MDR Limited

Annual Report 2020

mDR Limited
Annual Report

2020

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CORPORATE PROFILE

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

MDR Limited

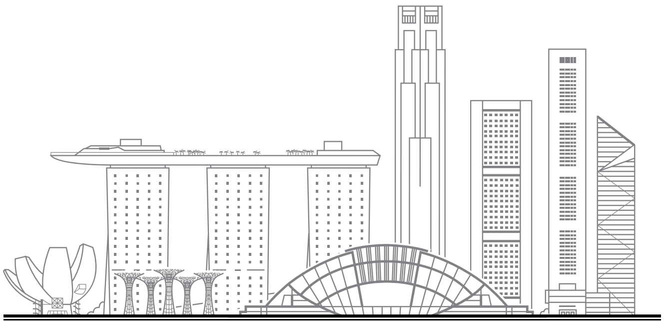
Business Segments

- INVESTMENT
- DISTRIBUTION MANAGEMENT SOLUTIONS
- AFTERMARKET SERVICES
- DIGITAL INKJET PRINTING FOR OUT-OF-HOME ADVERTISING SOLUTIONS

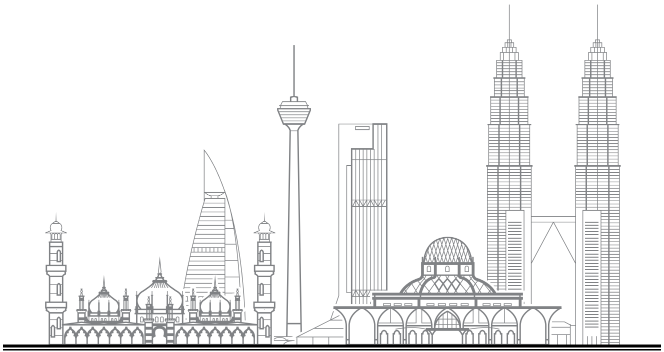
CORPORATE PROFILE

Business Network

SINGAPORE



MALAYSIA



Major Principals

(As at 31 March 2021)

HUAWEI
ONEPLUS
oppo
realme
SAMSUNG
Singtel
vivo
VT

About mDR

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

MDR Limited

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

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

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

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

mDR Group's businesses include:

Diversified investment business

Authorised distributor and/or retailer of mobile devices and accessories for brands such as Huawei, OnePlus, Oppo, Realme, Samsung, and Vivo

Authorised distributor of VT Cosmetics products

Key partner of telecommunications service provider, Singtel, through retail distribution networks under 3 Mobile

Provider of aftermarket services to end consumers for Samsung for equipment repairs and technical services in Singapore

Distribution of Singtel prepaid cards and services in Singapore under SDS

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

Owner of HandPhoneShop.com, an e-commerce portal that offers the latest mobile devices, gadgets, and accessories

For more information on our products and services, visit:

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

SAMSUNG

Partner of Samsung for its retail concept stores in Singapore

CHAIRMAN'S STATEMENT

EDWARD LEE
Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of mDR Limited (the "Company", and together with its subsidiaries, the "Group"), I am pleased to present to you our annual report for the financial year ended 31 December 2020.

FY2020 has been a very challenging year. The COVID-19 pandemic caused an unprecedented crisis globally and has affected economies worldwide. Singapore's economy contracted by 5.4% in 2020 on a year-on-year ("YoY") basis (2019: growth of 0.7%). The Group's performance and profitability in FY2020 was affected by, *inter alia*, a decline in revenue, termination of the M1 distribution business, and Tsinghua's bond default. FY2020 revenue declined because of the temporary closure of certain business divisions during the Circuit-Breaker ("CB") period in Singapore and the Movement Control Order ("MCO") period in Malaysia, and the dampening of consumer sentiments and limited visitor arrivals and tourism receipts arising from COVID-19 related travel restrictions. Government support measures, rental assistance and/or rental subsidies from the malls, and the support of our stakeholders, however helped us to navigate through what was otherwise a difficult year.

The Group remains cautious and is committed to exercising cost discipline in its businesses and strengthening its revenue streams in the long term. We will channelise our resources and efforts in FY2021 towards making a turnaround to profitability.

FINANCIAL REVIEW

A summary of the Group's financial performance in FY2020 is set out below.

The Group's YoY revenue decreased by $92.89m to $192.80m (FY2019: $285.69m). The net loss of the Group was due to the impairment of financial assets and loss allowance for trade receivables in relation to the coupon payment of Tsinghua's debt security; and impairment for right of use assets (leases of non-performing outlets).

Revenue from the After Market Solutions ("AMS") division decreased YoY by 13% from $19.86m to $17.33m, primarily due to lower repair volumes.

Revenue contribution from the Distribution Management Solutions ("DMS") division decreased YoY by $88.80m to $164.25m (FY2019: $253.05m) mainly due to lower sales volume generated from the retail operations because of temporary business closures during the CB period and the cessation of the M1 distribution business.

Revenue for the Group's Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("DPAS") division was $3.30m — 43% lower than the 2019 revenue of $5.79m partly due to lower sales mainly arising from the temporary closure of Pixio's operations during Malaysia's MCO period.

Investment division's revenue increased by 13% to $7.92m (FY2019: $6.99m), primarily due to increase in coupon interest income from investment in bonds by $1.10m. As at 31 December 2020, MDR has a portfolio of approximately $120.10m of equities and debt securities (before loss allowance on investment in debt securities) assets, generating dividend and coupon payments. The Group's investment portfolio in equities registered a negative total return of 6.92% in 2020. During the same period, the STI and FTSE ST Catalist's total return (inclusive of dividend) was a loss of 8.0% and a gain of 17.38% respectively.

The Group's net tangible assets as at 31 December 2020 was $127.34m (31 December 2019: $152.34m). Cash and cash equivalents of the Group as at 31 December 2020 increased and was $12.32m (31 December 2019: $7.13m).

CHAIRMAN'S STATEMENT

BUSINESS OPERATIONS

Singapore Operations

The Group is one of the largest distributor, retailer and aftermarket service provider of mobile phones. The Company is Samsung's authorised aftermarket services provider for mobile phones and other consumer electronic goods. The AMS division manages and operates Samsung's 4 service centres — at Plaza Singapura, VivoCity, Westgate and Causeway Point. Group's DMS division currently operates an island-wide network of 9 Singtel retail outlets (including 2 franchised outlets), 3 Handphoneshop (HPS) stores offering lifestyle goods and accessories, 3 Samsung concept stores at Plaza Singapura, VivoCity and Westgate, and 1 VT Cosmetics store at Plaza Singapura.

Group's investment business pertains to investments in equity, debt securities, and loans. Of the Company's total investments of $115.55m (as at 17 March 2021) after impairment of bonds, $106.04m is classified under non-current assets. These investments are held for the long term to generate investment returns/income (interest, dividends and capital gains).

Malaysia Operations

The DPAS operations in Malaysia under Pixio uses state of the art colour-management systems and latest machinery and offers a range of large format digital printing solutions. Pixio's clientele include several well-known MNCs.

FUTURE OUTLOOK

The COVID-19 crisis is still ongoing. The development of the vaccines and ongoing immunisation efforts are expected to spur the global economic recovery. While new variants and waves of the COVID-19 virus may continue to pose uncertainties, several economies have started showing signs of gradual recovery.

The Investment division is progressively reallocating its investment mix, with a view to hold up to 100% equities in the investment portfolio. Dividend income will continue to be the main source of revenue for the division, though such income for FY2021 may be lower than prior years, as businesses are expected to be conservative in dividend payouts. Real estate is still looking overvalued. We expect to add real estate assets in the future when prices and valuations are attractive.

DMS's retail and distribution performance is expected to be modest as the consumer goods sector is unlikely to return to pre-COVID-19 levels with weaker consumer spending due to the economic downturn and limited visitor arrivals and tourism receipts. DMS restructured its business operations in the 4th quarter of 2020 with the cessation of M1's distribution business and will continue to exercise financial prudence through a tight rein on costs. The division will capitalise on its business relationship with its business partners and principals to grow the business.

Revenue:
$192.80 million

Total Net Tangible Assets:
$127.34 million

Malaysia implemented stricter measures to contain the resurgence in COVID-19 infections in early-2021 which is likely to slow down the pace of the economic recovery from the pandemic. As DPAS is dependent on the advertising expenditure of its clients which would be affected by a slowdown in the economy, the division is expected to be impacted by the economic slowdown.

The Group remains cautious and is committed to exercising cost discipline in its businesses and strengthening its revenue streams in the long term. We will channelise our resources and efforts in FY2021 towards making a turnaround to profitability.

CORPORATE GOVERNANCE

We are pleased to share that we achieved 51st rank (out of 577 SGX listed companies) in the corporate governance ranking in the Singapore Governance and Transparency Index 2020, which puts us ahead of even some of the STI constituents.

In view of the challenging and uncertain business environment, the Group's Executive Directors and senior management voluntarily have taken a 10% salary cut effective from October 2020. The Company's independent directors (other than those appointed in September 2020) have also taken an approximately 25% cut in Directors' fees effective from October 2020. All Executive Directors and Department Heads have also foregone their bonuses for FY2020.

DIVIDEND

The Company has a dividend policy of declaring at least 50% of its full year profits as dividend. In view of the impairments and loss allowance made for FY2020, the Company is unable to declare a final dividend for FY2020. We have paid dividend consecutively since the financial results for the full year ended 31 December 2015. While we are dissatisfied by FY2020's performance, we remain committed to achieve better performance and dividend payment in the future.

INVESTOR RELATIONS

Since its introduction in March 2019, we have been holding management conference calls with shareholders/analysts/media. These briefings have helped us to gather valuable feedback and maintain regular communication with our investors. We welcome all shareholders to join us in our earnings calls and at the upcoming AGM to share their views and feedback.

NOTE OF APPRECIATION

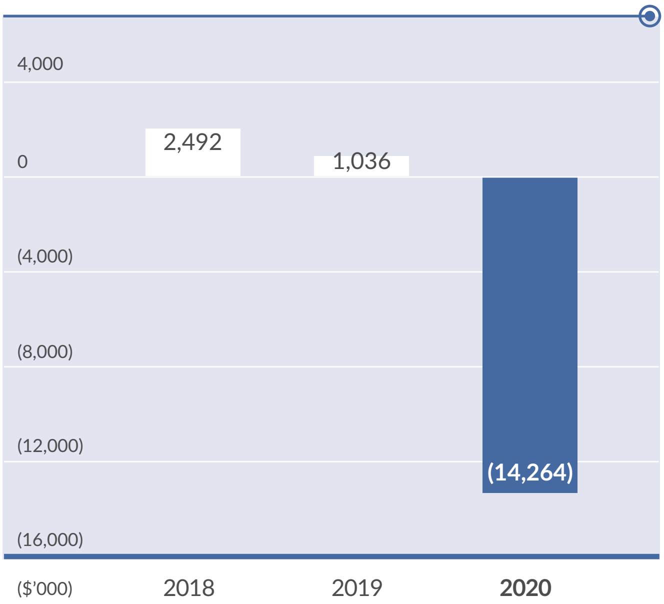
On behalf of the Board and management, I express my sincere thanks to all our business associates, shareholders and customers for their support. I also extend my appreciation to fellow Directors, management and employees of the Group for their efforts that helped the Group to navigate through a difficult year. We look forward to a bright and successful year ahead.

EDWARD LEE
Executive Chairman
31 March 2021

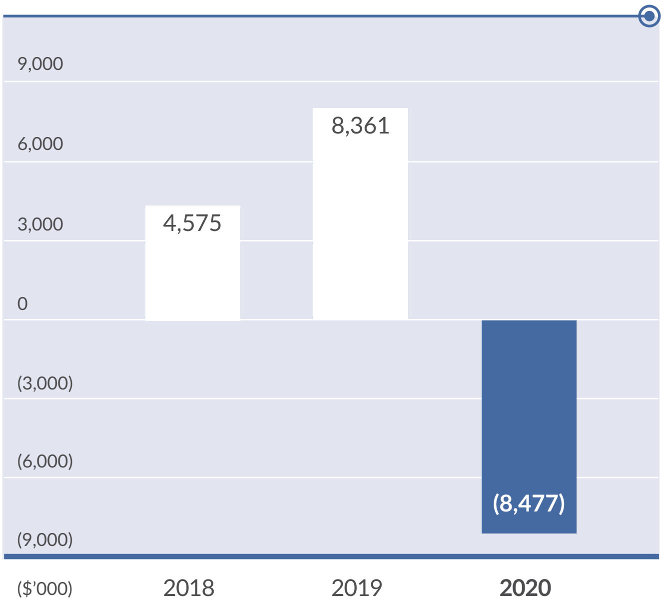
FINANCIAL HIGHLIGHTS

	2018 $'000	2019 $'000	2020 $'000
Profit (Loss) after tax	2,492	1,036	(14,264)
EBITDA	4,575	8,361	(8,477)
Net Assets Value	130,300	152,344	127,335
Dividends	2,000	2,000	–

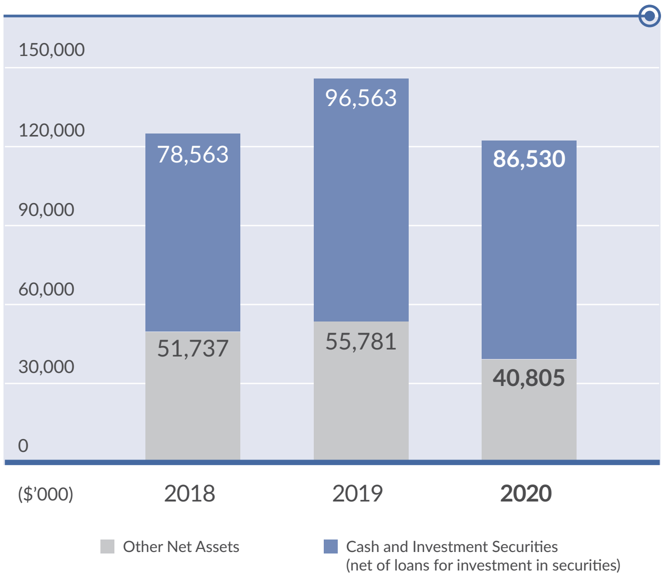
PROFIT AFTER TAX ($'000)



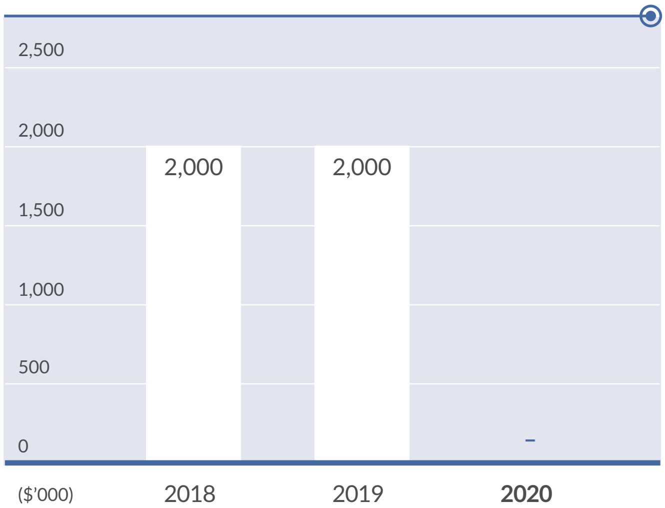
EBITDA ($'000)



NET ASSETS VALUE ($'000)



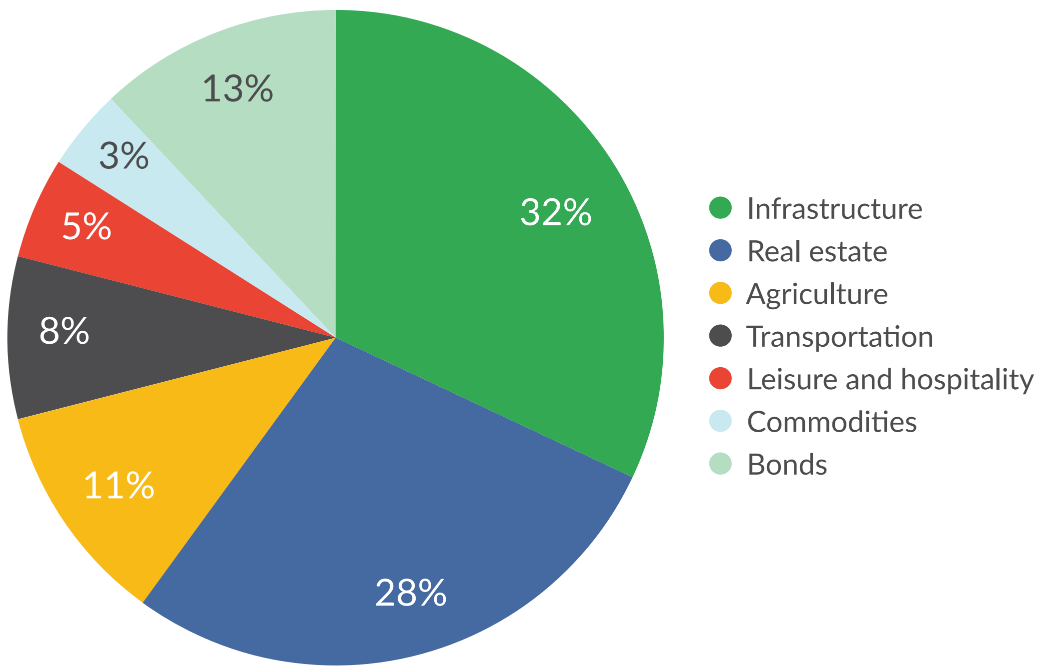
DIVIDENDS ($'000)



FINANCIAL
HIGHLIGHTS

INVESTMENTS OVERVIEW (QUOTED SECURITIES)

(As at 31 December 2020)



BOARD OF DIRECTORS

EDWARD LEE EWE MING

Executive Chairman, Non-Independent Executive Director

Date of first appointment as a Director
11 May 2017

Date of last re-election as a Director
29 June 2020

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

Date of last re-election as a Director
29 April 2019

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

Date of last re-election as a Director
27 April 2018

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

MARK LEONG KEI WEI

Lead Independent Non-Executive Director

Date of first appointment as a Director
15 May 2017

Date of last re-election as a Director
27 April 2018

Mr Leong presently serves as an Independent Director and Audit Committee Chairman of three SGX listed companies (including mDR Ltd). He is currently a Director of a financial advisory services firm operating in Australia. Prior to this, he was the COO of a SGX listed drilling equipment and engineering solutions provider for the oil & gas industry. 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).

BOARD OF DIRECTORS

OEI SU CHI, IAN

Independent Non-Executive Director

Date of first appointment as a Director
1 June 2017

Date of last re-election as a Director
29 April 2019

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

ONG SIOW FONG

Independent Non-Executive Director

Date of first appointment as a Director
28 September 2020

Date of last re-election as a Director
N.A.

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

LIU YAO

Independent Non-Executive Director

Date of first appointment as a Director
28 September 2020

Date of last re-election as a Director
N.A.

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

MANAGEMENT TEAM

EDWARD LEE EWE MING
Executive Chairman

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

ONG GHIM CHOON
Group CEO

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

ZHANG YANMIN
Executive Director

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

YIP LI SAN
Group CFO

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

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 21 years. Mr Siua received a Bachelor of Science (Honours) degree in Real Estate Management from the National University of Singapore.

JIMMY ONG

Director (Logistics)

Mr Ong is the Director (Logistics) of A-Mobile. He also manages and supervises the distribution of Singtel prepaid cards under SDS. Mr Ong has been with the mDR Group for more than 15 years having joined DMS (a subsidiary of mDR) in 2004.

PETER NG

Director (Sales)

Mr Ng is the Director (Sales) 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 17 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.

