



INCREASE IN SHAREHOLDINGS IN DISTRIBUTION MANAGEMENT SOLUTIONS PTE. LTD.

1. INTRODUCTION

The Board of Directors of mDR Limited (the “**Company**”) wishes to announce that the Company has today increased its shareholding interest in Distribution Management Solutions Pte. Ltd. (“**DMS**”).

This increase is pursuant to the capitalisation of a sum of S\$3,000,000, being part of an outstanding debt owing from DMS to the Company.

As part of the capitalisation exercise, the Company has been allotted 100,000,000 new ordinary shares (“**New Shares**”) in the capital of DMS, at an issue price of S\$0.03 per share. The valuation of the New Shares was derived based on the Net Asset Value of DMS as at 30 September 2007.

The capitalisation exercise was approved by DMS’ shareholders at an extraordinary general meeting of DMS held on 17 December 2007.

2. BACKGROUND INFORMATION ON DMS

Based on the latest audited financial statements of DMS and its subsidiaries (the “**DMS Group**”) as at 31 December 2006, the DMS Group had net assets of approximately S\$7.91 million and net tangible liabilities amounting to approximately S\$0.49 million.

3. INCREASE IN PERCENTAGE OF SHAREHOLDINGS IN DMS

The Company had previously, on 20 July 2007, announced an increase of its interest in DMS from 66.79% to 69.29%.

Pursuant to the capitalisation and allotment of the New Shares, the Company’s interest in DMS will further increase to 76.37%.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHREHOLDERS

Mr Tong Choo Cherng, a director of the Company, is also a director of DMS.

Save as disclosed above, no director or controlling shareholder of the Company has any interest, direct or indirect, in the above transactions.

By Order of the Board

HUANG WENJIAN EUGENE

Legal and Corporate Affairs Manager

Company Secretary

mDR Limited

7 January 2008