WARRANTS (W210617), As at March 15, 2019

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	1	0.08	3	0.00
100 - 1,000	2	0.17	720	0.00
1,001 - 10,000	4	0.34	27,492	0.00
10,001 - 1,000,000	415	35.05	160,345,254	0.32
1,000,001 AND ABOVE	762	64.36	49,571,864,508	99.68
TOTAL	**1,184**	**100.00**	**49,732,237,977**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	RAFFLES NOMINEES (PTE.) LIMITED	9,721,526,676	19.55
2	CITIBANK NOMINEES SINGAPORE PTE LTD	9,031,165,020	18.16
3	ONG GHIM CHOON	5,267,839,980	10.59
4	CHONG SHIN LEONG	4,530,000,000	9.11
5	DBS NOMINEES (PRIVATE) LIMITED	2,854,054,374	5.74
6	LIM CHIN TONG	2,008,112,214	4.04
7	KOH KOW TEE MICHAEL	1,050,000,000	2.11
8	LIM TOW BOON	645,600,000	1.30
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	630,111,600	1.27
10	PHILLIP SECURITIES PTE LTD	567,634,800	1.14
11	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	519,210,000	1.04
12	LIM SZE CHIA	480,000,000	0.97
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	363,812,100	0.73
14	LAU YEE CHOO	360,000,000	0.72
15	ONG GEOK LAN LANDY	337,200,000	0.68
16	OCBC SECURITIES PRIVATE LIMITED	315,545,001	0.63
17	LAWRENCE LEE BENG TECK	300,060,000	0.60
18	NEO BAN CHUAN	300,000,000	0.60
19	YEO HWEE CHING ALICE	300,000,000	0.60
20	UOB KAY HIAN PRIVATE LIMITED	297,384,000	0.60
	TOTAL	**39,879,255,765**	**80.18**

SUPPLEMENTAL INFORMATION

As at March 15, 2019

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	100	23,879,967,480[2]	23,879,967,580	36.76
Ong Ghim Choon	5,933,919,990	–	5,933,919,990	9.14
Zhang Yanmin	–	12,986,811,200[3]	12,986,811,200	19.99
Mark Leong Kei Wei	65,800,000	40,900,000[4]	106,700,000	0.16
Oei Su Chi, Ian	124,952,400	26,900,000[5]	151,852,400	0.23
Lai Yew Fei	–	–	–	–
Substantial Shareholders				
Edward Lee Ewe Ming	100	23,879,967,480[2]	23,879,967,580	36.76
Ong Ghim Choon	5,933,919,990	–	5,933,919,990	9.14
Zhang Yanmin	–	12,986,811,200[3]	12,986,811,200	19.99
Chong Shin Leong	6,600,000,000	–	6,600,000,000	10.16

(1) Calculated as a percentage of the total number of 64,954,039,397 issued shares (excluding treasury shares) of the Company as at March 15, 2019.

(2) Mr Edward Lee Ewe Ming is deemed interested in 23,879,967,480 Shares held via nominee and financial institutions, out of which 12,986,811,200 Shares are held jointly with his spouse, Ms Zhang Yanmin.

(3) Ms Zhang Yanmin is deemed interested in 12,986,811,200 Shares held via nominee and financial institutions, which are held jointly with her spouse, Mr Edward Lee Ewe Ming.

(4) Mr Mark Leong Kei Wei is deemed interested in 40,900,000 Shares held by his spouse.

(5) Mr Oei Su Chi, Ian is deemed interested in 26,900,000 Shares held by his spouse.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Approximately 43.29% 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.

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

The following information relating to Mr Ong Ghim Choon and Mr Oei Su Chi, Ian, each of whom is 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	Ong Ghim Choon	Oei Su Chi, Ian
Date of first Appointment as a Director	19 August 2009	1 June 2017
Date of last re-appointment/re-election as a Director	29 April 2016	27 April 2018
Age	53	47
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Ong is the Group CEO of mDR. Based on the overall contribution and performance of Mr Ong, the Board is satisfied and has recommended that Mr Ong be re-appointed as an Executive Director of the Company. His inside perspectives on all aspects of the Group, expertise and experience in the industry, together with his relationship with key principals, will be beneficial to the Group's business.	Mr Oei has continued to discharge his duties well and contribute positively to the Company. He provides guidance in relation to various matters of business and development of the Group. His industry experience in legal and compliance matters proves to be relevant and helpful and brings diversity to the Board in terms of overall skill sets. Based on the overall contribution and performance of Mr Oei, the Board is satisfied and has recommended that Mr Oei be re-appointed as a Director of the Company. The Board considers Mr Oei as independent pursuant to Rule 704(8) of the Mainboard Rules of the Listing Manual of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Ong is responsible for overall management of the business of the mDR Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Group CEO	Independent Director RC Chairman AC Member NC Member
Professional qualifications	N.A.	Master of Laws (LL.M.)