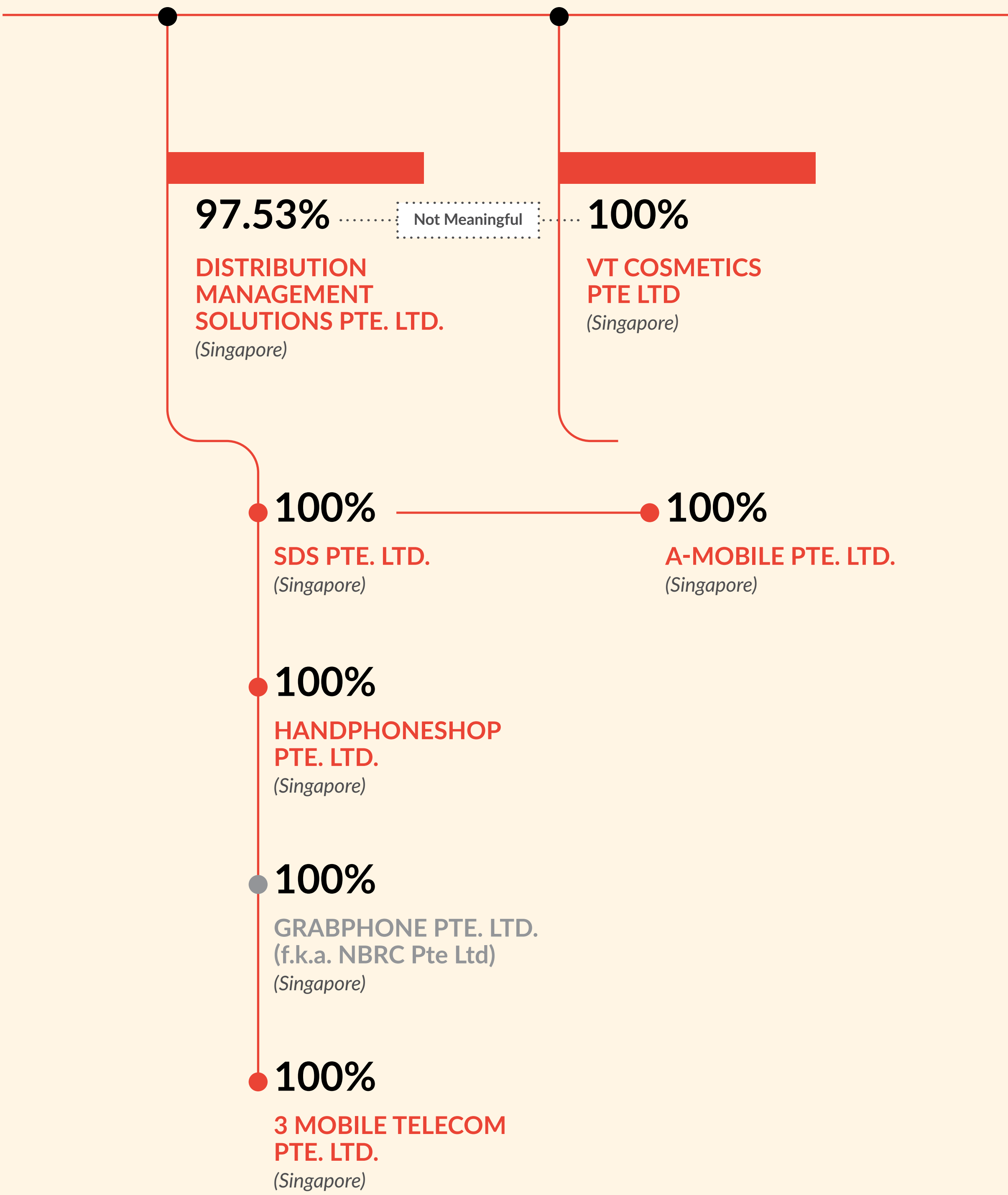
MADAN MOHAN

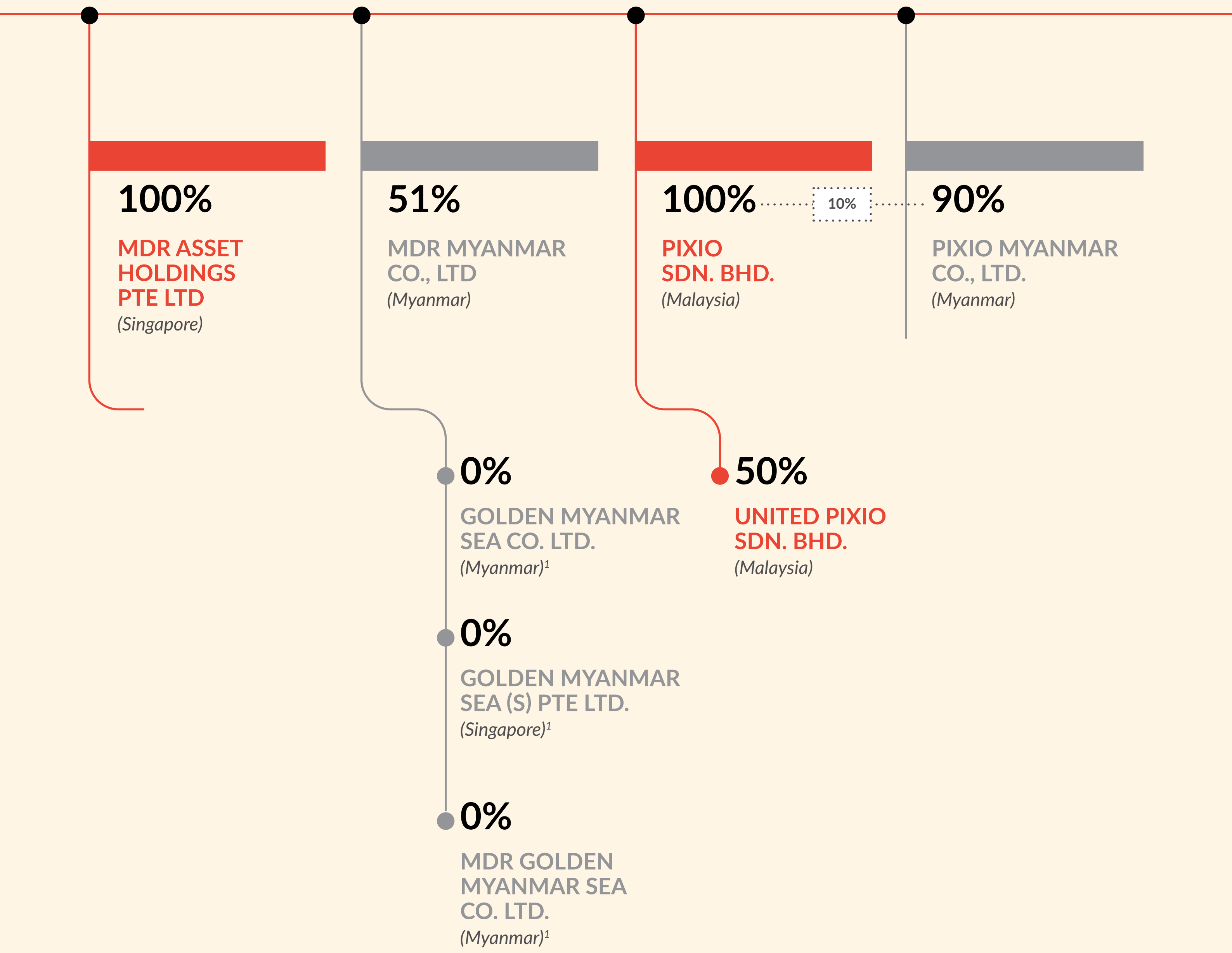
Director (Legal)

Mr Mohan is the Director (Legal) and Company Secretary of mDR Ltd. He oversees and manages the legal, investor relations and secretarial matters of the Group. Mr Mohan joined the mDR Group in 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.

GROUP STRUCTURE

MDR Limited

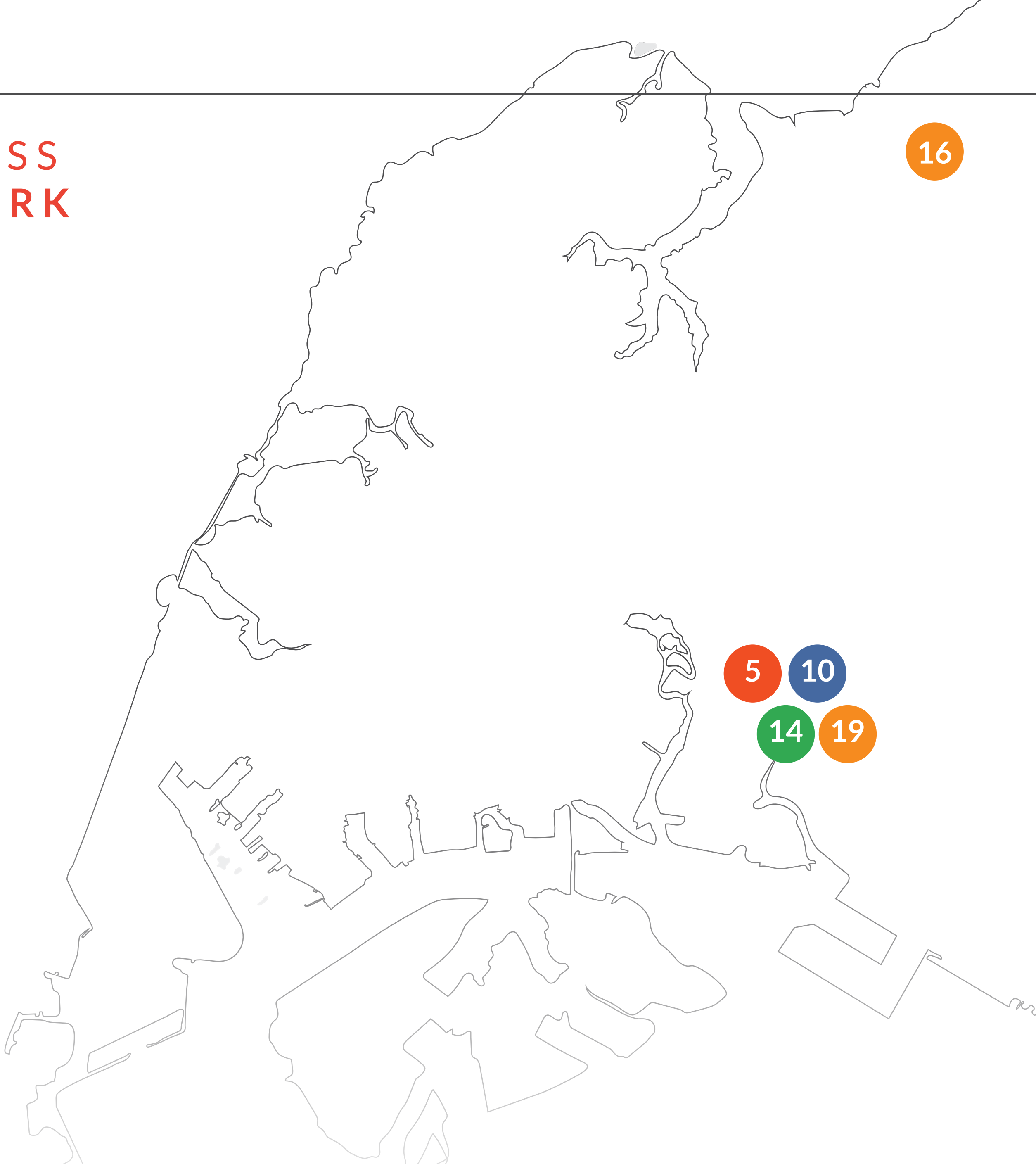




- Active Companies
- Dormant Companies

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

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

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

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

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

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

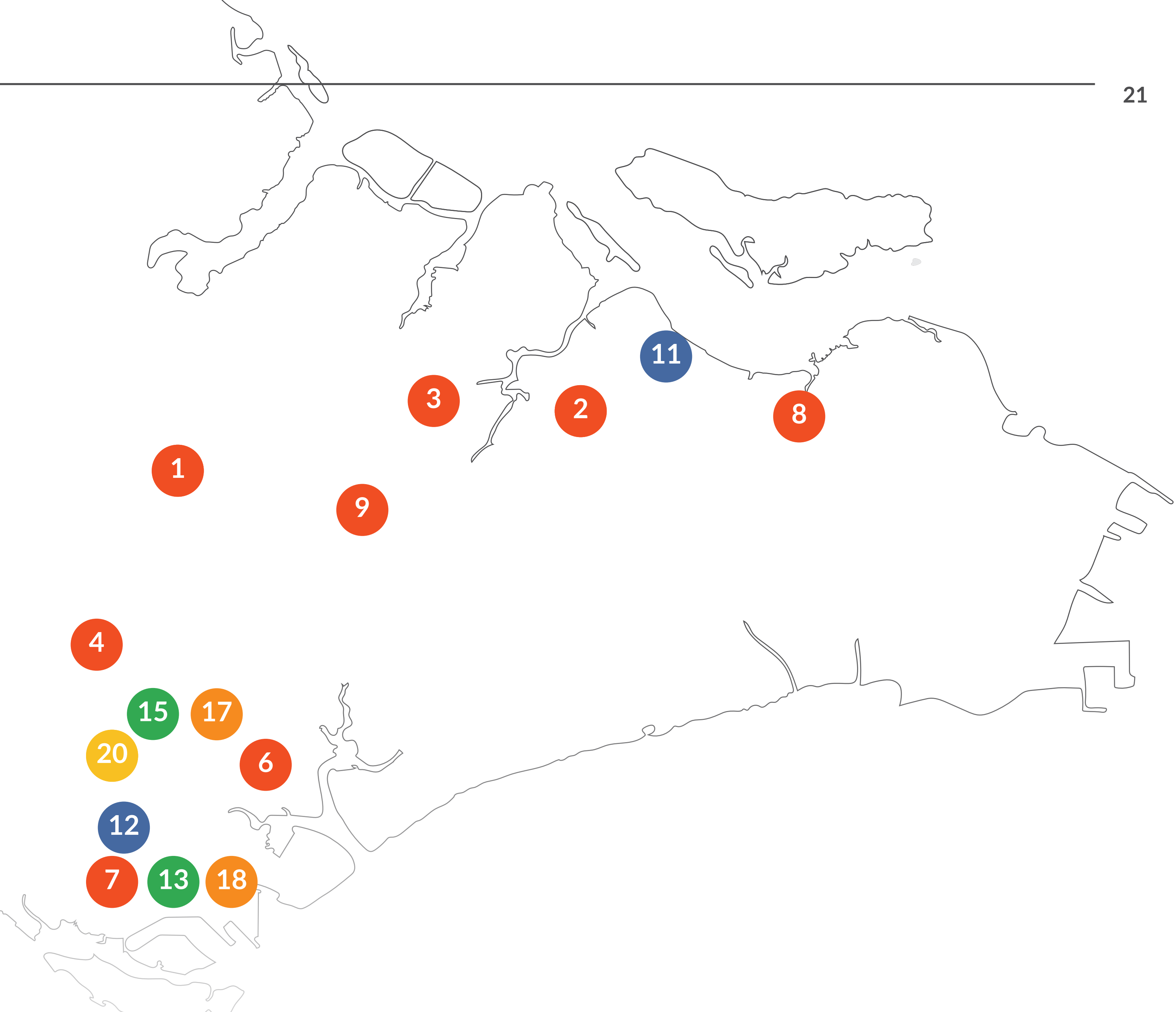
9. **The Poiz Centre**
   51 Upper Serangoon Road,
   #01-07, S(347697)

HPS STORES

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

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

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



SAMSUNG EXPERIENCE STORES

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

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

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

SAMSUNG SERVICE CENTRES

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

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

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

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

VT COSMETICS DISTRIBUTOR

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

PIXIO

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

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

SUSTAINABILITY REPORT

ABOUT THIS REPORT

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

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, 2020 to December 31, 2020. 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.

For any sustainability related matter of the mDR Group, please contact the Investor Relations Department at:

Email: corporateaffairs@m-dr.com

SUSTAINABILITY BOARD STATEMENT

GRI 102-14

mDR Limited is delighted to present its Sustainability Report for FY2020. This FY2020 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 energy consumption, use of environmental friendly shopping bags, and reducing environmental waste. In the future, mDR aims to identify more areas of improvement where we can further manage and mitigate our environmental impact.

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 FY2020 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

The Board of Directors ("Board") ensures that we comply with good corporate governance standards and operate in an ethical manner. Various Committees have been set up by the Board, to assist the Board in the efficient execution of its responsibilities.

By identifying more opportunities and setting clearer objectives and targets, mDR hopes to embed sustainability deeper into our corporate culture, and further improve our sustainability performance. We thank our stakeholders for their continued support in every aspect of our business, and look forward to sharing our new initiatives and improvements as part of our sustainability journey.

SUSTAINABILITY REPORT

ABOUT mDR

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

mDR Limited is engaged in the diversified investment business, and is also 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 (102-3, 102-4). 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 (102-5).

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 (102-6).

EMPLOYEES	
Singapore	197
Malaysia	43

FULL-TIME	SG	MY
Female	62	14
Male	75	29
Total	**137**	**43**

PART-TIME	SG	MY
Female	24	0
Male	36	0
Total	**60**	**0**

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 Singtel products and services such as mobile phones, fixed and wireless broadband. We are also the authorized distributor and/or retailer for most major mobile brands including, Huawei, OnePlus, Oppo, Realme, Samsung and Vivo. We are also the partner of Samsung for operating and managing their major Experience stores in Singapore.

After Market Services (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 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 adheres to international standards and are supported by key external charters and principles, some of which are mentioned below:

- Infocomm Media Development Authority's (IMDA) guidelines
- Enterprise Singapore's guidelines
- Personal Data Protection Commission's guidelines

AWARDS AND RECOGNITION (FY2020)

Singtel Award
Top Digital Ambassador
(Collect @ Store)

Excellent Service Award 2020
(3 Mobile Telecom)

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 company's vision and mission.

Corporate Vision and Mission

GRI 102-16

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

Governance Structure

GRI 102-18

The Board has set up three committees, namely the Audit and Risk 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.

SUSTAINABILITY REPORT

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
		• Department meetings	• Periodically
		• Staff appraisals	• Annually
		• Training & product knowledge	• Periodically
Top Management	• Economic Performance • Customer Privacy • Marketing and Labelling	• Board meetings	• Periodically
		• 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.

Categories	Material Aspect	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	*Within Organisation*
		417-3 Incidents of non-compliance concerning marketing communications	
	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 by logistics department for transportation and distribution.

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

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

FY2020 Performance

In FY2020, mDR Group's total energy consumption recorded about 4,210 thousand MJ of which, electricity consumption amounted 3,891 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 49% of our energy consumption. Also documented is the estimated petrol/diesel consumption of 344 thousand MJ from our delivery vehicles and other usage.

FY2021 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.

Energy Consumption

thousand (MJ)

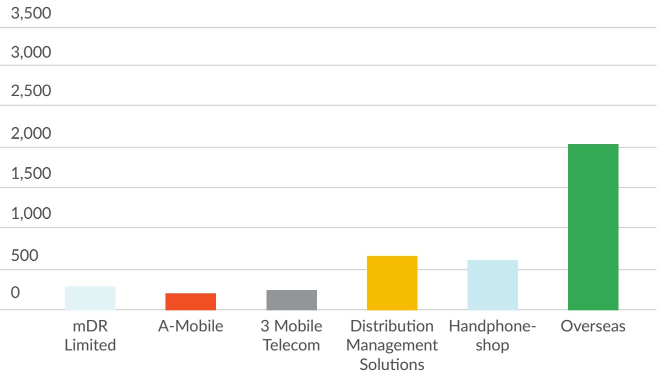


Figure 1: Electricity Consumption

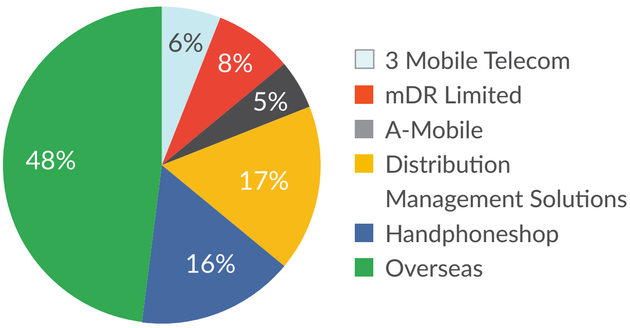


Figure 2: Breakdown of electricity consumption (in %)

SOCIAL

Marketing and Labelling

GRI 103-1 |103-2 | 417-2 | 417-3

mDR prides itself for its 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 aftermarket services at easily accessible locations. Our goal is to consistently meet our customers' expectations by providing them with value-added services.

FY2020 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.

FY2021 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 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.

In 2017, we set-up a Data Protection Committee ("DPCo"). The DPCo is led by the Group Data Protection Officer to oversee all matters pertaining to 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 performed on retail outlets to review the adequacy of compliance with the Personal Data Protection Act ("PDPA"). Quarterly circulars are also sent to employees in relation to compliance with the PDPA. The Group also makes available a wide range of educational resources on its intranet portal which is accessible by employees. The DPCo updates the contents on the portal from time to time with the latest information and developments on matters in relation to data protection and PDPA.

FY2020 Performance

We have not identified any substantiated complaints regarding breaches of customer privacy or loss of personal data in FY2020.

FY2021 Targets

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

GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	**Description**	**Chapter, Page Reference, Performance and/or Explanation for Omissions**
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GRI 102-2	Activities, brands, products and services	24, About mDR
GRI 102-3	Location of headquarters	24, About mDR
GRI 102-4	Location of operations	24, About mDR
GRI 102-5	Ownership and legal form	24, About mDR
GRI 102-6	Markets served	24, About mDR
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 of Samsung 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	25, Sustainability at mDR
GRI 102-12	External Initiatives	25, External Charters and Principles
GRI 102-13	Membership of associations	Member of Singapore Business Federation (SBF)
GRI 102-41	Collective bargaining agreements	Not Applicable
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
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GRI 102-47	List all Material Topics	27, Materiality Assessment
GRI 102-48	Restatements of information	Not Applicable
GRI 102-49	Changes in reporting	Not Applicable
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	26, Stakeholder Engagement
GRI 102-42	Identifying and selecting stakeholders	26, Stakeholder Engagement
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General Standard Disclosures	**Description**	**Chapter, Page Reference, Performance and/or Explanation for Omissions**
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GRI 102-56	External assurance	We are not seeking external assurance for this reporting period.
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ETHICS AND INTEGRITY		
GRI 102-16	Values, principles and norms of behaviour	25, Corporate Vision and Mission
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GRI 417-2	Incidents of non-compliance concerning product and service information and labelling	29, Social > Marketing and Labelling
GRI 417-3	Incidents of non-compliance concerning marketing communications	29, Social > Marketing and Labelling
SUB-CATEGORY: CUSTOMER PRIVACY		
GRI 103	Disclosures	29, Social > Customer Privacy
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	29, Social > Customer Privacy

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

Ong Siow Fong
Independent Non-Executive Director

Liu Yao
Independent Non-Executive Director

AUDIT AND RISK COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

REGISTERED OFFICE

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

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd

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: Hock Lee Ng
(Audit engagement partner since 13 September 2019)

COMPANY SECRETARY

Madan Mohan

INVESTOR RELATIONS

corporateaffairs@m-dr.com

CORPORATE GOVERNANCE

mDR Limited (the "Company") is committed to maintain and observe high standards of corporate governance in accordance with the principles, provisions and guidelines set out in the Code of Corporate Governance 2018 (the "Code"). The Company's corporate governance practices set out in this Report are with reference to the principles of the Code for the financial year ended 31 December 2020 ("FY2020").

