

PROPOSED STRATEGIC INVESTMENT IN mDR LIMITED ("mDR") BY JEL (CORPORATION) HOLDINGS LTD ("JEL").

1. **INTRODUCTION**

The Board of Directors of mDR is pleased to announce that it has on 27 April 2007 procured a strategic investment from JEL. The parties have entered into the following agreements to reflect this strategic investment (the "**Strategic Investment**"):-

- (i) a conditional sale and purchase agreement (the "**Agreement**") with JEL whereby JEL shall subscribe for 335,000,000 new ordinary shares (the "**mDR Shares**") representing approximately 17.2% of the enlarged issued share capital of mDR. In exchange, mDR shall acquire 1,900,053 ordinary shares (the "**JEL (Africa) Shares**") in the share capital of JEL's wholly own subsidiary JEL Corporation (Africa) Pte Ltd ("**JEL (Africa)**"), representing an interest of 52% in JEL (Africa); and
- (ii) a conditional convertible loan agreement (the "**Convertible Loan Agreement**") with JEL pursuant to which JEL has agreed to disburse a loan of S\$4,000,000 (the "**Loan**") to the mDR.

2. **RATIONALE FOR THE SUBSCRIPTION**

The transaction is entered into in view of the synergies of the business of both JEL and the Company and the opportunity for expansion of each party's business in their respective markets.

3. **PRINCIPAL TERMS OF THE AGREEMENT**

JEL (Africa) is a private company limited by shares incorporated in the British Virgin Islands and is the legal owner of the entire issued share capital of JEL Distribution South Africa (Pty) Ltd ("**JEL South Africa**"), a company incorporated in South Africa. Both JEL (Africa) and JEL South Africa are engaged in the business of trading and distribution of goods.

The consideration for the JEL (Africa) Shares shall be satisfied by mDR through the issue and allotment of the mDR Shares at an issue price of S\$0.072 each (the "**Issue Price**"), representing an aggregate consideration of S\$24,120,000. The purchase consideration was derived based on a willing-buyer willing-seller basis.

The Issue Price represents a discount of approximately 10% to the weighted average price for trades done on the Official List of the SGX-ST for the full market day prior to the execution of the Agreement.

As part of the Strategic Investment, the Company has granted JEL the option, exercisable in full or in part, to purchase up to an aggregate of 286,000,000 new ordinary shares in the issued share capital of the Company (the "**Option Shares**"). The Option Shares shall be exercisable for a period of 24 months commencing from the Completion

Date (as defined below) (the "**Option Period**"). During the Option Period, JEL has the absolute discretion to exercise the Option Shares at either (i) S\$0.072 per Option Share or (ii) at a price which is at a 10% discount to the Company's shares as listed on the Official List of the SGX-ST and based on the weighted average price for 5 Market Days preceding the date on which the notice to exercise the option is served by JEL.

In addition, pursuant to the terms and conditions of the Agreement:-

- (i) JEL will be entitled to request the appointment of two (2) non-executive directors to mDR's Board of Directors, subject to approval from the shareholders of mDR;
- (ii) each of mDR and the JEL will be entitled to request the appointment of two (2) directors on each of the board of directors of JEL (Africa) and JEL South Africa; and
- (iii) JEL has extended a profit guarantee to mDR for the financial year ended 31 December 2007 that the consolidated net profit after tax (excluding extraordinary and exceptional items) of JEL (Africa) and JEL South Africa, as a group, shall be not less than S\$2.3 million.

Legal completion of the Purchase shall take place by 31 August 2007 or any other date as mutually agreed by the parties (the "**Completion Date**") and is conditional upon, *inter alia*, the following:-

- (i) JEL having, prior to the Completion Date, completed (i) the increase of authorised share capital in JEL (Africa) to 10,000,000 Shares of US\$1 each and (ii) the capitalisation of a loan of US\$3,653,946 provided to JEL (Africa) by the JEL through the issue and allotment of 3,653,946 ordinary shares in the issued share capital of JEL (Africa) to JEL;
- (ii) JEL having, prior to the Completion Date, obtained the approval of its shareholders for the transfer of the JEL (Africa) Shares;
- (iii) mDR having, prior to the Completion Date, obtained the approval of its shareholders for the issue and allotment of the mDR Shares, the Option Shares and Conversion Shares (as defined below);
- (iv) approval in-principle for the additional listing application in respect of the mDR Shares, the Option Shares and Conversion Shares being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions (which are not normally imposed by the SGX-ST for a transaction of a similar nature), to the extent that any conditions for the listing and quotation of the mDR Shares, the Option Shares and the Conversion Shares on the Main Board of the SGX-ST are required to be fulfilled on or before Completion Date, they are so fulfilled; and
- (v) the parties, prior to Completion Date, having completed satisfactory legal and financial due diligence on the Company, JEL (Africa) and JEL (South Africa), as the case may be.