SUPPLEMENTAL INFORMATION

RE-ELECTION OF DIRECTORS

Name of Director	Ong Ghim Choon	Oei Su Chi, Ian
Working experience and occupation(s) during the past 10 years	Mr Ong has been involved in the telecommunication and mobile phone industry since 1993. Mr Ong has been the Group CEO of mDR Ltd since February 2010.	Mr Oei is presently a Director of Guotai Junan International Securities (Singapore) Pte Limited, in charge of Legal and Compliance. Prior to joining Guotai Junan, Mr Oei was an in-house legal counsel with a Singapore-based foreign MNC. Before that, he was in legal practice for about 15 years and had held the position of Director, Intellectual Property, with Drew & Napier LLC. Mr Oei holds an LL.M. degree from the National University of Singapore and has an IBF Advanced Certificate in Governance, Risk and Compliance.
Shareholding interest in the listed issuer and its subsidiaries	5,933,919,990	151,852,400
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	Jimmy Ong, Director (Accessories & Logistics) of A-Mobile Pte Ltd (a subsidiary of mDR) Relationship: Brother	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including Directorships		

Name of Director	Ong Ghim Choon	Oei Su Chi, Ian
Present	Director 3 Mobile Telecom Pte Ltd A-Mobile Pte Ltd Distribution Management Solutions Pte Ltd Golden Myanmar Sea (S) Pte Ltd Handphoneshop Pte Ltd MDR Myanmar Co., Ltd Pacific Organisation Pte Ltd Pixio Sdn Bhd NBRC Pte Ltd SDS Pte Ltd United Pixio Sdn Bhd VT Cosmetics Pte Ltd	Director Guotai Junan International Securities (Singapore) Pte Limited Guotai Junan Investment SPC/ Cayman Islands
Past (for the last 5 years)	World of Gadgets Pte Ltd A-Mobile (M) Sdn Bhd	Nil
Disclosure on the following matters concerning the Director:		
(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

Name of Director	Ong Ghim Choon	Oei Su Chi, Ian
(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
(c) Whether there is any unsatisfied judgment against him?	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

Name of Director	Ong Ghim Choon	Oei Su Chi, Ian
(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
(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

SUPPLEMENTAL INFORMATION

RE-ELECTION OF DIRECTORS

Name of Director	Ong Ghim Choon	Oei Su Chi, Ian
(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
(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
(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

Name of Director	Ong Ghim Choon	Oei Su Chi, Ian
(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
(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
(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

SUPPLEMENTAL INFORMATION

RE-ELECTION OF DIRECTORS

Name of Director	Ong Ghim Choon	Oei Su Chi, Ian
(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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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
Any prior experience as a director of a listed company?	N.A. This is a re-election of a director.	N.A. This is a re-election of a director.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Eighteenth (18th) Annual General Meeting ("**AGM**") of mDR Limited (the "**Company**") will be held at Hilton Singapore, Panorama 2, Level 24, 581 Orchard Road, Singapore 238883 on 29 April 2019 (Monday) at 2:00 p.m. for the following businesses:

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 2018 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of S$2 million (approximate) in respect of the financial year ended 31 December 2018 ("**Final Dividend**") (FY2017: S$1.5 million).

   [See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Mr Ong Ghim Choon, 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 Mr Oei Su Chi, Ian, 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 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 2019 (same as for FY2018: up to S$300,000; Directors' fees paid for FY2018: S$187,000).

   [See Explanatory Note (iii)] **(Resolution 5)**

6. To re-appoint Deloitte and Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 6)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue ordinary shares**

That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**") and the Mainboard Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue 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) options, 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) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was 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 the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Mainboard Listing Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 7)**

8. **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 8)**

9. **Proposed renewal of the Share Buy-back Mandate**

That:

(a) for the purposes of Section 76C and 76E of the Companies Act (Chapter 50) 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**") (excluding treasury 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, before the day on which the purchases are made, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and is deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period;

"**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;

"**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 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 AGM be and are hereby approved, ratified and confirmed.

[See Explanatory Note (vi)] **(Resolution 9)**

10. 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, 5 April 2019

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$2 million (approximate). The dividend per share will be determined based on the total number of issued shares as at Books Closure Date.

(ii) **Resolutions 3 and 4:** Mr Ong Ghim Choon, will upon re-election, as a Director of the Company, remain as Chief Executive Officer of the Company, and will be considered non-independent.

Mr Oei Su Chi, Ian, will upon re-election, as a Director of the Company, remain as Chairman of the Remuneration Committee, and a member of both the Audit Committee and the Nominating Committee, and will be considered independent.

Please refer to the 'Supplemental Information' section of the Company's Annual Report 2018 for information relating to Mr Ong and Mr Oei as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST.

(iii) **Resolution 5:** Ordinary Resolution 5 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 2019 (which is the same as that approved for the preceding financial year). Total Directors' fees paid for FY2018 was S$187,000. Additional information on the Directors' fees can be found under 'Corporate Governance' section in the Company's Annual Report 2018.