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

BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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

Provision 1.1

Board's Role and Responsibilities

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

Provision 1.2

Directors' Orientation and Training

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

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

Some of the events and trainings attended by Director(s) for the financial year ended 31 December 2020 include the following:

(a) Updates by Management on performance and business outlook relating to various business divisions
(b) SIAS Corporate Governance Digital Symposium 2020
(c) CGR – Annual Corporate Governance Roundup
(d) Briefing on latest developments in revised accounting standards and new interpretations by Company's external auditor at ARC meeting

CORPORATE GOVERNANCE

Provision 1.3
Matters requiring Board approval

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

Material items that require Board approval include:

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

Provision 1.4
Board Committees

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

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

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

Provisions 1.5 and 1.6
Board and Board Committee meetings

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

CORPORATE GOVERNANCE

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

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

For financial year ended 31 December 2020, the Directors' attendances at Board, Board Committees and general meeting(s) are as follows:

Name of Director	Board	ARC	NC	RC	General Meeting(s)
Aggregate Number of meetings held in FY2020	6	5	5	3	2
			Number of Meetings attended		
Edward Lee Ewe Ming[(1)]	6	5	2	2	2
Ong Ghim Choon[(2)]	5	5	2	2	2
Zhang Yanmin[(3)]	6	5	2	2	2
Mark Leong Kei Wei	6	5	5	3	2
Oei Su Chi, Ian	6	5	5	3	2
Lai Yew Fei[(4)]	2	2	2	2	1
Ong Siow Fong[(5)]	1	1	1	-	-
Liu Yao[(6)]	1	1	-	-	-

(1) Mr Lee is not a member of the ARC, NC and RC. Upon invitation, Mr Lee attended the ARC, NC and RC meetings.
(2) Mr Ong is not a member of the ARC, NC and RC. Upon invitation, Mr Ong attended the ARC, NC and RC meetings.
(3) Ms Zhang is not a member of the ARC, NC and RC. Upon invitation, Ms Zhang attended the ARC, NC and RC meetings.
(4) Mr Lai retired from the Board on 29 June 2020 after the conclusion of the 2020 AGM.
(5) Ms Ong was appointed to the Board, NC and RC on 28 September 2020. Upon invitation, Ms Ong attended the ARC meeting.
(6) Ms Liu was appointed to the Board and ARC on 28 September 2020.

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

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

CORPORATE GOVERNANCE

Provision 1.7
Independent access and Company Secretary

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

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

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

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Provision 2.1
Board independence

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

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

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

CORPORATE GOVERNANCE

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

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

Provisions 2.2 and 2.3

Independent and Non-Executive Directors

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

Provision 2.4

Board Diversity

Board and Board Committees have a mix of Directors who as a group provide an appropriate balance and diversity. The Board's diversity policy endorses the principle that Board and Board Committee members as a group should have an appropriate balance and diversity of skills, experience, gender and age, which fosters open and constructive debate and avoids groupthink. The Board and Board Committee members bring with them a broad range of expertise and experience and collectively provide core competencies in various fields such as, accounting and finance, legal, investment, telecommunication, real estate, business and management, industry knowledge, strategic planning, customer-based knowledge, and experience necessary to meet the Group's objectives. Taking into consideration the current size of the Company and the Board, the NC has not recommended any measurable quantitative objectives in relation to diversity.

Provision 2.5

Regular meetings of Non-Executive Directors

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

CORPORATE GOVERNANCE

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Provisions 3.1 and 3.2
Chairman and CEO

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

Provision 3.3
Lead Independent Director

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

PRINCIPLE 4: BOARD MEMBERSHIP

Provision 4.1 and 4.2
NC Membership and Key Terms of Reference

The NC comprises of the following three Directors:

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

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

The key terms of reference of the NC are:

(a) to review the structure, size and composition of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;
(b) to review whether or not a Director is independent, in accordance with the provisions of the Code and the Listing Manual;
(c) to identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
(d) review the process and criteria for evaluation of the performance of the Board, Board Committees and Directors;
(e) review Board's, Board Committees' and Directors' performance;
(f) re-appointment of Director having regard to the Director's contribution or performance;
(g) to consider the progressive renewal of the Board, as well as each Director's competencies, commitment, contribution and performance, when making recommendations to the Board on all relevant matters relating to the appointment and re-appointment of Directors;
(h) review training and professional development programmes for the Board; and
(i) make recommendations to the Board as regards plans for succession, in particular, of the Chairman and the CEO and key management personnel ("KMP").

Provision 4.3
Appointment and Re-appointment of Directors

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

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

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

Provision 4.4
Review of Directors' Independence

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

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

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

Provision 4.5
Directors' Time Commitments

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC and the Board have adopted internal guidelines under which, Directors should not have more than six listed company board representations, so that they are able to devote sufficient time and attention to the affairs of the Company. The NC has considered the listed company board representations and other principal commitments of the Directors, and is of the view that sufficient time and attention has been given by the Directors in FY2020 to the affairs of the Company in the discharge of their duties.

CORPORATE GOVERNANCE

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

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

Name of Director	Designation	Date of Appointment	Date of last Re-election	Directorships in other listed companies: Current (as at 31 March 2021)	Directorships in other listed companies: In the past 3 years	Other principal commitments (as at 31 March 2021)
Edward Lee Ewe Ming	• Executive Chairman • Executive Director	11 May 2017	29 June 2020	None	None	• Managing Director, Edward Lee Apartments Private Ltd • Managing Director, Edward Lee Residences Private Limited
Ong Ghim Choon	• Chief Executive Officer • Executive Director	19 August 2009	29 April 2019	None	None	• Director, Pacific Organisation Pte Ltd
Zhang Yanmin	• Executive Director	29 March 2018	27 April 2018	None	None	• Advisor, Yann Investment Co., Ltd.
Mark Leong Kei Wei	• Lead Independent Non-Executive Director	15 May 2017	27 April 2018	• HS Optimus Holdings Ltd • LMIRT Management Ltd	• LCT Holdings Ltd	• Director, Auspac Financial Advisory Pty Ltd • Director, Avalon Partners Pte Ltd • Director, CytoMed Therapeutics (Malaysia) Sdn Bhd • Director, Top Mining Ltd
Oei Su Chi, Ian	• Independent Non-Executive Director	1 June 2017	29 April 2019	None	None	• Director, Four Points Investment SPC • Legal Counsel, Guotai Junan International Securities (Singapore) Pte. Limited
Ong Siow Fong	• Independent Non-Executive Director	28 September 2020	-	None	None	• Managing Director, Amicus Capital Management Pte Ltd • Senior Associate Marketing Director, PropNex Realty Pte Ltd
Liu Yao	• Independent Non-Executive Director	28 September 2020	-	None	None	• Industry Controller, Louis Dreyfus Company

CORPORATE GOVERNANCE

PRINCIPLE 5: BOARD PERFORMANCE

Provisions 5.1 and 5.2
Assessment

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

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

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

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

The Board acts on the results of the performance evaluation, and in consultation with the NC, proposes, where appropriate, new members to be appointed to the Board or seek the resignation of existing Directors. No external facilitator was engaged for the Board evaluation process in FY2020.

Having reviewed the overall performance of the Board and the Board Committees, and the individual Director's performance, the NC is of the view that the performance of the Board, the Board Committees, and each individual Director in FY2020 has been satisfactory.

REMUNERATION MATTERS
PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Provisions 6.1 and 6.2
RC Composition

The RC comprises of the following three Directors:

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

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

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

Provision 6.3
RC Terms of Reference

The key terms of reference of the RC are:

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

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

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

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

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

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

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

(h) administer the mDR Share Plan 2018.

Provision 6.4
Access to advice on remuneration matters

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

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

Provisions 7.1 and 7.3
Performance-related remuneration

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

CORPORATE GOVERNANCE

The remuneration policy for Executive Directors and KMP 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 bonus and/or share award, which is linked to Group's performance, value creation, and individual performance.

The RC assesses the performance of the Executive Directors and KMP, based on a holistic balanced approach, comprising both financial and non-financial metrics that promote commitment, performance and loyalty to the Group. The Group's remuneration system takes into consideration, annual budgetary and financial targets that include, revenue, profits, return on total assets, the performance of the Group, the individual's performance, Company's growth in shareholders' equity and total assets, industry practices and non-financial targets like customer and operational metrics.

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

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

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

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

Provision 7.2
Remuneration of Non-Executive Directors

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

CORPORATE GOVERNANCE

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

Provisions 8.1, 8.2 and 8.3

Directors and KMP remuneration

The remuneration of the Directors for the financial year ended 31 December 2020 is as follows:

TABLE A

Remuneration Band & Name	Fees (%)	Salary (%)	Bonus[1] (%)	Other Benefits[2] (%)	Total (%)
Executive Directors					
S$1,000,000 - S$1,250,000					
Edward Lee Ewe Ming	-	81.69	6.98	11.33	100
S$750,000 - S$1,000,000					
Ong Ghim Choon	-	80.79	6.90	12.31	100
Zhang Yanmin	-	80.70	6.90	12.40	100
Non-Executive Directors					
Below S$100,000					
Mark Leong Kei Wei	100	-	-	-	100
Oei Su Chi, Ian	100	-	-	-	100
Lai Yew Fei[3]	100	-	-	-	100
Ong Siow Fong[4]	100	-	-	-	100
Liu Yao[5]	100	-	-	-	100

(1) Includes AWS and variable bonus.
(2) Includes (where applicable) employer's CPF, allowance, and car benefits.
(3) Mr Lai retired from the Board on 29 June 2020.
(4) Ms Ong was appointed to the Board on 28 September 2020.
(5) Ms Liu was appointed to the Board on 28 September 2020.

TABLE B

The remuneration of the Group's top five KMP for the financial year ended 31 December 2020 is as follows:

Remuneration Band & Name	Salary (%)	Bonus[1] (%)	Other Benefits[2] (%)	Total (%)
S$250,000 to S$500,000				
Siua Cheng Foo, Richard	70.86	6.05	23.09	100
Below S$250,000				
Yip Li San	86.13	7.37	6.50	100
Ng Eng Ming, Peter	71.76	6.13	22.11	100
Ong Ghim Chwee	70.10	5.99	23.91	100
Alexander Lim Jit Huang	72.85	6.80	20.35	100

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

The total remuneration paid to the top five KMP under Table B above in FY2020 is S$1,110,742.

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

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 exact quantum of the remuneration of individual Directors (including the CEO), and of its KMP, may be prejudicial to Group's business interests, given the confidentiality of remuneration matters and the competitive nature of the core business of the Group. This is also due to the sensitivity of remuneration matters and in the interest of maintaining good morale and a strong teamwork spirit within the Group. Moreover, information on the compensation paid to all Directors (including Executive Directors) is summarily provided in Note 33 to the Financial Statements of the Financial Report. The Board also responds to questions from the shareholders on Company's remuneration policy and package in the AGM.

mDR Share Plan 2018

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

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

No share award has been granted to any participant as at 31 December 2020.

Provision 8.2
Remuneration of immediate family members

Save for Mr Ong Ghim Chwee, who is the brother of Mr Ong Ghim Choon, the CEO of the Company, and whose remuneration is in the band of S$100,000 – S$200,000 (remuneration components set out in Table B above), there is no other immediate family member of Company's Directors, CEO or a substantial shareholder of the Company whose remuneration exceeds S$100,000 during FY2020.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

Provision 9.1
Significant Risks and Board Risk Committee

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

CORPORATE GOVERNANCE

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

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

Risk Management Policies and Internal Controls

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

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

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

The Group's LOA sets out threshold limits for matters that specifically require the Board's approval and signature requirements. The Group reviews its internal control and risk management systems periodically to ensure that there are sufficient guidelines and procedures in place to monitor its operations. The system of internal controls are intended to provide reasonable but not absolute assurance that the Group 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, IT controls, and risk management systems, the Board with the concurrence of the ARC is of the opinion that there are adequate and effective internal controls to address the financial, operational, compliance and IT controls of the Group in its current business environment.

Provision 9.2
Management assurance

The Board has received assurance from:

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

AUDIT COMMITTEE

PRINCIPLE 10: AUDIT COMMITTEE

Provisions 10.1, 10.2 and 10.3
ARC Composition and Role

The ARC comprises of the following three Directors:

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

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

The ARC's principal responsibilities are to:

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

CORPORATE **GOVERNANCE**

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

Whistle-blowing Policy

The Company has 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. Company's Whistle-blowing Policy allows anonymous reporting. The ARC reviews the Whistle-blowing Policy 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.

Financial Reporting Matters

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

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

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

Non-audit fees

The Company had engaged Deloitte to provide tax advisory and agreed upon procedures services for total fee of S$42,508 in FY2020. Save as disclosed herein, there were no other non-audit services rendered by Deloitte to the Company in FY2020. The ARC has undertaken a review of all non-audit services provided by Deloitte and they would not, in the ARC's opinion, affect the independence of the external auditor.

Audit Firms

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

Provision 10.4
Internal Audit

The Company has established an internal audit function that is independent of the activities it audits. In FY2020, the internal audit functions of the Group have been performed by its in-house IA Division. The internal auditor ("IA"), who is a Certified Internal Auditor and an Internal Audit Practitioner, is also a member of the Institute of Internal Auditors, Singapore. The ARC is of the view that the IA has the qualifications and experience to perform the internal audit functions of the Group. Company's IA meets The Institute of Internal Auditors (IIA) standards. The ARC approves the hiring, removal, evaluation and remuneration of the IA.

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

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

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

Provision 10.5
Meetings with Auditors

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

SHAREHOLDERS RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Provisions 11.1 and 11.2
Shareholders' participation

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

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

Resolutions

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

Provision 11.3
Directors' and External auditors' attendance

All members of the Board, in particular, the Chairman of the Board and the respective Chairman of the Board Committees and senior management are in attendance at the AGM and other general meetings to assist the Directors in addressing any relevant queries by shareholders. The external auditors are also present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings in FY2020 is disclosed in this Report (under Principle 1 above).

Provision 11.4
Absentia Voting

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

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

Provision 11.5
Minutes of General Meetings

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

Provision 11.6
Dividend Policy

The Company believes that dividend payments are the ultimate tangible evidence of earnings growth, profitability and good corporate governance. The Company has a dividend policy of paying at least 50% of its distributable net profits to shareholders. The payment and level of final dividend is determined by the Board and approved by the shareholders at the AGM. In determining the amount of dividends to be distributed for each financial year, the Board takes into account the financial and operating needs of the Group. In view of the impairment losses, the Company is unable to declare a final dividend for FY2020. The Company remains committed to achieving better performance and dividend payment.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

Provision 12.1
Avenues for communication

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

Provisions 12.2 and 12.3
Investor Relations

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

MANAGING STAKEHOLDER RELATIONSHIPS
PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

Provisions 13.1 and 13.2
Material Stakeholders

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

The Company's approach to stakeholders' engagement and materiality assessment and key areas of focus in relation to the management of stakeholder relationships during FY2020 are set out under the "Sustainability Report" section of this Annual Report.

Provision 13.3
Corporate Website

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

CORPORATE **GOVERNANCE**

ADDITIONAL INFORMATION

Best practices guide and dealings in securities

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

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

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

IPTs and related party transactions policy

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

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

The IPTs for FY2020 are set out in this Report.

Material contracts

Save as disclosed below and in the Directors' report and financial statements, there were no material contract entered into by the Group involving the interests of the CEO, any Director or controlling shareholder, during the financial year ended 31 December 2020:-

Pacific Organisation Pte. Ltd	Leasing of premises	S$339,000 (aggregate value for FY2020)

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

Conclusion

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

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The Directors 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, 2020.

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 64 to 163 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, 2020, 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	
Mark Leong Kei Wei	
Oei Su Chi, Ian	
Ong Siow Fong	(Appointed on September 28, 2020)
Liu Yao	(Appointed on September 28, 2020)

2 AUDIT COMMITTEE

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

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

The Audit Committee has met 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;

2 AUDIT COMMITTEE (CONT'D)

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

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

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

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

The Audit Committee has made its recommendations to the Board of Directors and the Board of Directors is satisfied with the proposed appointment of Ernst & Young LLP as external auditor of the Company, in place of Deloitte & Touche LLP, who will be retiring 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 paragraph 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:

	Shareholdings registered in name of Directors		
Name of Directors and companies in which interests are held	**At January 1, 2020 and at date of appointment, if later**	**At December 31, 2020 (Note A)**	**At January 21, 2021**
<u>mDR Limited</u>			
- Ordinary shares			
Edward Lee Ewe Ming	100	1	1
Ong Ghim Choon	5,933,919,990	59,339,200	59,339,200
Oei Su Chi, Ian	218,584,200	2,185,842	2,185,842
Mark Leong Kei Wei	115,000,000	1,150,000	1,150,000

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

Name of Directors and companies in which interests are held	Shareholdings in which Directors are deemed to have an interest: At January 1, 2020 and at date of appointment, if later	At December 31, 2020 (Note A)	At January 21, 2021
mDR Limited			
- Ordinary shares			
Edward Lee Ewe Ming[(1)]	39,837,414,300	398,374,143	398,374,143
Zhang Yanmin[(2)]	21,663,419,600	216,634,196	216,634,196
Oei Su Chi, Ian	47,000,000	470,000	470,000
Mark Leong Kei Wei	71,500,000	715,000	715,000

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

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

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

Note A

On June 4, 2020, the Company announced the proposed share consolidation exercise pursuant to which the Company will consolidate every hundred existing issued ordinary shares registered in the name of each shareholder into one consolidated ordinary share ("Proposed Share Consolidation"). Accordingly, the outstanding number of warrants pursuant to the exercise of warrants granted will also be adjusted.

The Proposed Share Consolidation was approved by Shareholders at the extraordinary general meeting of the Company held on June 29, 2020. The Proposed Share Consolidation was completed and became effective from July 28, 2020 ("Share Consolidation Effective Date" and "Warrant Adjustment Effective Date").

5 SHARE OPTIONS

a) *Options to take up unissued shares*

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

b) *Options exercised*

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

5 SHARE OPTIONS (CONT'D)

c) *Unissued shares under options*

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

6 SHARE AWARD

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

b) The "mDR Share Plan 2018"

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

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

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

As at December 31, 2019 and December 31, 2020, no share award had been granted.

7 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.

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.

No Tranche 3 warrants were exercised during the year.

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.

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

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

DIRECTORS' STATEMENT

8 AUDITORS

The retiring auditors, Deloitte & Touche LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE DIRECTORS

....
Edward Lee Ewe Ming

....
Ong Ghim Choon

April 5, 2021

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, 2020, 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 64 to 163.

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, 2020 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF mDR LIMITED

Key audit matters	How the matter was addressed in the audit
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, 2020 are disclosed in Notes 3 and 9 to the financial statements respectively.	Our audit procedures included: • Assessing the reasonableness of management assumptions used 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.
Assessment of expected credit loss on Tsinghua Bonds The Group assesses at each reporting date whether the financial assets carried at amortised cost are credit-impaired. As at December 31, 2020, the Group has identified a significant increase in credit risk of Tsinghua bond during the year due to the defaults of onshore and offshore bonds by the same issuer prior to year-end. The carrying amount of the bond is $6,895,000, net of impairment of $19,017,000. Subsequent to year-end, the issuer defaulted on bond payment at maturity. Given the significant increase in credit risk, significant judgement and estimates from management is involved in estimating the expected credit loss on the bond via evaluating the potential recoverable amount from the issuer. Management has considered the last broker quoted price of the bond as at December 31, 2020 as a good proxy of the recoverable amount after taking into consideration the financial position of the issuer, the interest rate and estimated credit loss between the face value and broker quoted price for the bond to determine the recoverable amount of the bond.	Our audit procedures included: • assessing the adequacy of the allowance, including discussion with management on the Group's action plan to recover the amounts due to them; • assessing the reliability of the recoverable value of the bond as at year-end; and • assessing recoverability based on the financial position of the issuer. We have also reviewed the adequacy and appropriateness of the disclosures made in Notes 3 and 10(d) to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF mDR LIMITED

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF mDR LIMITED

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF mDR LIMITED

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 Ng Hock Lee.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 5, 2021

STATEMENTS OF FINANCIAL POSITION

December 31, 2020

	Note	Group		Company	
		December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
ASSETS					
Current assets					
Cash and bank balances	6	12,324	7,129	2,456	1,072
Trade receivables	7	14,204	23,237	1,699	2,416
Other receivables and prepayments	8	12,263	10,811	23,635	32,301
Inventories	9	25,006	35,399	897	1,402
Investment in debt securities	10(d)	12,888	20,249	12,888	20,249
Income tax recoverable		181	103	–	–
Total current assets		76,866	96,928	41,575	57,440
Non-current assets					
Other receivables and prepayments	8	463	860	127	47
Investment in subsidiaries	10(a)	–	–	2,749	19,970
Investment in an associate	10(b)	25	20	–	–
Investment in equity securities	10(c)	88,196	90,610	88,196	90,610
Investment in debt securities	10(d)	–	29,579	–	29,579
Property, plant and equipment	11	1,895	3,320	805	1,089
Right-of-use assets	12	12,267	13,235	1,631	527
Goodwill	13	–	–	–	–
Deferred tax assets	18	142	127	142	125
Total non-current assets		102,988	137,751	93,650	141,947
Total assets		179,854	234,679	135,225	199,387
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdrafts and loans	14	26,849	58,155	22,175	51,004
Trade payables	15	11,703	13,613	1,317	1,789
Other payables	16	5,312	4,302	1,396	1,098
Lease liabilities	17(a)	2,358	3,379	670	456
Lease liabilities from financial institutions	17(b)	198	326	27	45
Income tax payable		9	9	–	–
Total current liabilities		46,429	79,784	25,585	54,392
Non-current liabilities					
Bank loans	14	4,703	–	4,703	–
Lease liabilities	17(a)	2,406	3,620	1,070	122
Lease liabilities from financial institutions	17(b)	24	131	13	39
Deferred tax liabilities	18	414	306	–	–
Total non-current liabilities		7,547	4,057	5,786	161

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020

	Note	Group		Company	
		December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Capital, reserves and non-controlling interests					
Share capital	20	154,455	154,455	154,455	154,455
Treasury shares	21	(1,908)	(15)	(1,908)	(15)
Capital reserve	22	(325)	(325)	22	22
Investment revaluation reserve	23	(17,536)	(8,479)	(17,536)	(8,479)
Property revaluation reserve	24	1,583	751	–	–
Foreign currency translation reserve	25	66	39	–	–
(Accumulated losses) Retained earnings		(9,000)	5,918	(31,179)	(1,149)
Equity attributable to owners of the Company		127,335	152,344	103,854	144,834
Non-controlling interests		(1,457)	(1,506)	–	–
Total equity		125,878	150,838	103,854	144,834
Total liabilities and equity		179,854	234,679	135,225	199,387

