



MDR Limited

(Company Registration No.: 200009059G)

RESPONSES TO SGX QUERIES IN RELATION TO ANNUAL REPORT FOR FINANCIAL YEAR 2013

mDR Limited (the “Company”) refers to the queries from the Singapore Exchange Securities Trading Limited (“SGX-ST”) in relation to its Annual Report for Financial Year 2013. The following are the Company’s responses to the queries from SGX-ST:

- a. *“As required under Listing Rule 1207(12), please make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the following recommendations:-*
- i. *Paragraph 9.3 of the Code of Corporate Governance 2012 (the “Code”) states that the Company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel’s remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).*
 - ii. *Paragraph 9.4 of the Code states that for transparency, the annual report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee’s relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000. The company need only show the applicable bands.”*

Company’s Response:

The Company believes that the disclosure of remuneration, of the top key management personnel (who are not directors or the CEO) on a named basis, and total in aggregate, would not be in the interest of the Group’s business interests, given the highly competitive nature of the core business of the Group and the confidentiality of the remuneration matters. Furthermore, the disclosure on remuneration has been made in the Directors’ Report and the notes to the financial statements. The Board also responds to questions, if

any, from the shareholders on remuneration policy and package in the annual general meeting.

The disclosure of remuneration of Mr Ong Ghim Chwee, the sole immediate family member of a director and CEO who is an employee of the Group, has been made in the bands of S\$250,000. The Company is of the view that the disclosure made on page 26 of the Annual Report in the bands of S\$250,000, read with footnote 4 in the Key Executives' Remuneration Table is reasonably adequate for reasons of transparency, given the confidentiality of remuneration matters.

b. "Paragraph 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems.

The Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems.

As required under Listing Rule 710, please make disclosure as recommended in the Code or otherwise explain the reason(s) for the deviation from the Code."

Company's Response:

Based on the internal controls systems established, reports from the external and internal auditors, actions taken and the assurance given by the management, on-going review and continuing efforts at enhancing internal controls, including financial reporting, operational and compliance controls, management accounting, information technology controls, and risk management systems, the Board with the concurrence of the Audit Committee is of the opinion that there are adequate and effective internal control and risk management systems in place to address the financial, operational and compliance risks of the Group in its current business environment.

The Board has received assurance from the CEO and the CFO on a quarterly basis before each quarterly meeting in relation to the announcement on the financial statement and related announcement, that the financial records have been properly maintained and the financial statements are prepared in compliance with the Singapore Financial Reporting Standards and are not false or misleading in any material aspect. The CEO and the CFO of the Company have also given assurance to the Board regarding the effectiveness of the Company's risk management and internal control systems.

BY ORDER OF THE BOARD

ONG GHIM CHOON

Director and Chief Executive Officer

24 April 2014