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UEN No: S99SS0111B  
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**Issuer:** mDR Ltd

**Stock code:** A27

**Meeting details:**

Date: 29 June 2020

Time: 4.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

**Q1.** Would the board/management provide shareholders with better clarity on the following operational/strategic matters? Specifically:

- (i) **DMS:** The group has a distribution management solutions (DMS) segment and which generated approximately \$253 million in revenue. The segment result, before unallocated costs, was a loss of \$(35,000) in FY2019. Management has stated that the group is adapting well to the disruptive headwinds affecting the distribution and retail businesses. **Would the company elaborate further on the competitive strengths of its DMS segment? What are the growth prospects of the distribution and retail businesses in view of the disruptors in the market and the changing consumer patterns? What are the expected returns of DMS given that the group has more than \$72 million of segment assets?**
- (ii) **Investments:** The investment division is being viewed as the “future growth engine” of the group. Nearly \$80 million raised from the Rights cum Warrants issue million has been deployed (as at 17 March 2020). The group has taken a “conservative balanced approach” with some exposure to equities and some exposure to short duration bonds. **How is the portfolio managed? What is the investment mandate and was it approved by the board? What is the level of oversight by the board? Has the group established a proper and robust risk management framework? Given the significance of the investment portfolio, would the company disclose the top holdings, the geographical distribution and the industry exposure?**
- (iii) **Performance:** In Note 10c (page 123 – Investment in equity securities), it was disclosed that a net fair value decrease of \$2,977,000 (2018: \$4,018,000) was recorded for the year. In addition, in Note 10d (page 124 – Investment in debt securities), as at December 31, 2019, management had assessed that there was significant increase in credit risk for a particular debt security and management had determined that an allowance of \$1,851,000 was required. **How does the board evaluate the performance of the investment portfolio? What is an appropriate benchmark to use? Given the net fair value decreases of approximately \$7 million in the past two years, has the board reviewed the group’s strategy and execution?**

**Q2.** In his statement, the chairman highlighted that the company had “successfully bought-back approximately 1.67 billion shares under its Buy-back mandate approved at the annual general meeting last year” (page 8).

On 26 November 2018, SGX Regco, in its Regulator’s Column, had highlighted the risks in companies doing share buy-back.

In particular, companies must not pay more than 105% of the average closing market price of the security over the last 5 consecutive active trading days. In addition, SGX guided that companies should aim to buy back shares at relatively low prices and not be seen to buy at increasing higher prices which could be interpreted as influencing the closing prices.

Also, the regulator stated that purchases that exceeded 30% of the daily on-market traded volume were excessive. Doing so may interfere with the normal trading of shares and result in the artificial inflation of the trading volume and price of the security.

The Regulator’s Column on share buy-backs can be found here:

<https://www.sgx.com/media-centre/20181126-what-companies-should-observe-when-conducting-share-buy-backs>

On 28 February 2020, the company reported that it had bought back 1,653,488,200 shares. The total volume on that day was 1,744,955,200.

(Source: <https://www.sgx.com/securities/equities/A27>)

- (i) **Can the company help shareholders understand if it had conducted the share buyback in accordance with the SGX rules?**
- (ii) **Would the board, particularly the independent directors, help shareholders understand their level of oversight and the guidance given to the company on share buy-backs?**
- (iii) **Would the board be reviewing the company’s share buy-back practices (in price, volume and timing) to ensure that they are more in line with SGX rules?** This would ensure that the company buys back shares in a responsible manner that does not artificially interfere with the price and volume of the security, as noted in the Regulator’s Column.

**Q3.** The attendance of directors at board and board committee meeting are shown in the table below (page 37). As explained in the footnotes, all three executive directors attend the board committee meetings as observers.

For financial year ended 31 December 2019, the Directors' attendances at Board, Board Committees and general meeting(s) are as follows:

| Name of Director                            | Number of meetings attended |     |     |     | General Meeting(s) |
|---|-----------------------------|-----|-----|-----|--------------------|
|   | Board                       | ARC | NC  | RC  |                    |
| Edward Lee Ewe Ming <sup>(i)</sup>          | 6/6                         | 5/5 | 4/4 | 4/4 | 1/1                |
| Ong Ghim Choon <sup>(ii)</sup>              | 6/6                         | 5/5 | 4/4 | 4/4 | 1/1                |
| Zhang Yanmin <sup>(iii)</sup>               | 6/6                         | 5/5 | 4/4 | 4/4 | 1/1                |
| Mark Leong Kei Wei                          | 6/6                         | 5/5 | 4/4 | 4/4 | 1/1                |
| Oei Su Chi, Ian                             | 6/6                         | 5/5 | 4/4 | 4/4 | 1/1                |
| Lai Yew Fei                                 | 6/6                         | 5/5 | 4/4 | 4/4 | 1/1                |
| Aggregate Number of meetings held in FY2019 | 6                           | 5   | 4   | 4   | 1                  |

<sup>(i)</sup> Mr Lee is not a member of the ARC, NC and RC. Upon invitation, Mr Lee attended the ARC, NC and RC meetings as an Observer.

<sup>(ii)</sup> Mr Ong is not a member of the ARC, NC and RC. Upon invitation, Mr Ong attended the ARC, NC and RC meetings as an Observer.

<sup>(iii)</sup> Ms Zhang is not a member of the ARC, NC and RC. Upon invitation, Ms Zhang attended the ARC, NC and RC meetings as an Observer.

(Source: company annual report)

- (i) **Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings?**
- (ii) **Were there specific agenda items or reasons to invite the executive directors to all the board committee meetings?**
- (iii) **What is the dynamic of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?** Such board committee meetings would have included agenda items on interested party transactions, performance assessment and remuneration of the executive directors and on the audit/financial reporting/internal controls of the group.
- (iv) **Do the executive directors also actively participate in the discussions during the board committee meetings? If so, how are board committee meetings different from the board meeting?**
- (v) **Is there sufficiently strong independent element at such board committee meetings given that the Code specifically discourages the membership of executive directors?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)