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2020

	Note	Group 2020 $'000	Group 2019 $'000
Continuing operations			
Revenue	26	192,797	285,691
Cost of sales	27	(168,493)	(253,136)
Gross profit		24,304	32,555
Other operating income	28	3,718	984
Administrative expenses		(16,264)	(18,884)
Other operating expenses	29	(7,194)	(10,262)
(Loss allowance) Reversal of loss allowance for trade receivables	7	(836)	25
(Loss allowance) on investment in debt securities	10(d)	(17,166)	(1,851)
Share of profit of an associate	10(b)	5	6
Finance costs	30	(1,092)	(1,535)
(Loss) Profit before income tax		(14,525)	1,038
Income tax credit	31	145	3
(Loss) Profit for the year from continuing operations		(14,380)	1,041
Discontinued operations			
Profit (Loss) for the year from discontinued operations	32	116	(5)
(Loss) Profit for the year	33	(14,264)	1,036
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Net fair value changes in equity securities carried at FVTOCI	23	(9,667)	(2,977)
Revaluation on leasehold land and building	24	1,095	–
Income tax relating to component of other comprehensive income that will not be reclassified subsequently	24	(263)	–
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		32	4
Other comprehensive loss for the year, net of tax		(8,803)	(2,973)
Total comprehensive loss for the year		(23,067)	(1,937)
(Loss) Profit attributable to:			
Owners of the Company	35	(14,308)	1,026
Non-controlling interests		44	10
		(14,264)	1,036
Total comprehensive loss attributable to:			
Owners of the Company		(23,116)	(1,951)
Non-controlling interests		49	14
		(23,067)	(1,937)
(Loss) Earnings per share (cents):			
From continuing and discontinued operations:			(Restated)
- Basic	35	(1.603)	0.154
- Diluted	35	(1.603)	0.141
From continuing operations:			
- Basic	35	(1.607)	0.154
- Diluted	35	(1.607)	0.141

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2020

	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Investment revaluation reserve $'000	Property revaluation reserve $'000	Foreign currency translation reserve $'000	(Accumulated losses) Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total $'000
	(Note 20)	(Note 21)	(Note 22)	(Note 23)	(Note 24)	(Note 25)				
Group										
Balance at January 1, 2020	154,455	(15)	(325)	(8,479)	751	39	5,918	152,344	(1,506)	150,838
Total comprehensive loss for the year:										
(Loss) Profit for the year	–	–	–	–	–	–	(14,308)	(14,308)	44	(14,264)
Loss on disposal of investment securities transferred to retained earnings	–	–	–	610	–	–	(610)	–	–	–
Other comprehensive loss for the year	–	–	–	(9,667)	832	27	–	(8,808)	5	(8,803)
Total	–	–	–	(9,057)	832	27	(14,918)	(23,116)	49	(23,067)
Repurchase of shares, representing total transactions with owners, recognised directly in equity	–	(1,893)	–	–	–	–	–	(1,893)	–	(1,893)
Balance at December 31, 2020	154,455	(1,908)	(325)	(17,536)	1,583	66	(9,000)	127,335	(1,457)	125,878

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2020

	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Investment revaluation reserve $'000	Property revaluation reserve $'000	Foreign currency translation reserve $'000	(Accumulated losses) Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total $'000
	(Note 20)	(Note 21)	(Note 22)	(Note 23)	(Note 24)	(Note 25)				
Group										
Balance at January 1, 2019	220,312	–	(325)	(5,868)	751	39	(84,954)	129,955	(1,511)	128,444
Total comprehensive loss for the year:										
Profit for the year	–	–	–	–	–	–	1,026	1,026	10	1,036
Loss on disposal of investment securities transferred to retained earnings	–	–	–	366	–	–	(366)	–	–	–
Other comprehensive loss for the year	–	–	–	(2,977)	–	–	–	(2,977)	4	(2,973)
Total	–	–	–	(2,611)	–	–	660	(1,951)	14	(1,937)
Transactions with owners, recognised directly in equity:										
Issue of shares pursuant to rights cum warrant issue	28,363	–	–	–	–	–	–	28,363	–	28,363
Repurchase of shares	–	(15)	–	–	–	–	–	(15)	–	(15)
Dividends (Note 34)	–	–	–	–	–	–	(4,008)	(4,008)	–	(4,008)
Dividends to non-controlling interest	–	–	–	–	–	–	–	–	(9)	(9)
Capital reduction	(94,220)	–	–	–	–	–	94,220	–	–	–
Total	(65,857)	(15)	–	–	–	–	90,212	24,340	(9)	24,331
Balance at December 31, 2019	154,455	(15)	(325)	(8,479)	751	39	5,918	152,344	(1,506)	150,838

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2020

	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Investment revaluation reserve $'000	Accumulated losses $'000	Total $'000
	(Note 20)	(Note 21)	(Note 22)	(Note 23)		
Company						
Balance at January 1, 2020	154,455	(15)	22	(8,479)	(1,149)	144,834
Total comprehensive loss for the year:						
Loss for the year	–	–	–	–	(29,420)	(29,420)
Loss on disposal of investment securities transferred to retained earnings	–	–	–	610	(610)	–
Other comprehensive loss for the year	–	–	–	(9,667)	–	(9,667)
Total	–	–	–	(9,057)	(30,030)	(39,087)
Repurchase of shares, representing total transactions with owners, recognised directly in equity	–	(1,893)	–	–	–	(1,893)
Balance at December 31, 2020	154,455	(1,908)	22	(17,536)	(31,179)	103,854

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2020

	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Investment revaluation reserve $'000	Accumulated losses $'000	Total $'000
	(Note 20)	(Note 21)	(Note 22)	(Note 23)		
Company						
Balance at January 1, 2019	220,312	–	22	(5,868)	(93,021)	121,445
Total comprehensive loss for the year:						
Profit for the year	–	–	–	–	2,026	2,026
Loss on disposal of investment securities transferred to retained earnings	–	–	–	366	(366)	–
Other comprehensive loss for the year	–	–	–	(2,977)	–	(2,977)
Total	–	–	–	(2,611)	1,660	(951)
Transactions with owners, recognised directly in equity:						
Issue of shares pursuant to rights cum warrants issue	28,363	–	–	–	–	28,363
Repurchase of shares	–	(15)	–	–	–	(15)
Dividends (Note 34)	–	–	–	–	(4,008)	(4,008)
Capital reduction	(94,220)	–	–	–	94,220	–
Total	(65,857)	(15)	–	–	90,212	24,340
Balance at December 31, 2019	154,455	(15)	22	(8,479)	(1,149)	144,834

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2020

	Group	
	2020	2019
	$'000	$'000
Operating activities		
(Loss) Profit before income tax from continuing operations	(14,525)	1,038
Profit (Loss) before income tax from discontinued operations	122	(5)
	(14,403)	1,033
Adjustments for:		
Share of profit of an associate	(5)	(6)
Depreciation of property, plant and equipment (Note A)	1,410	1,559
Depreciation of right-of-use assets (Note A)	3,424	4,234
Interest expense	1,092	1,535
Interest income from fixed deposits	(9)	(30)
Interest income from investment in debt securities	(3,402)	(2,315)
Interest income from loans to third parties	(414)	(345)
Gain on disposal of plant and equipment	(78)	(23)
Loss (Gain) on disposal of right-of-use assets	36	(9)
Loss (Gain) on disposal of debt securities	252	(84)
Right-of-use assets written off	6	–
Plant and equipment written off	88	13
Allowance for inventories	1,488	537
Inventories written off	80	–
Bad debts written off - trade	–	5
Loss allowance (Reversal of loss allowance) for trade receivables	836	(25)
(Reversal of loss allowance) Loss allowance for non-trade receivables, net	(64)	66
Allowance for impairment on plant and equipment	137	91
Allowance for impairment loss of right-of-use assets	227	480
Loss allowance on investment in debt securities	17,166	1,851
Impairment loss on goodwill of subsidiary	–	2,798
Liabilities written back	–	(6)
Net foreign exchange loss	538	303
Operating cash flows before movements in working capital	8,405	11,662
Trade receivables	8,197	551
Other receivables and prepayments	(129)	(3,087)
Inventories	8,825	(6,015)
Trade payables	(1,900)	2,836
Other payables	938	(1,178)
Cash generated from operations	24,336	4,769
Income tax (paid) refund	(91)	189
Interest received	9	30
Interest received from debt securities	2,032	1,160
Interest received from loan to third parties	384	345
Net cash from operating activities	26,670	6,493

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2020

	Group	
	2020	2019
	$'000	$'000
Investing activities		
Proceeds from disposal of plant and equipment	224	45
Purchase of property, plant and equipment (Note B)	(369)	(1,328)
Proceeds from disposal of equity securities	12,380	19,377
Purchase of equity securities	(19,633)	(33,910)
Proceeds from disposal of quoted debt securities	27,961	8,346
Purchase of quoted debt securities	(6,674)	(60,020)
Loans to third parties	(1,500)	(2,500)
Repayment of loan from a third party	101	69
Net cash from (used in) investing activities	12,490	(69,921)
Financing activities		
Proceeds from issuance of ordinary shares, net	–	28,363
Purchase of treasury shares	(1,893)	(15)
Interest paid	(1,084)	(1,345)
Repayment of bank borrowings	(70,217)	(119,949)
Proceeds from bank borrowings	43,099	163,463
Changes in cash pledged (Note C)	–	49
Repayment of lease liabilities	(3,627)	(4,108)
Repayment of lease liabilities from financial institutions	(235)	(341)
Dividends paid to shareholders	–	(4,008)
Dividends paid to non-controlling shareholders	(9)	–
Net cash (used in) from financing activities	(33,966)	62,109
Net increase (decrease) in cash and cash equivalents	5,194	(1,319)
Cash and cash equivalents at beginning of financial year	7,129	8,447
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	1	1
Cash and cash equivalents at end of financial year (Note 6)	12,324	7,129

Notes to the consolidated statement of cash flows:

A. Depreciation expense:

Included in depreciation expense of $4,834,000 (2019 : $5,793,000) in the statement of cash flows is $4,239,000 (2019 : $5,114,000) which is classified in other operating expenses (Note 29) with the remaining classified in cost of sales (Note 27).

B. Purchase of property, plant and equipment:

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $369,000 (2019 : $1,381,000) of which $Nil (2019 : $53,000) was acquired under finance lease arrangements.

C. Changes in cash pledged:

As at December 31, 2018, cash pledged of $49,000 in the form of fixed deposits to secure bank facilities was discharged in May 2019.

See accompanying notes to financial statements.

NOTES TO
FINANCIAL STATEMENTS

December 31, 2020

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, 2020 were authorised for issue by the Board of Directors on April 5, 2021.

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) 16 *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)

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2020, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

Impact of the initial application of COVID-19 Related Rent Concessions amendment to SFRS(I) 16

In May 2020, the ASC issued Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to SFRS(I) 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying SFRS(I) 16 if the change were not a lease modification. The amendment is effective for annual periods beginning on or after June 1, 2020, with early application permitted.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due in on or before June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and

c) There is no substantive change to other terms and conditions of the lease

In the current financial year, the Group has applied the amendment to SFRS(I) 16 in advance of its effective date.

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in SFRS(I) 16:46B, and has not restated prior period figures.

The Group has benefited from a 2-month waiver of lease payments on buildings and premises. The waiver of lease payments of $548,000 has been accounted for as a negative variable lease payment in profit or loss. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of SFRS(I) 9:3.3.1. (Note 14).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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.

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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- 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 arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value 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.

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.

FINANCIAL INSTRUMENTS - 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 instruments.

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 regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

Amortised cost and effective interest method (Cont'd)

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.

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 "investment income" line item (Note 26).

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.

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.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with SFRS(I) 9, 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 26).

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)).

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).

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;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating expense" 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 and loan commitments. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

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.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if 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.

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:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread or the extent to which the fair value of a financial asset has been less than its amortised cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

Significant increase in credit risk (Cont'd)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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 guarantee contracts and loan commitments, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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 flow that the Group expects to receive, discounted at the original effective interest rate.

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 except for assets for which the simplified approach was used.

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

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (Cont'd)

Financial guarantee contracts

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

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

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 29) 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.

Derivative financial instruments

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative financial instruments (Cont'd)

Embedded derivatives

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

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

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

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of SFRS(I) 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

The incremental borrowing rate reflects the fixed rate at which the Group could borrow an amount similar to the value of the right-of-use assets, in the same currency, for a similar term, and with similar collateral.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee (Cont'd)

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in profit or loss.

Leasehold land and building for own use

Leasehold 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leasehold land and building for own use (Cont'd)

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.

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 the Group has control over the use of the asset, 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 right-of-use assets.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The requirements of SFRS(I) 1-36 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.

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 associate is disposed of.

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.

The Group applies SFRS(I) 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying SFRS(I) 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by SFRS(I) 1-28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with SFRS(I) 1-28).

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 tis intended use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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.

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

GOODWILL ON CONSOLIDATION ("GOODWILL") - Goodwill is initially recognised and measured as set out in the business combinations accounting policy.

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 PROPERTY, PLANT AND EQUIPMENT EXCLUDING GOODWILL - At 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

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 to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount 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.

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 the effect of the time value of money is material).

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 to employees are measured at fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

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. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. 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 reserves (share options reserve).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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

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 a point when the line connection 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.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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 the tax expected to be payable or recoverable 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, and is accounted for using the liability method. 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 at reporting period date.

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 in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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.

For disposals other than by sale (e.g., abandonment, distribution or exchange for similar productive assets), the results of operations of a component of an entity would not be recorded as a discontinued operation until the period in which the long-lived asset or disposal group is either abandoned, distributed or exchanged, depending on the manner of disposal.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate 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 foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

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.

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.

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December 31, 2020

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.

<u>Business model assessment</u>

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. No such changes were required during the periods presented.

<u>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")</u>

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, which is mainly the process of liquidating and winding down these entities in Myanmar.

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

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.

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, 2020 is disclosed in Note 9 to the financial statements.

Recoverable amount of investments in subsidiaries

Determining whether investments in subsidiaries are impaired where indicators of impairment exist 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 12 to the financial statements.

Expected credit loss on other receivables

The Group makes allowances for expected credit losses based on an assessment of the recoverability of other receivables. The impairment provisions for 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 other receivables and loss allowance in the period in which such estimate has been changed.

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

Key sources of estimation uncertainty (cont'd)

Expected credit loss on other receivables (cont'd)

As at December 31, 2020, included in other receivables is a loan due from a third party of $2,360,000 (2019 : $2,432,000). The loan is secured with the shares of the borrower, a mortgage on a property owned by the shareholders of the borrower and personal guarantees from the shareholders of the borrower. In assessing the recoverability of the loan, management had determined that a reversal of allowance of $66,000 (2019 : an allowance of $66,000) was required based on the net realisable value of collaterals. The carrying amounts of other receivables are disclosed in Note 8 to the financial statements.

Recoverable amount of property, plant and equipment and right-of-use assets for non-performing outlets

Determining whether property, plant and equipment and right-of-use assets are impaired where indicators of impairment exist requires an estimation of the recoverable amount of these assets. The recoverable amount is based on the value in use of the cash-generating unit, to which the assets belong to. The value in use methodology that is based on cash flow forecasts requires significant management's judgement about future market conditions, including growth rates and discount rates.

The carrying amount of property, plant and equipment and right-of-use assets as at December 31, 2020 are disclosed in Notes 11 and 12 to the financial statements respectively.

Valuation of debt securities

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

The identification of loss allowance requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying amount of the debt securities and loss allowance in the period in which such estimate has been changed.

As at December 31, 2020, the Group has identified a debt security with a significant increase in credit risk during the year due to the defaults of onshore and offshore bonds by the same issuer prior to year-end. Accordingly, the Group has recorded an additional expected credit loss allowance of $17,166,000. The carrying amount of the debt security as at December 31, 2020 is $6,895,000. Subsequent to year-end, the issuer defaulted on bond payment at maturity.

The carrying amount of debt securities as at December, 31 2020 is disclosed in Note 10(d).

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, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Financial assets				
Equity instruments, designated as at FVTOCI	88,196	90,610	88,196	90,610
Financial instruments designated as at FVTPL	1,500	–	1,500	–
Amortised cost (including cash and cash equivalents)	50,103	91,557	39,149	85,603
	139,799	182,167	128,845	176,213
Financial liabilities				
Amortised cost	48,024	76,070	29,467	53,891
Lease liabilities	4,986	7,456	1,780	662
	53,010	83,526	31,247	54,553

(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) <u>Foreign currency risk management</u>

The Group operates in Asia with dominant operations in Singapore and Malaysia. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions. This risk is managed through natural hedges as revenue denominated in foreign currency is partly matched with corresponding costs in the same foreign currency.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations.

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

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

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

At the end of the reporting period, the significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group			
	Liabilities		Assets	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
United States Dollar	(6,469)	(21,650)	207	206
Malaysia Ringgit	–	(13)	1,488	1,823
Hong Kong Dollar	(15,504)	(22,738)	–	–
Singapore Dollar	(2,019)	(1,326)	390	304

	Company			
	Liabilities		Assets	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
United States Dollar	(6,308)	(21,638)	84	84
Malaysia Ringgit	–	(2)	1,488	1,823
Hong Kong Dollar	(15,504)	(22,738)	–	–

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.

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

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

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

Foreign currency sensitivity (cont'd)

If the relevant foreign currency strengthens by 5% against the functional currency of each entity in the Group, loss before income tax will increase (2019: profit before income tax will decrease) by:

	US Dollar impact		Malaysia Ringgit impact		Hong Kong Dollar impact		Singapore Dollar impact	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Group								
Profit or loss	(313)	(1,072)	74	91	(775)	(1,137)	(81)	(51)
Company								
Profit or loss	(311)	(1,078)	74	91	(775)	(1,137)	–	–

The impact is mainly attributable to the exposure on outstanding receivables and payables in the Group as at December 31, 2020.

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 loss before tax (2019: 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 loss before income tax ended December 31, 2020 would increase/decrease by $158,000 (2019 : profit before income tax would decrease/increase by $291,000). This is mainly attributable to the Group's exposure to borrowings with variable rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's loss before income tax ended December 31, 2020 would increase/decrease by $134,000 (2019 : profit before income tax would decrease/increase by $255,000). This is mainly attributable to the Company'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)*

(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

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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)

The table below details the credit quality of the Group's financial assets as well as maximum exposure to credit risk by credit risk grades:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group							
December 31, 2020							
Trade receivables	7	n.a.	(i)	Lifetime ECL (simplified approach)	15,177	(973)	14,204
Other receivables	8	n.a.	Performing	12-month ECL	9,865	–	9,865
Other receivables	8	n.a.	(ii)	Lifetime ECL	226	(226)	–
Deposits	8	n.a.	Performing	12-month ECL	1,106	–	1,106
Investment in debt securities	10(d)	BB-	Performing (iii)	12-month ECL	5,993	–	5,993
Investment in debt securities	10(d)	B-	(iii)	Lifetime ECL - Credit impaired	25,912	(19,017)	6,895
						(20,216)	

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group							
December 31, 2019							
Trade receivables	7	n.a.	(i)	Lifetime ECL (simplified approach)	23,374	(137)	23,237
Other receivables	8	n.a.	Performing	12-month ECL	10,150	(66)	10,084
Other receivables	8	n.a.	(ii)	Lifetime ECL	224	(224)	–
Deposits	8	n.a.	Performing	12-month ECL	1,279	-	1,279
Investment in debt securities	10(d)	BB-	Performing (iii)	12-month ECL	34,882	-	34,882
Investment in debt securities	10(d)	B-	(iii)	Lifetime ECL - Credit impaired	16,797	(1,851)	14,946
						(2,278)	

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)

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Company							
December 31, 2020							
Trade receivables	7	n.a.	(i)	Lifetime ECL (simplified approach)	2,240	(541)	1,699
Other receivables	8	n.a.	Performing	12-month ECL	21,917	–	21,917
Other receivables	8	n.a.	(ii)	Lifetime ECL	3,001	(3,001)	–
Deposits	8	n.a.	Performing	12-month ECL	240	–	240
Investment in debt securities	10(d)	BB-	Performing (iii)	12-month ECL	5,993	–	5,993
Investment in debt securities	10(d)	B-	(iii)	Lifetime ECL - Credit impaired	25,912	(19,017)	6,895
						(22,559)	

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Company							
December 31, 2019							
Trade receivables	7	n.a.	(i)	Lifetime ECL (simplified approach)	2,419	(3)	2,416
Other receivables	8	n.a.	Performing	12-month ECL	32,137	(66)	32,071
Other receivables	8	n.a.	(ii)	Lifetime ECL	2,610	(2,610)	–
Deposits	8	n.a.	Performing	12-month ECL	216	–	216
Investment in debt securities	10(d)	BB-	Performing (iii)	12-month ECL	34,882	–	34,882
Investment in debt securities	10(d)	B-	(iii)	Lifetime ECL - Credit impaired	16,797	(1,851)	14,946
						(4,530)	

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)

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 7 and 8 include further details on the loss allowance for these assets respectively.

At the end of the reporting period, approximately 30% (2019 : 34%) of the Group's trade receivables were due from 3 customers. Of the other receivables balance at the end of the year, approximately 61% (2019 : 63%) of the Group's other receivables is due from 4 customers (2019 : 3 customers). Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

(ii) For other receivables, the Group has identified debtors to be credit impaired as they experienced significant financial difficulties.

(iii) Loss allowance for investments in debt securities where the counterparties have a minimum BB- credit rating, are assessed at an amount equal to 12-month ECL. The Group determines the expected credit loss by assessing the historical default experience, financial position of the counterparties, credit rating, financial analyst reports and various external sources of actual and forecast economic information. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The counterparties of these debt securities have either improved or maintained its credit risk profile and hence no further provision is required in excess of the loss allowance for the Tsinghua bond. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

As at December 31, 2020, management had assessed that there was a significant increase in credit risk for a particular debt security, accordingly management had determined that an allowance of $19,017,000 (2019 : $1,851,000) was required. Note 10(d) includes further details on the loss allowance.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks. As at December 31, 2020, 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.

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)

Collateral held as security and other credit enhancements

With the exception of the loan and convertible loan to third parties since 2019 and 2020 respectively 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 loan to third party since 2019 were mitigated in part because they were secured with the shares of the borrower, a mortgage on a property owned by the shareholders of the borrower and personal guarantees from the shareholders of the borrower. The carrying amount of loan to third party amounted to $2,360,000 (2019: $2,366,000), net of loss allowance of $Nil (2019 : $66,000). Loss allowance for the loan was determined based on net realisable value of collaterals held for the loan to third party.

