

- (A) PROPOSED NOTES ISSUE OF UP TO S\$32,000,000 REDEEMABLE NON-RECALLABLE STRUCTURED CONVERTIBLE NOTES; AND
  - (B) TERMINATION OF THE PROPOSED STRATEGIC INVESTMENT AGREEMENTS BETWEEN mDR LIMITED (the "COMPANY") AND JEL CORPORATION (HOLDINGS) LTD ("JEL")
- 

## A1. INTRODUCTION

The board of directors of the Company is pleased to announce that the Company intends to undertake a proposed notes issue to Value Capital Asset Management Pte Ltd ("**VCA**") of equity-linked redeemable non-recallable structured convertible notes due 2010 (the "**Notes**") in aggregate principal amount of up to S\$32.0 million (the "**Notes Issue**").

## A2. PRINCIPLE TERMS OF THE PROPOSED NOTES ISSUE

The Company and VCA (collectively, the "**Parties**") have executed a term sheet dated 27 September 2007, in relation to the proposed Notes Issue. The Parties shall enter into a subscription agreement in due course to formalize and incorporate the terms of the term sheet and any other terms as may be necessary for the proposed Notes Issue (the "**Subscription Agreement**").

### A2.1 The Proposed Notes Issue:-

The proposed Notes Issue shall be divided into three tranches as follows:-

- (i) S\$12.0 million worth of Notes sub-divided into four equal sub-tranches of S\$3.0 million worth of Notes each, to be issued to VCA in return for cash consideration of the same ("**Tranche 1**");
- (ii) S\$10.0 million worth of Notes sub-divided into four equal sub-tranches of S\$2.5 million worth of Notes each, to be issued to VCA in return for cash consideration of the same ("**Tranche 2**"); and
- (iii) S\$10.0 million worth of Notes sub-divided into four equal sub-tranches of S\$2.5 million worth of Notes each, to be issued to VCA in return for cash consideration of the same ("**Tranche 3**");

### A2.2 Conditions to the Notes Issue:-

The proposed Notes Issue is conditional upon, *inter alia*:-

- (i) the Parties negotiating, formalizing and mutually executing a Subscription Agreement in relation to the proposed Notes Issue;
- (ii) the in-principle approval being obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the new ordinary shares to be issued upon conversion of the Notes on the Official List of the SGX-ST; and
- (iii) Save for Tranche1 of the proposed Notes Issue, the specific shareholders’ approval for the proposed Notes Issue being obtained at an extraordinary general meeting to be convened. (Subject to the relevant approval being obtained from the SGX-ST, Tranche 1 shall not be subject to specific shareholders’ approval being obtained at an extraordinary general meeting to be convened as it is within the general share issue mandate of the Company obtained at the last annual general meeting of the Company on 30 April 2007, pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the SGX-ST)

#### A2.3 Conversion of the Notes:-

The Notes shall be convertible at the option of VCA into new ordinary shares in the capital of the Company, subject to the provisions of the Subscription Agreement to be entered into between the Parties.

The conversion price for the Notes shall be:-

- (i) either at a 25% premium to the average of the traded volume weighted average prices per share of the Company as traded on the Official List of the SGX-ST for the 30 business days immediately prior to conversion; or
- (ii) at a 10% discount to the average closing price per Company share on any five consecutive business days during the 30 business days immediately preceding the relevant conversion date of the Notes,

subject to the conditions stipulated in A2.2 aforementioned and in accordance with the terms and conditions of the Notes to be mutually agreed between the Parties in the Subscription Agreement.

### **A3. USE OF PROCEEDS**

The proceeds from the proposed Notes Issue will be used by the Company, *inter alia*:-

- (i) to expand current businesses as well as develop new businesses/markets;
- (ii) for capital repayment of bank borrowings with the view of restructuring and normalizing the Company’s credit facilities with its lender banks, in

line with Point (10) of the Company's second quarter result announcement, released on SGXNET on 13 August 2007;

- (iii) for general corporate purposes; and
- (iv) for working capital.

#### **A4. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

To the best knowledge and belief of the Company's directors, none of the Company's directors or substantial shareholders have any interest, directly or indirectly in the proposed Notes Issue.

#### **A5. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the term sheet is available for inspection during normal business hours at the Company's registered office at 20 Toh Guan Road, #07-00 CJ GLS Building, Singapore 608839.

#### **A6. SUBSCRIPTION AGREEMENT AND CIRCULAR TO SHAREHOLDERS**

The Parties shall enter into a Subscription Agreement in relation to the proposed Notes Issue in due course, and details of the terms and conditions of the Subscription Agreement will be announced separately as and when executed by the Parties.

Upon execution of the Subscription Agreement, the Company will seek shareholders' approval, where necessary, in relation to the proposed Notes issue. A circular to the Company's shareholders containing, *inter alia*, the notice of the extraordinary general meeting and details of the terms and conditions of the proposed Notes Issue will be dispatched to the Company's shareholders accordingly.

#### **B1. TERMINATION OF THE AGREEMENTS ASSOCIATED WITH THE PROPOSED STRATEGIC INVESTMENT IN THE COMPANY BY JEL**

We refer to the SGXNET announcement dated 29 April 2007 in relation to the proposed strategic alliance between the Company and JEL.

In view of the SGXNET announcement in relation to JEL (Announcement No: 00017) which was released on 28 September 2007 at 10.24 a.m., the Company and JEL have decided to mutually terminate all agreements in relation to proposed strategic alliance between the Company and JEL with effect from 30 September 2007.

**BY ORDER OF THE BOARD**

**HUANG WENJIAN EUGENE**

Legal and Corporate Affairs Manager  
Company Secretary  
mDR Limited

1 October 2007