(iv) **Resolution 7:** Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting 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 the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a *pro-rata* basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for 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 when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares. As at 15 March 2019, the Company had 2,480,800 treasury shares and no subsidiary holdings.

(v) **Resolution 8:** Ordinary Resolution 8, if passed, will authorise and empower the Directors of the Company, from the date of this annual general meeting until the next annual general meeting of the Company, or the date by which the next annual general meeting 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 approved by the shareholders at an Extraordinary General Meeting of the Company held on 28 September 2018.

(vi) **Resolution 9:** Ordinary Resolution 9 is to renew the Share Buy-back Mandate.

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 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 2018, based on certain assumptions, are set out in the Company's circular to shareholders dated 5 April 2019 ("**Share Buy-back Circular**"). Please refer to the Share Buy-back Circular for more details.

Additional Notes:

(1) Save as provided in the Company's Constitution, a member of the Company entitled to attend and vote at the AGM and who is not a relevant intermediary may appoint not more than two (2) proxies to attend and vote in his stead. A member of the Company entitled to attend and vote at the AGM and who is a relevant intermediary may appoint more than two (2) proxies provided that each proxy is appointed to exercise the rights attached to different shares held by such member.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

(2) A proxy need not be a member of the Company. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

NOTICE OF ANNUAL GENERAL MEETING

(3) The instrument appointing a proxy or proxies shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and: (i) in the case of an individual, shall be signed by the appointor or his attorney; (ii) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

(4) A Depositor's name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

(5) The instrument appointing a proxy must be deposited at the registered office of the Company at 53 Ubi Crescent, Singapore 408594 not less than 72 hours before the time appointed for holding the AGM.

Personal Data Privacy:

By 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 by attending the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT the Share Transfer Book and Register of Members of the Company will be closed from 9 May 2019 at 5.00 p.m. to 10 May 2019 (both dates inclusive), for the purpose of determining shareholders' entitlement to the Company's proposed Final Dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5:00 p.m. on 9 May 2019 will be registered to determine shareholders' entitlement to the proposed Final Dividend.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5:00 p.m. on 9 May 2019, will be entitled to the proposed Final Dividend.

The proposed Final Dividend, if approved at the Eighteenth (18th) Annual General Meeting to be held on 29 April 2019, will be paid on 23 May 2019.

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MDR Limited
Company Registration No. 200009059G
(Incorporated In the Republic of Singapore)

IMPORTANT:
1. Relevant intermediaries as defined in Section 181 of the Companies Act (Chapter 50) of Singapore, may appoint more than two (2) proxies to attend, speak and vote at the Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

ANNUAL GENERAL MEETING

(IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM.)

I/We*, ______________________ (Name) NRIC/Passport No. ______________________

of ____ (Address)

being a member(s) of mDR Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

and/or*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us* on my/our behalf* at the Eighteenth (18th) Annual General Meeting (the "**Meeting**") of the Company to be held at Hilton Singapore, Panorama 2, Level 24, 581 Orchard Road, Singapore 238883 on 29 April 2019 (Monday) at 2:00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick (√) within the box provided.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1.	Directors' Statement and audited Financial Statements for the year ended 31 December 2018		
2.	Declaration of final tax exempt (one-tier) dividend of S$2 million (approximate) for the year ended 31 December 2018		
3.	Re-election of Mr Ong Ghim Choon as a Director		
4.	Re-election of Mr Oei Su Chi, Ian as a Director		
5.	Approval of Directors' fees of up to S$300,000 for the year ending 31 December 2019		
6.	To re-appoint Deloitte and Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration		
Special Business			
7.	Authority to issue ordinary shares		
8.	Authority to allot and issue Shares under the mDR Share Plan 2018		
9.	Proposed renewal of the Share Buy-back Mandate		

Dated this ______ day of ______ 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)/
Common Seal of Corporate Shareholder*

***Delete accordingly**

IMPORTANT: Please read notes overleaf.

Fold along dotted line and glue firmly

MDR Limited

Affix
Stamp

Company Secretary
mDR Limited
53 Ubi Crescent
Singapore 408594

Fold Along Dotted Line

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 Part IIIAA of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. (a) A member (other than a Relevant Intermediary) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member appoints more than one (1) proxy, the proportion of his/her concerned shareholding 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 to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member 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 (Chapter 50) of Singapore (the "**Companies Act**").

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its constitution and Section 179 of the Companies Act.

Fold Along Dotted Line

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be deposited at the registered office of the Company at **53 Ubi Crescent, Singapore 408594** (Attn.: Company Secretary, Tel: 6347 8934) not later than 72 hours before the time appointed for the Meeting.

7. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person(s) appointed under the instrument of proxy or proxies to the Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy or proxies and/or representative(s), the member accepts the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2019.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

mDR Limited
Annual Report
2018

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