The credit risk associated with the convertible loan to third party in 2020 were mitigated in part because they were secured with the personal guarantee from the controlling shareholder of the borrower, for which the Company obtained a statutory declaration. It is also secured with a corporate guarantee from another company controlled by the same shareholder, for which the Company has obtained a letter of reference from the bank indicating that the net asset of the company providing the corporate guarantee is more than $10 million. The carrying amount of convertible loan to third party amounted to $1,500,000.

(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.

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)

Liquidity and interest risk analyses (cont'd)

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.

The amounts included in the following table for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee (Note 36). Based on expectations at the end of the reporting period, the Group consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate %	On demand or within 1 year $'000	2 to 5 years $'000	Adjustment* $'000	Total $'000
Group					
December 31, 2020					
Bank loans	2.04	11,345	4,703	–	16,048
Bank overdrafts	1.08	15,504	–	–	15,504
Trade and other payables	–	16,472	–	–	16,472
Lease liabilities (fixed rate)	5.00	2,506	2,494	(236)	4,764
Finance lease (fixed rate)	3.09	205	24	(7)	222
Financial guarantee contracts	–	7,693	–	(7,693)	–
		53,725	7,221	(7,936)	53,010
December 31, 2019					
Bank loans	3.77	36,423	–	–	36,423
Bank overdrafts	2.56	21,732	–	–	21,732
Trade and other payables	–	17,915	–	–	17,915
Lease liabilities (fixed rate)	5.00	3,658	3,721	(380)	6,999
Finance lease (fixed rate)	3.09	340	138	(21)	457
Financial guarantee contracts	–	7,997	–	(7,997)	–
		88,065	3,859	(8,398)	83,526

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)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year $'000	2 to 5 years $'000	Adjustment* $'000	Total $'000
Company					
December 31, 2020					
Bank loans	2.39	6,671	4,703	–	11,374
Bank overdrafts	1.08	15,504	–	–	15,504
Trade and other payables	–	2,589	–	–	2,589
Lease liabilities (fixed rate)	5.00	738	1,111	(109)	1,740
Finance lease (fixed rate)	2.74	28	13	(1)	40
		25,530	5,827	(110)	31,247
December 31, 2019					
Bank loans	3.75	29,272	–	–	29,272
Bank overdrafts	2.56	21,732	–	–	21,732
Trade and other payables	–	2,887	–	–	2,887
Lease liabilities (fixed rate)	5.00	467	126	(15)	578
Finance lease (fixed rate)	2.74	47	42	(5)	84
		54,405	168	(20)	54,553

* 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, borrowings and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. In respect of the financial assets recorded at amortised cost whose maturity is more than a year, management also considers that such financial instruments approximate their fair values. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

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

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

(vi) Equity price risk

The Group is exposed to equity price risks arising from equity investments. Equity investments (Note 10 (c)) 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 date.

If equity prices had been 5% higher/lower:

- loss before income tax ended December 31, 2020 and profit before income tax ended December 31, 2019 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, 2020 would increase/decrease by $4,410,000 (2019 : $4,531,000) as a result of the changes in fair value of the investments in equity instruments.

The Group's sensitivity to equity prices has not changed significantly from prior year.

(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 Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt (borrowings and lease liabilities disclosed in Notes 14 and 17 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings and non-controlling interests).

The Group's management reviews the capital structure on an on-going basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues or the redemption of existing debt.

The Group is not subject to any externally imposed capital requirements.

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.

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

	Group	
	2020	**2019**
	$'000	**$'000**
Nature of transactions		
Transactions with companies owned by common Directors:		
Rental payments	339	431
Transactions with related parties (Directors of wholly owned subsidiaries):		
Sales of goods	(153)	(909)
Rental income	–	(5)

Sales of goods to related parties were made at the Group's usual list prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received, unless otherwise stated in the respective notes to the financial statements.

Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management during the year were as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Short-term benefits	3,922	3,932
Post-employment benefits	131	147
	4,053	4,079

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, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Cash and bank balances				
Current	12,324	7,129	2,456	1,072
Shown as:				
Cash and bank balances	11,930	6,667	2,456	1,072
Fixed deposits	394	462	–	–
Cash and cash equivalents in the consolidated statement of cash flows	12,324	7,129	2,456	1,072

The fixed deposits carried interests at 2.90% (2019 : 2.90%) per annum, and mature in January 2021 (2019 : January 2020).

7 TRADE RECEIVABLES

	Group		Company	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Outside parties	10,631	13,342	1,286	1,291
Accrued income	3,656	8,755	78	70
Accrued interest receivables from debt securities	669	1,058	669	1,058
Related parties (Note 5)	221	219	207	–
	15,177	23,374	2,240	2,419
Less: Loss allowance for trade receivables	(973)	(137)	(541)	(3)
	14,204	23,237	1,699	2,416

The average credit period on sales is 30 days (2019 : 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). For the Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("DPAS") segment with receivables of $2,197,000 (2019 : $2,063,000), the loss allowance has been determined to be $429,000 (2019 : $135,000).

Loss allowance for total interest receivables of amount $669,000 (2019 : $1,058,000) pertaining to investment in debt securities has been determined to be $536,000 (2019 : $Nil) arising from the significant increase in credit risk of Tsinghua bond. For the After-Market Services ("AMS") and Distribution Management Solutions ("DMS") segments with receivables of $12,311,000 (2019 : $20,253,000), the loss allowance has been determined to be $8,000 (2019 : $2,000) and ranges from 0% to 0.40% (2019 : 0% to 0.30%).

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. The Group has significantly increased the expected loss rates for trade receivables from the prior year based on its judgement of the impact of current economic conditions and the forecast direction at the reporting date. There has been no change in the estimation techniques during the current reporting period.

7 TRADE RECEIVABLES (CONT'D)

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 assessed to have no further credit provisions 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 $3,308,000 (2019 : $5,846,000) and $274,000 (2019 : $54,000) 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 these balances are subjected to immaterial credit loss and hence there is no further credit provision required in excess of the loss allowance for receivables.

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

	Lifetime ECL - not credit-impaired			
Group	Collectively assessed $'000	Individually assessed $'000	Lifetime ECL - credit-impaired $'000	Total $'000
Balance as at January 1, 2019	–	83	142	225
Amounts written off	–	–	(62)	(62)
Amounts recovered	–	(55)	(1)	(56)
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement	–	28	3	31
Foreign exchange gains and losses	–	(1)	–	(1)
Balance as at December 31, 2019	–	55	82	137
Amounts recovered	–	(7)	–	(7)
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement	–	305	538	843
Balance as at December 31, 2020	–	353	620	973

7 TRADE RECEIVABLES (CONT'D)

Company	Lifetime ECL - not credit-impaired		Lifetime ECL - credit-impaired	Total
	Collectively assessed $'000	Individually assessed $'000	$'000	$'000
Balance as at January 1, 2019	–	–	4	4
Amounts recovered	–	–	(1)	(1)
Balance as at December 31, 2019	–	–	3	3
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement	–	–	538	538
Balance as at December 31, 2020	–	–	541	541

The table below is an analysis of trade receivables:

	Group		Company	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Not past due and not impaired	10,896	17,391	1,425	2,362
Past due but not impaired [(i)]	3,308	5,846	274	54
	14,204	23,237	1,699	2,416
Impaired receivables - individually assessed [(ii)]	973	137	541	3
Less: Loss allowance for trade receivables	(973)	(137)	(541)	(3)
Total trade receivables, net	14,204	23,237	1,699	2,416
(i) Aging of receivables that are past due but not impaired				
1 to 30 days	1,382	3,814	68	41
31 to 60 days	1,481	431	–	1
>61 days	445	1,601	206	12
Total	3,308	5,846	274	54

(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, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Deposits	1,106	1,279	240	216
Prepayments	255	308	105	61
Outside parties	7,447	7,942	88	40
Grant receivable	284	–	51	–
Financial asset at FVTPL	1,500	–	1,500	–
Loan receivables from third parties	2,360	2,432	2,360	2,432
	12,952	11,961	4,344	2,749
Subsidiaries	–	–	22,419	32,275
	12,952	11,961	26,763	35,024
Less: Loss allowance for other receivables				
- subsidiaries	–	–	(3,001)	(2,610)
- others	(226)	(290)	–	(66)
	(226)	(290)	(3,001)	(2,676)
	12,726	11,671	23,762	32,348
Analysed as:				
Current	12,263	10,811	23,635	32,301
Non-current	463	860	127	47
	12,726	11,671	23,762	32,348

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.

For the purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses.

In determining the ECL for other receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for deferred consideration and other receivables.

8 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

Included in the amount due from subsidiaries are net advances of $14,951,000 (2019 : $19,470,000) that are unsecured, bear interest at 3% (2019 : 3%) per annum and repayable on demand.

The remaining amount due from subsidiaries is unsecured, interest-free and repayable on demand. During the year, management has determined the allowance of $391,000 (2019 : $1,589,000) was required for a subsidiary due to a significant increase in credit risk.

Grant receivable relates to the Job Support Scheme receivable due from the Singapore Government to provide wage support to employers to help retain their local employees during this period of economic uncertainty.

The non-current other receivable pertains to security deposits due from landlord for the rental of outlets, for which the lease term expires between 1 to 3 years.

The loan receivable from a third party company bore interest at 1.25% per month (2019 : 1.25% per month). The loan is secured with the shares of the borrower, a mortgage on a property owned by the shareholders of the borrower and personal guarantees from the shareholders of the borrower. In assessing the recoverability of the loan, management had determined that a reversal of allowance of $66,000 was required based on the net realisable value of the collaterals.

During the year, the Group provided a convertible loan of $1,500,000 to a third party company at an interest rate of 5.50% per annum with a maturity of 2 years from the date of disbursement. The Group and Company will have the option to convert the convertible loan into ordinary shares of the third party company or redeem the loan upon pre-determined milestones in the agreement.

The convertible loan to the third party is secured with the personal guarantee from the controlling shareholder of the borrower and a corporate guarantee from another company controlled by the same shareholder. Due to the existence of a callable clause in the convertible loan agreement, the financial asset at FVTPL was presented as a current asset.

The Group measures the convertible loan at fair value through profit or loss.

Information about the fair value hierarchy as at December 31, 2020 is as follows:

Group and Company	Level 1	Level 2	Level 3	Fair value as at December 31, 2020
	$'000	$'000	$'000	$'000
Financial asset at FVTPL	–	–	1,500	1,500

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

8 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Valuation techniques	Key unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Financial asset at FVTPL	Enhanced assessment based on milestone analysis	Consideration of performance against milestones (clinical trial phases, product launches, IPO phases) that were set at the time of the original investment decision	The closer the performance of the Company in accordance to the original milestones set, the higher the fair value.

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

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

	Group
	Fair value measurement using significant unobservable inputs (level 3)
	2020
	$'000
At January 1	–
Additions	1,500
At December 31	1,500

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

8 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

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

Group	12-month ECL $'000	Lifetime ECL - credit-impaired $'000	Total $'000
Balance as at January 1, 2019	–	224	224
Increase resulting from new financial assets and derecognised financial assets	66	–	66
Balance as at December 31, 2019	66	224	290
Amounts recovered	(66)	–	(66)
Increase resulting from new financial assets and derecognised financial assets	–	2	2
Balance as at December 31, 2020	–	226	226

Company	12-month ECL $'000	Lifetime ECL - credit-impaired $'000	Total $'000
Balance as at January 1, 2019	–	1,034	1,034
Increase resulting from new financial assets and derecognised financial assets	66	1,589	1,655
Foreign exchange gains and losses	–	(13)	(13)
Balance as at December 31, 2019	66	2,610	2,676
Amounts recovered	(66)	–	(66)
Increase resulting from new financial assets and derecognised financial assets	–	391	391
Balance as at December 31, 2020	–	3,001	3,001

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

9 INVENTORIES

	Group		Company	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Spare parts, handsets, accessories, prepaid cards and skin care products	24,436	34,680	897	1,402
Raw materials	570	719	–	–
	25,006	35,399	897	1,402

During the year, an allowance for inventory obsolescence of $1,488,000 (2019 : $537,000) was made.

10(A) INVESTMENT IN SUBSIDIARIES

	Company	
	December 31, 2020 $'000	December 31, 2019 $'000
Unquoted equity shares, at cost	30,186	30,185
Impairment loss	(27,437)	(10,215)
	2,749	19,970
Non-trade advances to subsidiaries	8,449	8,449
Impairment loss	(8,449)	(8,449)
	–	–
	2,749	19,970

Movement in impairment loss:

	Company	
	2020 $'000	2019 $'000
At beginning of year	18,664	17,924
Addition during the year	17,222	865
Write off during the year	–	(125)
At end of year	35,886	18,664

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

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 and cosmetics (including skin care products); the provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions, and investment holding.

During the year, the Company has written off impairment loss amounting to $Nil (2019 : $125,000) pursuant to the de-registration of dormant subsidiaries.

The Company had carried out a review of the recoverable amounts of its investment in subsidiaries where there is indication that the investments have suffered an impairment loss. The review led to the recognition of an impairment loss of $17,222,000 in non-wholly owned subsidiary, Distribution Management Solution Pte Ltd ("DMS") and in wholly-owned subsidiary, Pixio Sdn Bhd ("Pixio"); mainly determined from value in use calculations.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

For the review of the recoverable amounts of its cost of investment in Pixio, the Group prepares cash flow forecasts derived from the most recent financial budgets approved by management from 2021 to 2025 based on estimated 3.37% (2019 : 3.80%) revenue growth and 3.37% (2019 : 3.80%) terminal growth rate. The rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flow is 11.10% (2019 : 12.25%).

Holding all other assumptions constant, if the discount rate is 50 basis points higher (lower), the impairment loss would increase by $348,000 (decrease by $395,000).

For the review of the recoverable amounts of its cost of investment in DMS, the Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years based on estimated revenue from 2021 to 2025 and estimated growth rate of 1.21% beyond 5 years. The rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flow is 9.60%. Any reasonably possible changes to the key assumptions applied would still result in a full impairment of its cost of investment in DMS.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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, 2020 %	December 31, 2019 %	
Held directly by the Company			
Distribution Management Solutions Pte. Ltd. (1)	97.53	97.53	Singapore
VT Cosmetics Pte Ltd (f.k.a Shenzhen Quanli Leather (S) Pte Ltd) (1)	100	100	Singapore
MDR Asset Holdings Pte Ltd (2) (7)	100	–	Singapore
Pixio Sdn. Bhd. (3)	100	100	Malaysia
MDR Myanmar Co., Ltd. (2) (4) (5) (6)	51	51	Myanmar
Golden Myanmar Sea Company Ltd. (2) (5) (6)	–	–	Myanmar
Golden Myanmar Sea (S) Pte Ltd. (2) (5)	–	–	Singapore
MDR Golden Myanmar Sea Company Ltd. (2) (4) (5) (6)	–	–	Myanmar
Pixio Myanmar Co., Ltd. (2) (6)	100	100	Myanmar
Subsidiaries of Distribution Management Solutions Pte. Ltd.			
SDS Pte. Ltd. (1)	97.53	97.53	Singapore
A-Mobile Pte. Ltd. (1)	97.53	97.53	Singapore
3 Mobile Telecom Pte. Ltd. (1)	97.53	97.53	Singapore
HandphoneShop Pte. Ltd. (1)	97.53	97.53	Singapore
Grabphone Pte. Ltd. (f.k.a. NBRC Pte. Ltd.) (2)	97.53	97.53	Singapore

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

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

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

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

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

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

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

Details of the subsidiaries are as follows: (cont'd)

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

(7) During the year, mDR Asset Holdings Pte Ltd was incorporated by the Company with a capital of $1,000.

The net tangible assets and pre-tax profits (losses) of the subsidiaries referred to in Note (2) 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, 2020	December 31, 2019
Retail sale of cosmetics and toiletries (including skin care products).	Singapore	1	1
Investment holding	Singapore	1	–
Provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions.	Malaysia	1	1
	Myanmar	1	1
		4	3

Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiaries held by the Group	
		December 31, 2020	December 31, 2019
Dormant	Myanmar	3	3
	Singapore	2	2
Sale of mobile telecommunication equipment and mobile related services, and prepaid cards.	Singapore	5	5
		10	10

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, 2020 %	December 31, 2019 %	2020 $'000	2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Golden Myanmar Sea Company Ltd	Myanmar	100	100	19	–	(314)	(332)
Golden Myanmar Sea (S) Pte Ltd	Singapore	100	100	2	(2)	(1,271)	(1,273)
Individually immaterial subsidiaries with non-controlling interests				23	12	128	99
Total				44	10	(1,457)	(1,506)

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.

	Discontinued operations			
	Golden Myanmar Sea Company Ltd		Golden Myanmar Sea (S) Pte Ltd	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Current assets	–	–	6	11
Non-current assets	–	–	–	–
Current liabilities	(314)	(332)	(1,277)	(1,284)
Non-current liabilities	–	–	–	–
Equity attributable to owners of the Company	–	–	–	–
Non-controlling interests	(314)	(332)	(1,271)	(1,273)

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

	Discontinued Operations			
	Golden Myanmar Sea Company Ltd		Golden Myanmar Sea (S) Pte Ltd	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Revenue	–	–	–	–
Income (Expenses)	19	–	2	(2)
Profit (Loss) for the year	19	–	2	(2)
Profit (Loss) attributable to owners of the Company	–	–	–	–
Profit (Loss) attributable to the non-controlling interests	19	–	2	(2)
Profit (Loss) for the year	19	–	2	(2)
Other comprehensive loss attributable to owners of the Company	–	–	–	–
Other comprehensive loss attributable to non-controlling interests	(1)	(1)	–	–
Other comprehensive loss for the year	(1)	(1)	–	–
Total comprehensive income (loss) attributable to owners of the Company	–	–	–	–
Total comprehensive income (loss) attributable to non-controlling interests	18	(1)	–	(2)
Total comprehensive income (loss) for the year	18	(1)	2	(2)
Net cash outflow from operating activities	–	–	(5)	(1)
Net cash outflow from investing activities	–	–	–	–
Net cash outflow from financing activities	–	–	–	–
Net cash outflow	–	–	(5)	(1)

10(B) INVESTMENT IN AN ASSOCIATE

	Group	
	December 31, 2020 $'000	December 31, 2019 $'000
Unquoted equity shares, at cost	15	15
Share of post-acquisition profit	11	6
Exchange differences	(1)	(1)
	25	20

Details of the associate are as follows:

Associate	Proportion of ownership interest and voting power held		Country of incorporation and operations
	December 31, 2020 %	December 31, 2019 %	
United Pixio Sdn Bhd *	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 IN EQUITY SECURITIES

	Group		Company	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Investments in quoted equity instruments designated as at FVTOCI	88,196	90,610	88,196	90,610

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 $9,667,000 (2019 : $2,977,000) was recorded for the year.

Management has determined that the fair value of the investment in an unquoted equity investment was $Nil as at December 31, 2020 (2019 : $Nil).

10(D) INVESTMENT IN DEBT SECURITIES

	Group		Company	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Quoted debt securities	31,905	51,679	31,905	51,679
Less: Loss allowance on investment in debt securities	(19,017)	(1,851)	(19,017)	(1,851)
	12,888	49,828	12,888	49,828
Analysed as:				
Current	12,888	20,249	12,888	20,249
Non-current	–	29,579	–	29,579
	12,888	49,828	12,888	49,828

10(D) INVESTMENT IN DEBT SECURITIES (CONT'D)

The Group measures its quoted debt securities at amortised cost.

The average effective interest rate of the quoted debt securities (excluding Tsinghua bond) is 5.90% (2019 : 5.80%) per annum.

As at December 31, 2020, the quoted debt securities have nominal values amounting to $32.5 million (2019 : $52.0 million), with coupon rates ranging from 4.75% to 7.15% (2019 : 4.75% to 7.50%) per annum and mature in 2021.

For the purpose of impairment assessment for these debts instruments, except as disclosed below, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

As at December 31, 2020, management had assessed that there was a significant increase in credit risk for a particular debt security, Tsinghua bond and management had determined that an allowance of $19,017,000 (2019 : $1,851,000) was required.

Management has considered the last broker quoted price of the bond as at December 31, 2020 as a good proxy of the recoverable amount after taking into consideration the financial position of the issuer, the interest rate and estimated credit loss between the face value and broker quoted price for the bond to determine the recoverable amount of the bond.

Except for the significant increase in the credit risk for the Tsinghua bond, there has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the remaining financial assets.

The following table shows the movement in expected credit losses (ECL) that has been recognised for the respective financial assets.

Group and Company	Total $'000
Balance as at January 1, 2019	–
Net increase in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement	1,851
Balance as at December 31, 2019	1,851
Net increase in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement	17,166
Balance as at December 31, 2020	19,017

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

11 PROPERTY, PLANT AND EQUIPMENT

	Computers and computer system $'000	Other plant and equipment $'000	Motor vehicles $'000	Furniture, fittings and renovation $'000	Asset under construction $'000	Total $'000
Group						
Cost:						
At January 1, 2019	1,935	4,898	1,389	2,465	536	11,223
Additions	612	143	–	626	–	1,381
Exchange differences	–	(11)	–	(2)	–	(13)
Disposals/Write-off	(170)	(110)	(65)	(655)	–	(1,000)
Reclassification	411	–	–	125	(536)	–
At December 31, 2019	2,788	4,920	1,324	2,559	–	11,591
Additions	165	96	–	108	–	369
Exchange differences	(1)	(15)	–	4	–	(12)
Disposals/Write-off	(213)	(310)	(99)	(714)	–	(1,336)
Reclassification	–	16	–	(16)	–	–
At December 31, 2020	2,739	4,707	1,225	1,941	–	10,612
Accumulated depreciation:						
At January 1, 2019	1,422	3,418	900	1,848	–	7,588
Depreciation	354	587	94	524	–	1,559
Exchange differences	–	(9)	–	(1)	–	(10)
Disposals/Write-off	(152)	(97)	(65)	(642)	–	(956)
At December 31, 2019	1,624	3,899	929	1,729	–	8,181
Depreciation	404	510	70	426	–	1,410
Exchange differences	–	(5)	–	(1)	–	(6)
Disposals/Write-off	(123)	(282)	(54)	(555)	–	(1,014)
At December 31, 2020	1,905	4,122	945	1,599	–	8,571
Impairment:						
At January 1, 2019	–	–	–	9	–	9
Exchange differences	–	–	–	(1)	–	(1)
Additions	–	–	–	91	–	91
Write-off	–	–	–	(9)	–	(9)
At December 31, 2019	–	–	–	90	–	90
Exchange differences	–	–	–	7	–	7
Additions	–	–	–	137	–	137
Write-off	–	–	–	(88)	–	(88)
At December 31, 2020	–	–	–	146	–	146
Carrying amount:						
At December 31, 2020	834	585	280	196	–	1,895
At December 31, 2019	1,164	1,021	395	740	–	3,320

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Certain of the Group's plant and equipment with carrying amount of $133,000 (2019 : $499,000) and motor vehicles with carrying amount of $91,000 (2019 : $212,000) are under lease arrangements (Note 17).