4. **PRINCIPAL TERMS OF THE LOAN**

Contemporaneous to the Strategic Alliance, the Company is also obtaining a convertible loan of S\$4,000,000 from JEL (the "**Loan**") pursuant to the Convertible Loan Agreement. The Loan is for a period of 24 months and is non-recallable. The Loan is repayable by mDR after the period of 12 months from the date of disbursement of the Loan. The Loan will bear interest at a rate of 0.75% above the Swap Rate (as defined by the Telerate), payable every 6 (six) months. JEL shall be entitled to convert the outstanding amounts of the Loan from time to time at a conversion price of S\$0.072 per share (the "**Conversion Shares**") in the capital of the Company.

The Loan is conditional upon, *inter alia*, the following:-

- (i) approval of mDR's shareholders for the allotment and issue of the Conversion Shares; and
- (ii) approval in-principle for the additional listing application in respect of the mDR Shares, the Option Shares and Conversion Shares being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions (which are not normally imposed by the SGX-ST for a transaction of a similar nature), to the extent that any conditions for the listing and quotation of the mDR Shares, the Option Shares and the Conversion Shares on the Main Board of the SGX-ST are required to be fulfilled on or before the Completion Date, they are so fulfilled.

5. **FINANCIAL EFFECTS**

The net tangible asset value of JEL (Africa) is approximately S\$4.3 million based on the audited accounts of JEL as of 31 December 2006.

For illustrative purposes only, based on the latest announced audited consolidated financial statements of the mDR Group for the year ended 31 December 2006:

- (a) assuming that the Strategic Investment had been effected at the end of the mDR Group's financial year ended 31 December 2006, the net tangibles assets per share of the mDR Group as at 31 December 2006 would have increase by 93.3%;
- (b) assuming that the Strategic Investment had been effected at the end of the mDR Group's financial year ended 31 December 2006, the earnings per share of the mDR Group for the financial year ended 31 December 2006 would have increased by 19.5%.

6. **RELATIVE FIGURES AS SET OUT IN RULE 1006 OF THE LISTING MANUAL**

The relative figures as computed on the bases under Rule 1006 of the SGX-ST Listing Manual are as follows:

Rule 1006(a) - is not applicable for the Strategic Investment.

Rule 1006(b) – The net profits attributable to the assets acquired of approximately S\$1.1 million, compared with the Group’s net loss of approximately S\$33.0 million for FY2006, is not meaningful.

Rule 1006(c) – The aggregate value of consideration given for the JEL (Africa) Shares compared with mDR’s market capitalisation is approximately 18.8%.

Rule 1006(d) – The number of equity securities issued by mDR as consideration for the Strategic Investment, compared with the number of securities previously in issue is approximately 38.6%

7. FEES AND EXPENSES

The estimated professional fees of up to S\$1.5 million to be incurred by mDR in respect of the Strategic Investment will be settled by the issue of new mDR shares at an issue price of S\$0.072 per share, subject to the approval of mDR’s shareholders.

8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or controlling shareholders of mDR has any interest, direct or indirect, in the Strategic Investment.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement and the Convertible Loan Agreement is available for inspection during normal business hours at mDR’s registered office at 20 Toh Guan Road #07-00 CJ GLS Building, Singapore 608839.

10. CIRCULAR TO SHAREHOLDERS

The circular to mDR’s shareholders containing, *inter alia*, the notice of the extraordinary general meeting and details of the terms and conditions of the Strategic Investment will be despatched to mDR’s shareholders in due course and announced separately. The Company will seek shareholders’ approval for the Strategic Investment.

BY ORDER OF THE BOARD

HUANG WENJIAN EUGENE
Company Secretary