	Computers and computer system $'000	Other plant and equipment $'000	Motor vehicles $'000	Furniture, fittings and renovation $'000	Asset under construction $'000	Total $'000
Company						
Cost:						
At January 1, 2019	824	127	756	157	405	2,269
Additions	378	19	–	57	–	454
Disposals/ Write-off	(68)	(14)	–	(5)	–	(87)
Reclassification	405	–	–	–	(405)	–
At December 31, 2019	1,539	132	756	209	–	2,636
Additions	23	–	–	1	–	24
Disposals/ Write-off	(2)	(1)	–	–	–	(3)
At December 31, 2020	1,560	131	756	210	–	2,657
Accumulated depreciation:						
At January 1, 2019	695	43	587	68	–	1,393
Depreciation	130	20	53	32	–	235
Disposals/ Write-off	(68)	(9)	–	(4)	–	(81)
At December 31, 2019	757	54	640	96	–	1,547
Depreciation	210	20	31	46	–	307
Disposals/ Write-off	(1)	(1)	–	–	–	(2)
At December 31, 2020	966	73	671	142	–	1,852
Carrying amount:						
At December 31, 2020	594	58	85	68	–	805
At December 31, 2019	782	78	116	113	–	1,089

The Company's other plant and equipment with carrying amount of $29,000 (2019 : $38,000) and motor vehicles with carrying amount of $76,000 (2019 : $87,000) are under lease arrangements (Note 17).

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

12 RIGHT-OF-USE ASSETS

The Group leases several leasehold buildings and plant and equipment. The average lease term is 2 to 3 years (2019 : 2 to 3 years).

	Leasehold land and building at revalued amount $'000	Leasehold premises at cost amount $'000	Plant and equipment $'000	Total $'000
Group				
Cost:				
At January 1, 2019	7,612	7,567	–	15,179
Exchange differences	(12)	(3)	–	(15)
Additions	2	3,134	119	3,255
Disposals/Write-off	–	(687)	–	(687)
At December 31, 2019	7,602	10,011	119	17,732
Exchange differences	(14)	28	–	14
Additions	618	3,188	–	3,806
Disposals/Write-off	–	(4,037)	–	(4,037)
At December 31, 2020	8,206	9,190	119	17,515
Comprising:				
December 31, 2020				
At cost	–	9,190	119	9,309
At valuation	8,206	–	–	8,206
Comprising:				
December 31, 2019				
At cost	–	10,011	119	10,130
At valuation	7,602	–	–	7,602
Accumulated depreciation:				
At January 1, 2019	184	147	–	331
Exchange differences	–	(2)	–	(2)
Depreciation	147	4,063	24	4,234
Disposals/Write-off	–	(543)	–	(543)
At December 31, 2019	331	3,665	24	4,020
Exchange differences	–	4	–	4
Depreciation	146	3,254	24	3,424
Disposals/Write-off	–	(2,256)	–	(2,256)
Elimination on revaluation	(477)	–	–	(477)
At December 31, 2020	–	4,667	48	4,715

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

12 RIGHT-OF-USE ASSETS (CONT'D)

	Leasehold land and building at revalued amount $'000	Leasehold premises at cost amount $'000	Plant and equipment $'000	Total $'000
Group (cont'd)				
Impairment:				
At January 1, 2019	–	–	–	–
Exchange differences	–	(3)	–	(3)
Additions	–	480	–	480
At December 31, 2019	–	477	–	477
Exchange differences	–	8	–	8
Additions	–	485	–	485
Reversal	–	(258)	–	(258)
Write-off	–	(179)	–	(179)
At December 31, 2020	–	533	–	533
Carrying amount:				
At December 31, 2020	8,206	3,990	71	12,267
At December 31, 2019	7,271	5,869	95	13,235

The Group has pledged the leasehold land and buildings with a carrying amount of $8,206,000 (2019 : $7,271,000) to secure banking loans (Note 14) granted to the Group during the year.

An impairment charge of $485,000 (2019 : $480,000) that has been recognised in profit or loss, and included in the line item other operating expenses. The impairment charge in the year has arisen from the right-of-use asset recognised on four of the leases from non-performing outlets of the Group's retail operations. During the year, the impairment charge was offset against the gain recognised on the derecognition of the lease liabilities of $258,000 due to the early termination of one of the leases.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

12 RIGHT-OF-USE ASSETS (CONT'D)

The Company leases several leasehold buildings. The average lease term is 3 years (2019 : 3 years).

	Leasehold premises at cost amount $'000
Company	
Cost:	
At January 1, 2019	817
Additions	364
At December 31, 2019	1,181
Additions	1,749
At December 31, 2020	2,930
Accumulated depreciation:	
At January 1, 2019	1
Depreciation	653
At December 31, 2019	654
Depreciation	645
At December 31, 2020	1,299
Carrying amount:	
At December 31, 2020	1,631
At December 31, 2019	527

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 was performed as at December 31, 2020. The fair value measurements were performed by independent valuer, Jones Lang Wootton, not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the property in the relevant location. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

In estimating the fair value of the leasehold land and building, the highest and best use is to sell the property.

12 RIGHT-OF-USE ASSETS (CONT'D)

Details of the Group's leasehold land and building and information about the fair value hierarchy as at December 31, 2020 and 2019 are as follows:

Group	Fair value as at December 31, 2020 $'000	Fair value as at December 31, 2019 $'000
Non-financial assets measured at fair value hierarchy level 3		
Leasehold land and building	8,206	7,271

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

Details of the leasehold land and building as at December 31, 2019 and 2020 are as follows:

Description of properties	Tenure	Unexpired lease term (years)	Existing use	Professional valuer	Valuation techniques
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	49	Office and factory	Jones Lang Wootton	Comparison method and depreciated replacement cost method

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

12 RIGHT-OF-USE ASSETS (CONT'D)

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 - land	Average market price for comparable properties: $82 to $147 per square foot	The estimated fair value increases with higher comparable price, assuming other inputs are held constant.
	Depreciated replacement cost method - building	Cost range for buildings : $60 to $160 per square foot	The estimated fair value increases with higher comparable price, assuming other inputs are held constant.

(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)	
	2020 **$'000**	**2019** **$'000**
Leasehold land and building		
At January 1	7,271	7,428
Additions	-	2
Depreciation	(146)	(147)
Revaluation changes during the year in other comprehensive income (Note 24)	1,095	-
Exchange difference	(14)	(12)
At December 31	8,206	7,271

12 RIGHT-OF-USE ASSETS (CONT'D)

Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

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

The fair value was determined based on market comparable approach that reflects recent transaction prices for similar properties and adjustments were made where dissimilarities exist, including adjustments for differences in location, size, neighbourhood and other relevant factors.

If the leasehold land and building in Malaysia was measured using the cost model, the carrying amount would be as follows:

	2020 $'000	2019 $'000
Cost		
Beginning balance	6,439	6,448
Addition	-	2
Exchange difference	(15)	(11)
	6,424	6,439
Accumulated depreciation		
Beginning balance	(309)	(186)
Charge for the year	(123)	(124)
Exchange difference	1	1
	(431)	(309)
Carrying amount	5,993	6,130

13 GOODWILL

	Group
	$'000
Cost:	
At December 31, 2019 and December 31, 2020	11,470
Impairment:	
At January 1, 2019	8,672
Addition during the year (Note 29)	2,798
At December 31, 2019 and December 31, 2020	11,470
Carrying amount:	
At December 31, 2020	–
At December 31, 2019	–

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, 2020 $'000	December 31, 2019 $'000
Mobile communication devices (comprised several CGUs):		
Distribution management solutions businesses and related assets	8,672	8,672
Digital Inkjet Printing for Out-Of-Home Advertising Solutions:		
Pixio Sdn. Bhd. (single CGU)	2,798	2,798
	11,470	11,470

The Group tested 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.

In 2019, goodwill was impaired in full, as the carrying amount of the CGU exceeded the recoverable amount, due to the decrease in revenue and reduced gross margin achieved by the CGU, which affects the future profitability projections for DPAS business. The Group prepared cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolated cash flows for the following 4 years based on an estimated growth rate of 3.80% and estimated growth rate of 3.80% beyond 5 years based on expansionary plans of management. The rate used to discount the cash flow forecasts was 12.25% per annum.

14 BANK OVERDRAFTS AND LOANS

	Group		Company	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Secured - at amortised costs				
Bank overdrafts	15,504	21,732	15,504	21,732
Bank loans	10,048	33,113	6,374	29,272
	25,552	54,845	21,878	51,004
Unsecured - at amortised costs				
Bank loans	5,000	–	5,000	–
Trust receipts	1,000	3,310	–	–
	6,000	3,310	5,000	–
Total	31,552	58,155	26,878	51,004
Analysed as:				
Current	26,849	58,155	22,175	51,004
Non-current	4,703	–	4,703	–
	31,552	58,155	26,878	51,004

Bank overdrafts are repayable on demand, carry interest at 1.08% (2019 : 1.96% to 2.89%), and are secured by a charge over certain equity and debt securities of the Group.

Below are the bank loans details:

a. Loans of $6.38 million (2019 : $29.27 million) advanced for the purchase of equity and debt securities. The loans carry interest at the Bank's cost of funds plus 0.50% per annum (2019: 0.50% per annum) and have a maturity of one to seven days. The loans are secured by a charge over certain of the Group's equity and debt securities.

b. A term loan of $2.0 million. The unsecured loan was advanced on October 2020 for working capital needs. The loan carries interest at 2.50% per annum and to be repaid over a period of 5 years until September 2025.

c. A term loan of $3.0 million. The unsecured loan was advanced on October 2020 for working capital needs. The loan carries interest at 2.75% per annum and to be repaid over a period of 5 years until September 2025.

d. A term loan of $3.67 million (2019 : $3.84 million). 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 12) and corporate guarantee from the Company (Note 36).[1]

14 BANK OVERDRAFTS AND LOANS (CONT'D)

Below are the bank loans details: (cont'd)

e. The trust receipts are repayable within 90 days. The trust receipts were advanced on December 2020 and are repayable on March 2021. Fixed interest rates of 1.67% per annum are charged on the trust receipts and the trust receipts are guaranteed by the Company.

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

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.

	January 1, 2020 $'000	Financing cash flow (i) $'000	Non-cash changes New lease liabilities $'000	Non-cash changes Foreign exchange movement $'000	Non-cash changes Other changes (ii) $'000	December 31, 2020 $'000
Bank overdrafts and loans (Note 14)	58,155	(27,118)	–	515	–	31,552
Lease liabilities (Note 17a)	6,999	(3,627)	3,188	11	(1,807)	4,764
Lease liabilities from financial institutions (Note 17b)	457	(235)	–	–	–	222

	January 1, 2019 $'000	Financing cash flow (i) $'000	Non-cash changes New lease liabilities $'000	Non-cash changes Foreign exchange movement $'000	Non-cash changes Other changes (ii) $'000	December 31, 2019 $'000
Bank overdrafts and loans (Note 14)	14,626	43,514	–	15	–	58,155
Lease liabilities (Note 17a)	7,841	(4,108)	3,255	(2)	13	6,999
Lease liabilities from financial institutions (Note 17b)	746	(341)	53	(1)	–	457

(i) The cash flows comprised the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.
(ii) Other changes include interest accruals, disposal of lease liabilities and reversal of provision for reinstatement cost from lease liabilities.

15 TRADE PAYABLES

	Group		Company	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Outside parties	11,703	13,613	1,317	1,789

Trade payables principally comprise amounts outstanding for trade purchases.

The average credit period on purchase of goods is 30 days (2019 : 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.

16 OTHER PAYABLES

	Group		Company	
	December 31, 2020 $'000	December 31, 2019 $'000	December 31, 2020 $'000	December 31, 2019 $'000
Third parties	1,003	2,307	317	322
Accrued expenses	3,766	1,995	700	579
Subsidiaries	–	–	255	197
Deferred grant income	543	–	124	–
	5,312	4,302	1,396	1,098

In 2020, the Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty for the entities under the Group to be 14 and 17 months commencing from April 2020.

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December 31, 2020

17(A) LEASE LIABILITIES

Lease liabilities

	Group Lease liabilities December 31, 2020 $'000	Group Lease liabilities December 31, 2019 $'000
Year 1	2,506	3,617
Year 2	2,129	2,279
Year 3	365	1,134
Year 4	–	350
Year 5	–	–
Year 6 onwards	–	–
	5,000	7,380
Less: Unearned interest	(236)	(381)
	4,764	6,999
Analysed as:		
Current	2,358	3,379
Non–current	2,406	3,620
	4,764	6,999

	Company Lease liabilities December 31, 2020 $'000	Company Lease liabilities December 31, 2019 $'000
Year 1	738	468
Year 2	1,111	97
Year 3	–	28
Year 4	–	–
Year 5	–	–
Year 6 onwards	–	–
	1,849	593
Less: Unearned interest	(109)	(15)
	1,740	578
Analysed as:		
Current	670	456
Non–current	1,070	122
	1,740	578

The Group and the Company do not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's and the Company's treasury function.

As discussed in Note 2, the Group has derecognised $548,000 of the lease liability that has been extinguished by the forgiveness of lease payments on buildings and premises.

17(B) LEASE LIABILITIES FROM FINANCIAL INSTITUTIONS

Lease liabilities from financial institutions

	Group Lease liabilities from financial institutions	
	December 31, 2020 $'000	December 31, 2019 $'000
Year 1	205	340
Year 2	20	117
Year 3	4	20
Year 4	–	1
Year 5	–	–
Year 6 onwards	–	–
	229	478
Less: Unearned interest	(7)	(21)
	222	457
Analysed as:		
Current	198	326
Non–current	24	131
	222	457

	Company Lease liabilities from financial institutions	
	December 31, 2020 $'000	December 31, 2019 $'000
Year 1	28	47
Year 2	13	29
Year 3	–	13
Year 4	–	–
Year 5	–	–
Year 6 onwards	–	–
	41	89
Less: Unearned interest	(1)	(5)
	40	84
Analysed as:		
Current	27	45
Non–current	13	39
	40	84

17(B) LEASE LIABILITIES FROM FINANCIAL INSTITUTIONS (CONT'D)

As at December 31, 2020, the average lease term is between 2 and 5 years (2019 : 2 to 5 years). The average effective borrowing rate for the Group and Company was between 2.43% and 3.75% and 2.70% and 2.78% per annum for 2020 and 2019, respectively. 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.

18 DEFERRED TAX

	Accelerated tax depreciation	Revaluation of land and buildings	Unutilised tax losses	Others	Total
	$'000	$'000	$'000	$'000	$'000
Group					
At January 1, 2019	115	249	–	(72)	292
Charge (Credit) to profit or loss (Note 31):					
Current year	73	–	(116)	–	(43)
Overprovision in respect of prior years	(70)	–	–	–	(70)
Exchange differences	–	–	–	–	–
At December 31, 2019	118	249	(116)	(72)	179
(Credit) Charge to profit or loss (Note 31):					
Current year	(220)	–	(7)	–	(227)
(Over) Underprovision in respect of prior years	(84)	–	92	72	80
Charge to other comprehensive income (Note 24)	–	263	–	–	263
Exchange differences	(23)	–	–	–	(23)
At December 31, 2020	(209)	512	(31)	–	272

18 DEFERRED TAX (CONT'D)

	Accelerated tax depreciation $'000	Unutilised tax losses $'000	Others $'000	Total $'000
Company				
At January 1, 2019	–	–	(9)	(9)
Credit to profit or loss for the year	–	(116)	–	(116)
At December 31, 2019	–	(116)	(9)	(125)
Credit to profit or loss for the year	(19)	(7)	–	(26)
(Over) Underprovision in respect of prior years	(92)	92	9	9
At December 31, 2020	(111)	(31)	–	(142)

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.

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deferred tax liabilities	414	306	–	–
Deferred tax assets	(142)	(127)	(142)	(125)
	272	179	(142)	(125)

Subject to agreement with the relevant tax authorities, the Group has unabsorbed tax losses of $11,512,000 (2019 : $8,744,000) available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. The related tax benefits of $2,077,000 (2019 : $1,612,000) have not been recognised in the financial statements due to unpredictability of future profit stream.

19 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 $954,000 (2019 : $1,120,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2020, the outstanding contributions was $325,000 (2019 : $356,000).

20 SHARE CAPITAL

	Group and Company			
	2020	2019	2020	2019
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year	90,707,739,719	64,923,277,197	154,455	220,312
Issue of shares pursuant to rights cum warrants issue	–	25,784,462,522	–	28,363
Adjustment for share consolidation	(89,800,662,166)	–	–	–
Capital reduction	–	–	–	(94,220)
At end of year	907,077,553	90,707,739,719	154,455	154,455

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.

In 2019, the Company issued an additional 25,784,462,522 new ordinary shares arising from the exercise of 25,784,462,522 Tranche 2 warrants at $0.0011.

In 2019, a capital reduction exercise was carried out by the Company, reducing the issued and fully paid-up share capital of the Company from $220,312,000 to $126,092,000. Subsequent to the EGM approval on April 29, 2019, the exercise was completed and announced on June 14, 2019.

With the issuance of new ordinary shares through the conversion of Tranche 2 warrants, the Company's issued and paid–up capital was $154,455,000 divided into 90,707,739,719 shares as at December 31, 2019.

20 SHARE CAPITAL (CONT'D)

On June 4, 2020, the Company announced the proposed share consolidation exercise pursuant to which the Company will consolidate every hundred existing issued ordinary shares registered in the name of each shareholder into one consolidated ordinary share ("Proposed Share Consolidation"). Accordingly, the outstanding number of warrants pursuant to the exercise of warrants granted will also be adjusted.

The Proposed Share Consolidation was approved by Shareholders at the EGM of the Company held on June 29, 2020. The Proposed Share Consolidation was completed and became effective from July 28, 2020.

Prior to the Share Consolidation Effective Date, the issued share capital of the Company comprised 90,707,739,719 existing shares, and from the Share Consolidation Effective Date, the issued share capital of the Company comprises 907,077,553 consolidated shares, after taking into consideration of fractions of consolidated shares arising from the share consolidation. The share capital remains unchanged at $154,455,000.

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, 2020 (after the completion of share consolidation and warrant adjustment) is as follows:

	December 31, 2020
Tranche 3 warrants, $0.70 per warrant expiring on June 17, 2021	497,322,345

No Tranche 3 warrants were exercised during the year. There were 25,784,462,522 Tranche 2 warrants exercised in the year ended December 31, 2019.

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

Outstanding Tranche 2 warrants of 23,904,105,155 expired on December 17, 2019.

Prior to the Warrant Adjustment Effective Date, the Company had 49,732,237,977 unexercised warrants, and with effect from the Warrant Adjustment Consolidation Effective Date, the Company has 497,322,345 unexercised adjusted warrants, after taking into consideration of fractions of Consolidated adjusted warrants arising from the warrant adjustment.

Share Award Scheme

On September 28, 2018, the shareholders of the Company approved the share award scheme known as mDR Share Plan 2019. 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, 2020 and as at December 31, 2019, no share award had been granted.

21 TREASURY SHARES

	Group and Company			
	2020	2019	2020	2019
	Number of ordinary shares		$'000	$'000
At beginning of year	14,510,100	–	15	–
Adjustment for share consolidation (Note 20)	(14,364,999)	–	–	–
Repurchased during the year	19,544,182	14,510,100	1,893	15
At end of year	19,689,283	14,510,100	1,908	15

The Company acquired 19,544,182 (2019: 14,510,100 (before share consolidation)) of its own shares through purchases on the Singapore Exchange during the year. The amount paid to acquire the shares was $1,893,000 (2019: $15,000) and has been deducted from shareholders' equity. The shares are held as treasury shares.

Prior to the Share Consolidation Effective Date, the Company had 1,667,998,300 treasury shares, and with effect from the Share Consolidation Effective Date, the Company had 16,679,983 treasury shares, after taking into consideration of fractions of consolidated treasury shares arising from the share consolidation.

22 CAPITAL RESERVE

	Group		Company	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	$'000	$'000	$'000	$'000
Redemption of convertible redeemable preference shares	22	22	22	22
Waiver of loan from related party	534	534	–	–
Effect of acquiring part of non-controlling interest in a subsidiary	(881)	(881)	–	–
	(325)	(325)	22	22

23 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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
At January 1	(8,479)	(5,868)	(8,479)	(5,868)
Fair value loss on investments in equity instruments designated as at FVTOCI	(9,667)	(2,977)	(9,667)	(2,977)
Loss on investment in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal	610	366	610	366
At December 31	(17,536)	(8,479)	(17,536)	(8,479)

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.

24 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. Items of other comprehensive income included in the property revaluation reserve will not be reclassified subsequently to profit or loss.

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

The movement in the property revaluation reserve are as follows:

	Group	
	2020	2019
	$'000	$'000
At January 1	751	751
Revaluation changes during the year in other comprehensive income (Note 12)	1,095	–
Related income tax in other comprehensive income (Note 18)	(263)	–
At December 31	1,583	751

25 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserve.

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

	Group	
	2020	2019
	$'000	$'000
At January 1	39	39
Changes during the year in other comprehensive income	27	–
At December 31	66	39

26 REVENUE

	Group	
	2020	2019
	$'000	$'000
Continuing operations		
After–market services income	17,333	19,864
Distribution management solutions income:		
Sale of goods	128,009	182,238
Incentive income	36,243	70,810
	164,252	253,048
Digital inkjet printing income	3,297	5,793
Investment income	7,915	6,986
	192,797	285,691
Discontinued operations (Note 32):		
Distribution management solutions income:		
Sale of goods	–	–
Incentive income	–	–
	–	–
Digital inkjet printing income	–	–
	–	–
Investment income	–	–
	192,797	285,691

27 COST OF SALES

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

28 OTHER OPERATING INCOME

	Group					
	Continuing operations		Discontinued operations		Total	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Rental support	575	608	–	–	575	608
Interest income:						
Bank deposits	9	30	–	–	9	30
Liabilities written back	–	6	–	–	–	6
Government grants:			–			
Wage credit	95	61	–	–	95	61
Work life grant	25	–	–	–	25	–
Job support scheme	1,921	–	–	–	1,921	–
Property tax rebate/cash grant	492	–	–	–	492	–
Foreign worker levy rebate	150	–	–	–	150	–
Insurance compensation	181	–	–	–	181	–
Gain on disposal of plant and equipment	78	23	–	–	78	23
Gain on disposal of right–of–use assets	–	9	–	–	–	9
Gain on disposal of investment in debt securities	–	84	–	–	–	84
Sponsorship income	59	96	–	–	59	96
Others	133	67	6	–	139	67
	3,718	984	6	–	3,724	984

The government grants received mainly comprise the Wage Credit Scheme ("WCS"), the Special Employment Credit ("SEC"), the Job Support Scheme ("JSS") and the Foreign Worker Levy Rebates ("FWL Rebates"), all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

During the year ended 31 December 2020, the Group recognised grants of $1,921,000, under the JSS. Under this scheme, the government provides wage support to employers, helping businesses retain their local employees (including Singapore citizens and permanent residents) during the economic uncertainty caused by the Corona Virus Disease 2019 ("Covid-19").

29 OTHER OPERATING EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Minimum lease payments under operating leases - short term lease	395	1,010	–	–	395	1,010
Plant and equipment written off	88	13	–	–	88	13
Right–of–use assets written off	6	–	–	–	6	–
Allowance for impairment on plant and equipment (Note 11)	137	91	–	–	137	91
Allowance for inventories (Note 9)	1,488	537	–	–	1,488	537
(Reversal of loss allowance) Loss allowance for other receivables, net (Note 8)	(64)	66	–	–	(64)	66
Allowance for impairment of right–of–use assets (Note 12)	227	480	–	–	227	480
Impairment loss on goodwill of a subsidiary (Note 13)	–	2,798	–	–	–	2,798
Loss on disposal of investment in debt securities	252	–	–	–	252	–
Loss on disposal of right–of–use assets	36	–			36	
Bad debts written off – trade	–	5	–	–	–	5
Inventories written off	80	–	–	–	80	–
Depreciation of plant and equipment	985	1,051	–	–	985	1,051
Depreciation of right–of–use assets	3,254	4,063	–	–	3,254	4,063
Foreign currency exchange loss	310	148	11	5	321	153
	7,194	10,262	11	5	7,205	10,267

In 2020, the Group received rental rebate of $548,000 for the leased buildings and premises under the Rental Relief Framework as mandated by the Government. The rental rebate has been accounted for as rent concessions in profit or loss as negative variable rent.

30 FINANCE COSTS

	Group					
	Continuing operations		Discontinued operations		Total	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Interest on bank loans	794	1,135	–	–	794	1,135
Interest on lease liabilities	285	364	–	–	285	364
Interest on lease liabilities from financial institutions	13	36	–	–	13	36
	1,092	1,535	–	–	1,092	1,535

31 INCOME TAX (CREDIT) EXPENSE

	Group					
	Continuing operations		Discontinued operations		Total	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax	3	97	–	–	3	97
Deferred tax (Note 18)	(227)	(43)	–	–	(227)	(43)
	(224)	54	–	–	(224)	54
(Over) Underprovision in respect of prior years:						
– current tax	(1)	13	6	–	5	13
– deferred tax (Note 18)	80	(70)	–	–	80	(70)
Tax (credit) expense	(145)	(3)	6	–	(139)	(3)

Domestic income tax is calculated at 17% (2019 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

31 INCOME TAX (CREDIT) EXPENSE (CONT'D)

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

	Group					
	Continuing operations		Discontinued operations		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
(Loss) Profit before income tax	(14,525)	1,038	122	(5)	(14,403)	1,033
Numerical reconciliation of income tax expense						
Income tax expense calculated at 17% (2019 : 17%)	(2,469)	177	21	(1)	(2,448)	176
Non–deductible items	3,150	1,033	–	–	3,150	1,033
Non–taxable items	(615)	(171)	–	–	(615)	(171)
Effect of utilisation of tax losses not recognised as deferred tax assets	(44)	(204)	(30)	–	(74)	(204)
Deferred tax assets not recognised	515	1	–	1	515	2
Effect of previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	(7)	(116)	–	–	(7)	(116)
Effect of different tax rate of subsidiaries operating in other jurisdictions	(37)	21	10	–	(27)	21
Tax effect of share of results associate	(1)	(1)	–	–	(1)	(1)
Tax exempt income	(697)	(700)	–	–	(697)	(700)
Others	(19)	14	(1)	–	(20)	14
	(224)	54	–	–	(224)	54
(Over) Underprovision in prior years:						
– current tax	(1)	13	6	–	5	13
– deferred tax	80	(70)	–	–	80	(70)
Net	(145)	(3)	6	–	(139)	(3)

NOTES TO FINANCIAL STATEMENTS

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32 DISCONTINUED OPERATIONS

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

The results of the discontinued operations are as follows:

		Group	
	Note	2020 $'000	2019 $'000
Revenue	26	–	–
Cost of sales	27	–	–
Gross profit		–	–
Other income	28	6	–
Administrative expenses		127	–
Other operating expenses	29	(11)	(5)
Profit (Loss) before income tax		122	(5)
Income tax expense		(6)	–
Profit (Loss) for the year from discontinued operations		116	(5)
Profit (Loss) attributable to:			
Owners of the Company		32	–
Non–controlling interests		84	(5)
		116	(5)

During the year, the operations in Myanmar contributed a net cash outflow of $0.05 million (2019 : $Nil) to the Group's net operating cash flows. There are no cash flow impact in respect of investing and financing activities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

33 (LOSS) PROFIT FOR THE YEAR

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

	Group					
	Continuing operations		Discontinued operations		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Directors' remuneration:						
– of the Company	2,844	2,692	–	–	2,844	2,692
– of the subsidiaries	506	581	–	–	506	581
Total Directors' remuneration	3,350	3,273	–	–	3,350	3,273
Directors' fees of the Company	174	164	–	–	174	164
Cost of inventories recognised as expense	165,941	247,750	–	–	165,941	247,750
Employee benefits expense (including Directors' remuneration):						
Defined contribution plans	954	1,120	–	–	954	1,120
Others	13,007	14,609	–	–	13,007	14,609
Total employee benefits expenses *	13,961	15,729	–	–	13,961	15,729
Audit fees paid to the auditors of the Company *	200	200	–	–	200	200
Non–audit fees paid to the auditors of the Company *	43	52	–	–	43	52
Audit fees paid to other auditors *	21	21	–	–	21	21
Non–audit fees paid to other auditors*	14	107	–	–	14	107

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

34 DIVIDENDS

No dividend has been proposed for the year ended December 31, 2020.

On May 23, 2019, a final dividend for 2018 of 0.00308 cents per share (total dividend of $2,004,000) was paid to shareholders.

On September 30, 2019, an interim dividend for 2019 of 0.00307 cents per share (total dividend of $2,004,000) was paid to shareholders.

35 (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

(Loss) Earnings

	Group	
	2020	2019
	$'000	$'000
(Loss) Earnings for the purposes of basic (loss) earnings per share and diluted (loss) earnings per share [(Loss) Profit for the year attributable to owners of the Company]	(14,308)	1,026

Number of shares

	Group	
	2020	2019
		Restated
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	892,571,779	664,449,554
Effect of dilutive potential ordinary shares:		
Warrants conversion	–	64,689,386
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	892,571,779	729,138,940

35 (LOSS) EARNINGS PER SHARE (CONT'D)

On June 4, 2020, the Company announced the proposed share consolidation exercise pursuant to which the Company will consolidate every hundred existing issued ordinary shares registered in the name of each shareholder into one consolidated ordinary share ("Proposed Share Consolidation"). Accordingly, the outstanding number of warrants pursuant to the exercise of warrants granted will also be adjusted.

Arising from the share consolidation disclosed in Note 20 to the financial statements, the weighted average number of ordinary shares has decreased and correspondingly, the calculation of the basic and diluted (loss) earnings per share has increased. Hence in accordance to the requirements of SFRS(I) 1-33 *Earnings per Share*, the Group has restated the comparative (loss) earnings per share for 2019.

From continuing operations

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

(Loss) Earnings figures are calculated as follows:

	Group	
	2020 $'000	2019 $'000
(Loss) Profit for the year attributable to the owners of the Company	(14,308)	1,026
Less:		
Profit for the year from discontinued operations (Note 32)	(32)	–
(Loss) Earnings for the purposes of basic and diluted (loss) earnings per share from continuing operations	(14,340)	1,026

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

From discontinued operations

Basic and dilutive earnings per share for the discontinued operations is 0.004 cents per share (2019 : Nil cents per share), based on profits for the year from the discontinued operations of $32,000 (2019 : $Nil) and the denominators detailed above for both basic and diluted earnings per share.

36 GUARANTEES

a) A subsidiary has issued a corporate guarantee amounting to $1,000,000 (2019 : $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 (2019 : $1,000,000) issued in favour of one operator (2019 : one operator), entered in the normal course of business and under supply agreements.

c) The Company has issued one corporate guarantee (2019 : three corporate guarantees) amounting to $787,000 (2019 : $1,080,000) to secure hire purchase loans on equipment entered into by a subsidiary.

d) The Company has issued a corporate guarantee amounting to $182,000 (2019 : $182,000) to secure a hire purchase loan on vehicle entered into by the Company.

e) The Company has issued a corporate guarantee amounting to $4,724,000 (2019 : $4,735,000) to secure term loans (Note 14) on the purchase of land and building entered into by a subsidiary.

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.

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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						
2020	**AMS $'000**	**DMS $'000**	**DPAS $'000**	**Investment $'000**	**Discontinued operations $'000**	**Unallocated $'000**	**Total $'000**
Segment revenue							
External	17,333	164,252	3,297	7,915	–	–	192,797
Inter–segment	–	–	–	–	–	–	–
	17,333	164,252	3,297	7,915	–	–	192,797
Segment result	992	(1,680)	(536)	(13,054)	134	15	(14,129)
Net foreign exchange loss							(321)
Gain on disposal of plant and equipment							78
Loss on disposal of right–of–use asset							(36)
Loss before income tax and share of profit of associate							(14,408)
Share of profit of associate							5
Loss before income tax							(14,403)
Income tax credit							139
Loss for the year							(14,264)
Segment assets	11,521	55,036	11,735	101,084	336	142	179,854
Segment liabilities	(4,201)	(17,919)	(4,555)	(26,878)	–	(423)	(53,976)
Other segment information							
Capital expenditure – plant and equipment	24	258	87	–	–	–	369
Capital expenditure – right–of–use assets	1,749	1,439	–	–	–	–	3,188
Loss allowance on investment in debt securities	–	–	–	17,166	–	–	17,166
Depreciation – plant and equipment	307	643	460	–	–	–	1,410
Depreciation – right–of–use assets	645	2,609	170	–	–	–	3,424
Allowance for impairment of plant and equipment	–	137	–	–	–	–	137
Allowance for impairment of right–of–use assets	–	227	–	–	–	–	227

37 SEGMENT INFORMATION (CONT'D)

Segment revenues and results (cont'd)

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

	Group						
	Continuing operations						
2019	AMS $'000	DMS $'000	DPAS $'000	Investment $'000	Discontinued operations $'000	Unallocated $'000	Total $'000
Segment revenue							
External	19,864	253,048	5,793	6,986	–	–	285,691
Inter–segment	–	–	–	–	–	–	–
	19,864	253,048	5,793	6,986	–	–	285,691
Segment result	656	(35)	417	2,712	–	(2,602)	1,148
Net foreign exchange loss							(153)
Gain on disposal of plant and equipment							23
Gain on disposal of right–of–use asset							9
Profit before income tax and share of profit of associate							1,027
Share of profit of associate							6
Profit before income tax							1,033
Income tax credit							3
Profit for the year							1,036
Segment assets	9,167	72,847	11,700	140,437	401	127	234,679
Segment liabilities	(3,295)	(24,371)	(4,729)	(51,004)	(127)	(315)	(83,841)
Other segment information							
Capital expenditure – plant and equipment	454	865	62	–	–	–	1,381
Capital expenditure – right–of–use assets	364	2,770	121	–	–	–	3,255
Loss allowance on investment in debt securities	–	–	–	1,851	–	-	1,851
Depreciation – plant and equipment	235	770	554	–	–	–	1,559
Depreciation – right–of–use assets	653	3,410	171	–	–	–	4,234
Allowance for impairment of plant and equipment	–	91	–	–	–	–	91
Allowance for impairment of right–of–use assets	–	480	–	–	–	–	480

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 2020 and 2019.

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, (loss) gain on disposal of right–of–use assets, share of profit of associate and income tax expense. This is the measure reported to the key operating decision makers for the purposes of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources between segments, the key operating decision makers re–assess the resources allocation and monitor the financial assets attributable to each segment.

The key operating decision makers also monitor the tangible, intangible and financial assets attributable to each segment.

Geographical information

	Revenue from external customers	
	2020	2019
	$'000	$'000
Continuing Operations		
Singapore	189,500	279,898
Malaysia	3,297	5,793
	192,797	285,691
Discontinued Operations		
Myanmar	–	–
	192,797	285,691

	Non–current assets	
	2020	2019
	$'000	$'000
Continuing Operations		
Singapore	94,292	129,569
Malaysia	8,361	7,841
	102,653	137,410
Discontinued Operations		
Myanmar	335	341
	102,988	137,751

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 $13,776,000 (2019 : $13,493,000) and $Nil (2019 : $228,000) which arose from sales to the segment's one major customer (2019 : two major customers).

Included in revenues arising from Distribution Management Solutions are revenues of $31,645,000 (2019 : $48,372,000) and $13,681,000 (2019 : $32,615,000) which arose from sales to the segment's two major customers (2019 : two major customers).

Included in revenues arising from DPAS are revenues of $88,000 (2019 : $907,000) and $328,000 (2019 : $496,000) which arose from sales to the segment's two major customers (2019 : two major customers).

38 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period:

1) On the maturity of a debt security issued by Tsinghua Unic Limited on January 31, 2021, the issuer failed to make the repayment of the principal and last installment of the interest on the debt security. The failure to make repayment is an event of default. While this failure to repay occurred subsequent to year end, the issuer had defaulted on bonds due before year–end that triggered cross default provisions on this debt security. Management evaluated that this resulted in a significant increase in credit risk on this debt security, for which an additional impairment of $17,166,000 was recorded as at December 31, 2020. The Group is seeking financial and legal advice for the recovery of this investment.

2) For the loan receivable from a third party company, the repayment due date was extended to January 31, 2022 at the same interest of 1.25% per month. The loan continues to be secured with the shares of the borrower, a mortgage on a property owned by the shareholders of the borrower and personal guarantees from the shareholders of the borrower. The carrying amount of the loan receivable is disclosed in Note 8 to the financial statements.

3) Management evaluated its investment portfolio and disposed of one of the quoted equity securities in March 2021, in view of, *inter alia*, that the current valuation of the said equity security is overvalued and expected pre-COVID-19 level recovery may take several years. The cost of the equity securities disposed as at April 5, 2021 amount to $5,840,000 and proceeds received of $9,880,000 resulted in a transfer of $4,040,000 from investment revaluation reserve to retained earnings. The proceeds were used to reduce loans and purchase other equity securities.

39 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements relevant to the Group and Company were issued but not effective:

Effective for annual periods beginning on or after January 1, 2022

- Amendments to SFRS(I) 3 *References to the Conceptual Framework*
- Amendments to SFRS(I) 1–16 *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to SFRS(I) 1–17 *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018–2020

39 STANDARDS ISSUED BUT NOT EFFECTIVE (CONT'D)

Effective for annual periods beginning on or after January 1, 2023

- Amendments to SFRS(I) 1–1 *Presentation of Financial Statements: Classification of liabilities as Current or Non–current*

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 Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs 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.

USE OF PROCEEDS

Year ended December 31, 2020

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)]	95,350
<u>Utilisation</u>	
Investment in quoted securities	(55,360)
Repayment of loan to finance the investment in quoted securities	(24,075)
Utilisation towards working capital: Purchases of inventories	(15,915)
Balance of net proceeds	–

Notes:

(1) Aggregate proceeds from Rights and conversion of Warrants as at December 31, 2020.

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, 2020

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
		S$'000	
Pacific Organisation Pte Ltd - Rental Expense	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.	339	Nil

SUPPLEMENTAL INFORMATION

STATISTICS OF SHAREHOLDINGS AS AT 18 MARCH 2021

SHARE CAPITAL

Issued and Paid-up Capital	:	S$154,454,814
Number of Issued Shares	:	907,077,553
Number of Issued Shares (excluding Treasury Shares)	:	885,367,470
Number and Percentage of Treasury Shares	:	21,710,083 or 2.39% (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	1,277	12.96	46,375	0.01
100 - 1,000	4,394	44.59	1,978,289	0.22
1,001 - 10,000	2,925	29.68	12,119,157	1.37
10,001 - 1,000,000	1,225	12.43	86,936,495	9.82
1,000,001 AND ABOVE	34	0.34	784,287,154	88.58
TOTAL	**9,855**	**100.00**	**885,367,470**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	% (1)
1	CITIBANK NOMINEES SINGAPORE PTE LTD	444,219,528	50.17
2	CHONG SHIN LEONG	111,300,000	12.57
3	ONG GHIM CHOON	59,339,200	6.70
4	LIM CHIN TONG	27,770,417	3.14
5	DBS NOMINEES (PRIVATE) LIMITED	20,522,398	2.32
6	KOH KOW TEE MICHAEL	15,750,000	1.78
7	LIM SZE CHIA	11,200,100	1.27
8	RAFFLES NOMINEES (PTE.) LIMITED	10,155,153	1.15
9	LIM TOW BOON	10,150,000	1.15
10	ANG SOO LIM	8,945,551	1.01
11	PHILLIP SECURITIES PTE LTD	8,150,426	0.92
12	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,878,023	0.89
13	ONG GEOK LAN LANDY	5,058,000	0.57
14	OCBC SECURITIES PRIVATE LIMITED	4,019,678	0.45
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,983,734	0.45
16	LIM LAI HIONG	3,785,045	0.43
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,491,045	0.39
18	LIN GUODONG	2,780,000	0.31
19	YEO HWEE CHING ALICE	2,091,655	0.24
20	UOB KAY HIAN PRIVATE LIMITED	1,914,214	0.22
	TOTAL	**762,504,167**	**86.13**

Notes:

(1) Percentage is calculated based on total number of Issued Shares of 907,077,553.

(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 AS AT 18 MARCH 2021
TRANCHE 3 WARRANTS (W210617)

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	21	1.82	1,110	0.00
100 - 1,000	62	5.37	33,334	0.01
1,001 - 10,000	350	30.33	1,541,912	0.31
10,001 - 1,000,000	688	59.62	70,067,992	14.09
1,000,001 AND ABOVE	33	2.86	425,677,997	85.59
TOTAL	**1,154**	**100.00**	**497,322,345**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	RAFFLES NOMINEES (PTE.) LIMITED	95,837,802	19.27
2	CITIBANK NOMINEES SINGAPORE PTE LTD	92,310,754	18.56
3	ONG GHIM CHOON	52,678,399	10.59
4	CHONG SHIN LEONG	45,300,000	9.11
5	DBS NOMINEES (PRIVATE) LIMITED	29,337,641	5.90
6	LIM CHIN TONG	20,081,122	4.04
7	LIM CHWEE KIM	13,581,600	2.73
8	KOH KOW TEE MICHAEL	10,500,000	2.11
9	LIM TOW BOON	6,456,000	1.30
10	PHILLIP SECURITIES PTE LTD	5,056,248	1.02
11	LIM SZE CHIA	4,800,000	0.97
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,633,921	0.73
13	LAU YEE CHOO	3,600,000	0.72
14	ONG GEOK LAN LANDY	3,372,000	0.68
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,371,100	0.68
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,301,116	0.66
17	LAWRENCE LEE BENG TECK	3,000,600	0.60
18	NEO BAN CHUAN	3,000,000	0.60
19	ANG SOO LIM	2,850,000	0.57
20	OCBC SECURITIES PRIVATE LIMITED	2,757,950	0.55
	TOTAL	**404,826,253**	**81.39**

SUPPLEMENTAL INFORMATION

AS AT 18 MARCH 2021

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial shareholders in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholdings respectively are as follows:

	Direct interest	Deemed interest	Total interest	
	No. of shares	No. of shares	No. of shares	%[1]
Directors				
Edward Lee Ewe Ming	1	398,374,143[2]	398,374,144	45.00
Ong Ghim Choon	59,339,200	–	59,339,200	6.70
Zhang Yanmin	–	216,634,196[3]	216,634,196	24.47
Mark Leong Kei Wei	1,150,000	715,000[4]	1,865,000	0.21
Oei Su Chi, Ian	2,185,842	470,000[5]	2,655,842	0.30
Ong Siow Fong	–	–	–	–
Liu Yao	–	–	–	–
Substantial Shareholders				
Edward Lee Ewe Ming	1	398,374,143[2]	398,374,144	45.00
Ong Ghim Choon	59,339,200	–	59,339,200	6.70
Zhang Yanmin	–	216,634,196[3]	216,634,196	24.47
Chong Shin Leong	111,300,000	400,000[6]	111,700,000	12.62

Notes:

(1) Based on the issued and paid-up share capital of the Company of 885,367,470 Shares (excluding 21,710,083 treasury shares) as at 18 March 2021.
(2) Mr Edward Lee Ewe Ming is deemed interested in 398,374,143 Shares held via nominee and financial institutions, out of which 216,634,196 Shares are held jointly with his spouse, Ms Zhang Yanmin.
(3) Ms Zhang Yanmin is deemed interested in 216,634,196 shares held via nominee and financial institutions, which are held jointly with her spouse, Mr Edward Lee Ewe Ming.
(4) Mr Mark Leong Kei Wei is deemed interested in 715,000 Shares held by his spouse.
(5) Mr Oei Su Chi, Ian is deemed interested in 470,000 Shares held by his spouse.
(6) Mr Chong Shin Leong is deemed interested in 400,000 Shares held via DBS Nominees (Private) Ltd.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Approximately 34.99% of the Company's shares are held by the public and Rule 723 of the Mainboard Listing Rules of the SGX-ST has been complied with.

SUPPLEMENTAL INFORMATION

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Information relating to the following Directors, who are standing for re-election as a Director at the Annual General Meeting of the Company, is provided pursuant to Rule 720(6) of the Mainboard Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Name of Director	Ong Siow Fong	Liu Yao	Mark Leong Kei Wei	Zhang Yanmin
Date of appointment	28 September 2020	28 September 2020	15 May 2017	29 March 2018
Date of last re-appointment (if applicable)	N.A.	N.A.	27 April 2018	27 April 2018
Age	40	31	44	32
Country of principal residence	Singapore	China	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Based on the overall contribution and performance of Ms Ong, the Nominating Committee and the Board has recommended that Ms Ong be re-appointed as an Independent Non-Executive Director of the Company.	Based on the overall contribution and performance of Ms Liu, the Nominating Committee and the Board has recommended that Ms Liu be re-appointed as an Independent Non-Executive Director of the Company.	Based on the overall contribution and performance of Mr Leong, the Nominating Committee and the Board has recommended that Mr Leong be re-appointed as an Independent Non-Executive Director of the Company.	Based on the overall contribution and performance of Ms Zhang, the Nominating Committee and the Board has recommended that Ms Zhang be re-appointed as a Non-Independent Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive	Executive Director (Investment division)
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Independent Director • Member, Nominating Committee • Member, Remuneration Committee	• Independent Director • Member, Audit and Risk Committee	• Independent Director • Chairman, Audit and Risk Committee • Member, Nominating Committee • Member, Remuneration Committee	• Executive Director

SUPPLEMENTAL INFORMATION

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Ong Siow Fong	Liu Yao	Mark Leong Kei Wei	Zhang Yanmin
Professional qualifications	• Diploma in Business Informatics, Nanyang Polytechnic • Capital Markets and Financial Advisory Services (CMFAS) Examination • Council for Estate Agencies (CEA) Real Estate Salesperson (RES) Examination	• CPA Australia • Bachelor of Business (Major in Accountancy), RMIT University, Australia	• Fellow of the Association of Chartered Certified Accountants (ACCA) • Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA)	• Diploma in Business Administration, Singapore Polytechnic
Working experience and occupation(s) during the past 10 years	Ms Ong is presently a Senior Associate Marketing Director of PropNex Realty Pte Ltd, where she assists clients to evaluate potential business opportunities in real estate assets and also works closely with other asset management teams on portfolio reporting and marketing strategies. She is also the Managing Director of Amicus Capital Management Pte Ltd, which is engaged in the business of providing management consultancy services. Prior to joining PropNex, Ms Ong had been a Financial Consultant with Prudential Assurance Company Singapore (Pte) Ltd and a Leading Stewardess with Singapore Airlines Limited.	Ms Liu is a Chartered Professional Accountant (Australia) and is presently an Industry Controller with Louis Dreyfus Company (Shanghai). Prior to joining Louis Dreyfus, Ms Liu was an Assistant Manager (Audit) with KPMG Singapore with a focus on Real Estate, Consumer & Tourism sectors for both public listed and private companies.	Mr Leong presently serves as an Independent Director and Audit Committee Chairman of three SGX listed companies (including mDR Ltd). He is currently a Director of a financial advisory services firm operating in Australia. Prior to this, he was the COO of a SGX listed drilling equipment and engineering solutions provider for the oil & gas industry. 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 accounting firm.	Ms Zhang is an Executive Director of mDR Ltd since July 2018. She was previously the Marketing Director of Edward Lee Residences Private Ltd. Ms Zhang is also Advisor to Yann Investment Co., Ltd, where she takes on the role of chief investment officer and manages a portfolio of public equity investments.

SUPPLEMENTAL **INFORMATION**

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Ong Siow Fong	Liu Yao	Mark Leong Kei Wei	Zhang Yanmin
Shareholding interest in the listed issuer and its subsidiaries	No	No	1,865,000	216,634,196
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No	Ms Zhang is the spouse of Mr Edward Lee Ewe Ming, the Executive Chairman and controlling shareholder of the Company.
Conflict of interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other principal commitments* including Directorships ** "Principal Commitments" has the same meaning as defined in the Code.*				
Past (for the last 5 years)	• Financial Consultant, Prudential Assurance Company Singapore (Pte) Ltd	• Assistant Manager (Audit), KPMG Singapore	• Advance SCT Limited • Atos Wellness Ltd • Cosmo Consortium Pte Ltd • Cosmo Real Estate Pte Ltd • East Indonesia Mining Pte Ltd • Fan Ma Fang Zhi (Tian Jin) Co, Ltd. • LCT Holdings Ltd • Ma Ji Xie (Tian Jin) Co, Ltd. • PT Selatan Arc Mineral • Pulai Mining Sdn Bhd • RBV Energy (Singapore) Pte Ltd • Solar Energy Investments Pte Ltd • T8 Investments Pte Ltd • Sumberjaya Land and Mining Sdn. Bhd.	• Marketing Director, Edward Lee Residences Private Ltd

SUPPLEMENTAL INFORMATION

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Ong Siow Fong	Liu Yao	Mark Leong Kei Wei	Zhang Yanmin
Present	• Senior Associate Marketing Director, PropNex Realty Pte Ltd • Managing Director, Amicus Capital Management Pte Ltd	• Industry Controller, Louis Dreyfus Company (Shanghai)	Directorships • Ascendance Limited • Auspac Financial Advisory Pty Ltd • Avalon Partners Pte Ltd • CytoMed Therapeutics (Malaysia) Sdn Bhd • HS Optimus Holdings Ltd • LMIRT Management Ltd • Top Mining Ltd	• Advisor, Yann Investment Co., Ltd
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Ong Siow Fong	Liu Yao	Mark Leong Kei Wei	Zhang Yanmin
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No

SUPPLEMENTAL INFORMATION

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Ong Siow Fong	Liu Yao	Mark Leong Kei Wei	Zhang Yanmin
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

SUPPLEMENTAL **INFORMATION**

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Ong Siow Fong	Liu Yao	Mark Leong Kei Wei	Zhang Yanmin
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No

SUPPLEMENTAL INFORMATION

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Ong Siow Fong	Liu Yao	Mark Leong Kei Wei	Zhang Yanmin
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—				
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	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	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No

SUPPLEMENTAL **INFORMATION**

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Ong Siow Fong	Liu Yao	Mark Leong Kei Wei	Zhang Yanmin
(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	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	No	No

NOTICE OF
ANNUAL GENERAL MEETING

MDR Limited

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

NOTICE IS HEREBY GIVEN that the Twentieth (20th) Annual General Meeting ("**AGM**") of mDR Limited (the "**Company**") will be held by way of electronic means on 30 April 2021 (Friday) at 2:00 p.m. (Singapore time) to transact the businesses as set out below:

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 2020 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect Ms Ong Siow Fong, a Director of the Company retiring pursuant to Regulation 103(2) of the Constitution of the Company.

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

3. To re-elect Ms Liu Yao, a Director of the Company retiring pursuant to Regulation 103(2) of the Constitution of the Company.

   [See Explanatory Note (i)] **(Resolution 3)**

4. To re-elect Mr Mark Leong Kei Wei, a Director of the Company retiring pursuant to Regulation 104(1) of the Constitution of the Company.

   [See Explanatory Note (i)] **(Resolution 4)**

5. To re-elect Ms Zhang Yanmin, a Director of the Company retiring pursuant to Regulation 104(1) of the Constitution of the Company.

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

6. To approve the payment of up to S$300,000 to be paid to all Directors (other than the Executive Directors) as Directors' fees for the financial year ending 31 December 2021 (same as for FY2020: up to S$300,000; Directors' fees paid for FY2020: S$174,000).

   [See Explanatory Note (ii)] **(Resolution 6)**

7. To note the retirement of Deloitte & Touche LLP as the Auditors of the Company.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

8. **Authority to issue ordinary shares**

"That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**") and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, notwithstanding that the authority conferred by this Resolution may have ceased to be in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall be less than ten per cent (10%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below);

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

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

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

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

In this Resolution 7, "subsidiary holdings" shall have the meaning ascribed to it in the SGX-ST Listing Manual.

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

9. **Authority to allot and issue Shares under the mDR Share Plan 2018**

"That the Directors be and are hereby authorised to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of Awards under the mDR Share Plan 2018, provided that the aggregate number of Shares to be allotted and issued pursuant to the mDR Share Plan 2018 and any other share-based incentive schemes that may be implemented by the Company, shall not exceed 15% of the total issued and paid-up Shares (excluding treasury shares and subsidiary holdings) on the day preceding the date on which the Award shall be granted."

[See Explanatory Note (iv)] **(Resolution 8)**

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

"That:

(a) for the purposes of Sections 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**") not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) on-market purchases transacted through the trading system of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), or as the case may be, any other securities exchange on which the Shares may for the time being be listed on ("**Market Purchase**"); and/or

(ii) off-market purchases otherwise than on a securities exchange, in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the SGX-ST Listing Manual ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the SGX-ST Listing Manual, be and is hereby authorised and approved generally and unconditionally ("**Share Buy-back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-back Mandate shall, at the discretion of the Directors, either be cancelled or held as treasury shares and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors to purchase Shares pursuant to the Share Buy-back Mandate may be exercised by the Directors any time and from time to time, on and from the date of the passing of this resolution, up to the earliest of:

(i) the date on which the next annual general meeting is held or is required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by Shareholders in a general meeting;

(d) in this resolution:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the date of the Market Purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the Off-Market Purchase from the holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, and other related expenses) to be paid for the Shares as determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

"**Prescribed Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

(e) the Directors and/or any of them be and are hereby authorised to do any and all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the matters referred to in this resolution and the taking of any and all actions whatsoever, by any Director on behalf of the Company in connection with the proposed Share Buy-back Mandate prior to the date of the passing of this resolution be and are hereby approved, ratified and confirmed."

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

NOTICE OF ANNUAL GENERAL MEETING

11. To transact any other business that may be properly transacted at an annual general meeting.

BY ORDER OF THE BOARD

Madan Mohan
Company Secretary
Singapore, 12 April 2021

EXPLANATORY NOTES:

(i) **Resolutions 2 to 5**: Ordinary Resolutions 2 to 5 are to re-elect Ms Ong Siow Fong, Ms Liu Yao, Mr Mark Leong Kei Wei, and Ms Zhang Yanmin as Directors of the Company.

Ms Ong Siow Fong will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), and will be considered independent. Ms Liu Yao will, upon re-election as a Director of the Company, remain as a member of the Audit and Risk Committee ("**ARC**"), and will be considered independent. Mr Mark Leong Kei Wei will, upon re-election as a Director of the Company, remain as Chairman of the ARC and a member of the NC and the RC, and will be considered independent. Ms Zhang Yanmin, will upon re-election as a Director of the Company, remain as Executive Director of the Company, and will be considered non-independent.

More information on these Directors are set out in the "Board of Directors" and "Corporate Governance" sections in the Annual Report 2020. Please refer to the "Supplemental Information" section of the Annual Report 2020 for information relating to these Directors as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST.

(ii) **Resolution 6:** Ordinary Resolution 6 is to seek approval for the payment of up to S$300,000 to all Directors (other than Executive Directors) as Directors' fees for the financial year ending 31 December 2021 (which is the same as that approved for the preceding financial year). Total Directors' fees paid for FY2020 was S$174,000. Additional information on the Directors' fees can be found under "Corporate Governance" section in the Company's Annual Report 2020.

(iii) **Resolution 7:** Ordinary Resolution 7, if passed, will empower the Directors of the Company, to issue Shares and to make or grant instruments (such as warrants, debentures or options) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total fifty per cent (50%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings, of which the number of Shares that may be issued other than on a *pro rata* basis to shareholders shall be less than ten per cent (10%) of the total number of Shares that may be issued ("**General Mandate**"). For the purpose of determining the aggregate number of Shares that may be issued pursuant to the General Mandate, the percentage of issued Shares shall be based on the total number of issued Shares, excluding treasury shares and subsidiary holdings, at the time Resolution 7 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time Resolution 7 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

NOTICE OF ANNUAL GENERAL MEETING

(iv) **Resolution 8:** Ordinary Resolution 8, if passed, will authorise and empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares in the capital of the Company in accordance with the rules of the mDR Share Plan 2018. The mDR Share Plan 2018 was first approved by the shareholders at the Extraordinary General Meeting of the Company held on 28 September 2018.

(v) **Resolution 9:** Ordinary Resolution 9 is to renew the Share Buy-back Mandate to allow the Company to purchase or otherwise acquire its Shares, on the terms and subject to the conditions set out in this Resolution.

The Company intends to use internal resources of funds and/or external borrowings to finance the purchase or acquisition of Shares pursuant to the proposed renewal of the Share Buy-back Mandate. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. Purely for illustrative purposes only, the financial effects of the purchase or acquisition of such Shares by the Company pursuant to the Share Buy-back Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2020, based on certain assumptions, are set out in the circular to shareholders dated 12 April 2021 ("**Share Buy-back Circular**"). Please refer to the Share Buy- back Circular for more details.

ADDITIONAL NOTES:

(1) The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM and all documents (including the Proxy Form) relating to the business of the AGM will not be sent to members. Instead, this Notice of AGM and all documents (including the Proxy Form) or information relating to the business of this AGM have been, or will be sent to members by electronic means via publication on SGXNET at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL http://www.m-dr.com/meetings.

(2) Due to the current COVID-19 restriction orders in Singapore, **members will not be able to attend the AGM in person.** Members will be able to observe, or listen to the AGM proceedings through a "live" audio-visual webcast via their mobile phones, tablets or computers, or "live" audio-only stream via their mobile phones or telephones. In order to do so, members must pre-register by no later than **3:00 p.m.** on **27 April 2021**, at the URL https://online.meetings.vision/mdr-registration.

(3) Following verification of their status as members, authenticated members will receive email instructions ("**Confirmation Email**") by 10:00 a.m. on 29 April 2021 on how to access the "live" audio-visual webcast, or "live" audio-only stream of the AGM proceedings. Members who have successfully registered, but have not received the Confirmation Email by 10:00 a.m. on 29 April 2021 should contact the Company, by phone at +65 6347 8911 / +65 9736 1264, or by email at corporateaffairs@m-dr.com.

NOTICE OF
ANNUAL GENERAL MEETING

(4) Members may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by **3:00 p.m**. on **27 April 2021** in the following manner:

(a) via the online submission at the URL https://online.meetings.vision/mdr-registration; or

(b) by post, by depositing at the registered office of the Company at mDR Limited, 53 Ubi Crescent, Singapore 408594, Attn. Company Secretary; or

(c) by email to corporateaffairs@m-dr.com.

When sending questions, members should also provide their full name as it appears on the CDP/CPF/SRS records, contact number, email address, and the manner in which the shares are held in the Company (e.g. via CDP, CPF or SRS) for verification.

The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM received from members in advance of the AGM either during the AGM or prior to the same by publishing the Company's responses on SGXNET at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL http://www.m-dr.com/meetings. Please note that members will not be able to ask questions at the AGM during the "live" webcast and audio-only stream, and therefore it is important for members who wish to ask questions to submit their questions in advance of the AGM.

(5) Members (whether individuals or corporates) who wish to exercise their voting rights at the AGM must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the AGM. In appointing the Chairman of the Meeting as proxy, members (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment will be treated as invalid. The Proxy Form may be accessed at the Company's website at the URL http://www.m-dr.com/meetings and has also been made available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

(6) The Chairman of the Meeting, as proxy, need not be a member of the Company.

(7) The duly completed Proxy Form:

(a) if sent by post, must be deposited at the registered office of the Company at mDR Limited, 53 Ubi Crescent, Singapore 408594, Attn. Company Secretary; or

(b) if sent electronically, be submitted via email to the Company at corporateaffairs@m-dr.com,

in either case, by no later than **2:00 p.m.** on **27 April 2021**, being 72 hours before the time fixed for the AGM, and in default the Proxy Form shall not be treated as valid.

A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures in Singapore which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

NOTICE OF
ANNUAL GENERAL MEETING

(8) Investors who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Chapter 50), including CPF and SRS investors, and who wish to participate in the AGM by (a) observing or listening to the AGM proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes at least seven (7) working days before the date of the AGM.

(9) The Annual Report for the financial year ended 31 December 2020 and the Circular to shareholders dated 12 April 2021 in relation to the proposed renewal of the Share Buy-back Mandate ("**Share Buy-back Circular**") have been made available on SGXNET and may be accessed at the Company's website as follows:

(a) the Annual Report at the URL http://www.m-dr.com/annualreports by clicking on the link for "Annual Report 2020"; and

(b) the Share Buy-back Circular at the URL http://www.m-dr.com/circulars by clicking on the link for "Share Buy-back Circular 2021".

Due to the constantly evolving COVID-19 situation in Singapore, members should note that Company may be required to change the arrangements for the AGM at short notice. Any changes to the arrangements for the conduct of the AGM will be announced by the Company on SGXNET. Shareholders are advised to check SGXNET regularly for further updates.

<u>Personal Data Privacy:</u>

By (a) submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with this notice, or (c) submitting any question prior to the AGM in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing, administration and analysis by the Company (or its agents or service providers) of Proxy Form(s) appointing the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof);

(ii) processing of the pre-registration for purposes of granting access to members to the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance lists, proxy lists, minutes (including questions and answers) and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

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MDR Limited

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

IMPORTANT
1. This Proxy Form has been made available on SGXNET at the URL https://www.sgx.com/securities/company-announcements and may also be accessed at the Company's website at the URL http://www.m-dr.com/meetings. A printed copy of this Proxy Form will not be despatched to members.
2. **Personal Data Privacy**
   By submitting this Proxy Form appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. The AGM (as defined below) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and this Proxy Form will not be sent to members. Instead, the Notice of AGM and this Proxy Form will be available to members by electronic means via publication on SGXNET and the Company's website at the URL http://www.m-dr.com/meetings.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to or during the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM and the accompanying Company's announcement dated 12 April 2021, which may be accessed on SGXNET at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL http://www.m-dr.com/meetings.
3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person or vote online on the resolutions to be tabled for approval at the AGM. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman as proxy, a member must give specific instructions as to voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.**
4. This Proxy Form is not valid for use by investors holding shares in the Company ("**Shares**") through relevant intermediaries ("**Investors**") (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) (including investors holding Shares through Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least seven (7) working days before the date of the AGM.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

I/We*,____(Name)__________________________________(NRIC/Passport/Co.Reg.No.)
of____(Address)

being a member/members* of MDR LIMITED (the "**Company**") appoint:

the Chairman of the Annual General Meeting of the Company ("**AGM**")

as my/our* proxy to attend and to vote for me/us* on my/our* behalf at the AGM of the Company to be held on 30 April 2021 at 2.00 p.m. by electronic means and at any adjournment thereof in the following manner:

No.	Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	Directors' Statement and audited Financial Statements for the year ended 31 December 2020			
2.	Re-election of Ms Ong Siow Fong as a Director			
3.	Re-election of Ms Liu Yao as a Director			
4.	Re-election of Mr Mark Leong Kei Wei as a Director			
5.	Re-election of Ms Zhang Yanmin as a Director			
6.	Approval of Directors' fees of up to S$300,000 for the year ending 31 December 2021			
SPECIAL BUSINESS				
7.	General authority to allot and issue shares			
8.	Authority to allot and issue Shares under the mDR Share Plan 2018			
9.	Proposed renewal of the Share Buy-back Mandate			

NOTE: Voting on all resolutions will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a "✓" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with a "✓" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of Shares that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this ________day of ____________________ 2021

Total number of Shares held in:	No. of Shares
(i) Depository Register	
(ii) Register of Members	
Total (see Note 1)	

____
Signature(s) of Member(s) or Common Seal
*Delete as appropriate

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM

Fold this flap for sealing. Glue firmly.

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BUSINESS REPLY SERVICE
PERMIT NO. 09562

Company Secretary

mDR Limited
53 Ubi Crescent
Singapore 408594

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NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the Shares held by you.

2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** This Proxy Form may be accessed on the SGXNET at the URL https://www.sgx.com/securities/company-announcements and is also available on the Company's website at the URL http://www.m-dr.com/meetings. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. CPF/SRS investors who wish to vote should approach their respective CPF Agent Bank or SRS Operator at least seven (7) working days before the date of the AGM.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. The duly completed Proxy Form must be submitted to the Company in the following manner:

   (a) if sent by post, must be deposited at the registered office of the Company at mDR Limited, 53 Ubi Crescent, Singapore 408594, Attn. Company Secretary; or

   (b) if sent electronically, be submitted via email to the Company at corporateaffairs@m-dr.com,

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   in either case, by no later than **2:00 p.m**. on **27 April 2021**, being 72 hours before the time fixed for the AGM, and in default the Proxy Form shall not be treated as valid.

   A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures in Singapore which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

6. The Proxy Form must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment).

8. In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by CDP to the Company.

9. Terms not defined herein have the meanings ascribed to them in the Notice of AGM dated 12 April 2021.

10. Any reference to a time of day is made by reference to Singapore time.

11. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

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Annual Report
2020

MDR Limited

UEN: 200009059G
53 Ubi Crescent
Singapore 408594
Telephone : +65 6347 8911
Fax : +65 6347 8903
Email: corporateaffairs@m-dr.com
www.m-dr.com