



PROPOSED ACQUISITION OF 51% INTEREST IN EM@GINATION (SINGAPORE) PTE LTD

1. INTRODUCTION

The Board of Directors of mDR Limited (the “**Company**”) is pleased to announce that it had on 18 January 2008 at 1.00pm executed a sale and purchase agreement (the “**Agreement**”) with Mr. Chanvit Vitayasamrit (the “**Vendor**”) to acquire 51% of the issued share capital in Em@gination (Singapore) Pte Ltd (Company registration number 200722568H) (“**Em@gination**”). (the “**Proposed Acquisition**”).

2. RATIONALE BEHIND THE ACQUISITION

Em@gination is a local start-up company which has obtained the rights and licenses in connection with the usage, distribution and marketing of mobile value added services, including but not limited to mobile software and application downloads (collectively, “**MVAS**”) initially in Singapore, with the view of expanding such use, distribution and marketing to other countries in the region.

The Company believes that the MVAS business will value-add to the core businesses of the Company in the mobile space through the Company’s end-customers and business partners. This new business segment will further enhance the value chain of the Company’s after-market-services as well as retail and distribution business by leveraging on the Company’s current infrastructural network.

3. PRINCIPAL TERMS OF THE ACQUISITION

Purchase Consideration

The consideration for the Proposed Acquisition shall be satisfied by the issue of an aggregate of 30,388,021 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) to the Vendor at an issue price of S\$0.04278 for each Consideration Share.

The issue price is arrived at on a willing buyer-willing seller basis and it represents a discount of approximately 10% to the weighted average price of the Company’s shares for the full market day on 17 January 2008 (being the full market day before the execution of the Agreement) up to and including trades done on 18 January 2008 at the time of execution of the Agreement, as listed

and quoted on the Official List of the Singapore Exchange Securities Trading Limited.

Condition Precedents

Completion of the Proposed Acquisition is subject to:-

- (i) the approval in-principle being obtained from the SGX-ST for the listing and quotation of the Consideration Shares on the Official List of the SGX-ST and such approval not being 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 Consideration Shares on the Official List of the SGX-ST are required to be fulfilled on or before the date of completion of the Proposed Acquisition, they are so fulfilled.

The Company will be making an application to the SGX-ST for the listing and quotation of the Consideration Shares on the Official List of the SGX-ST;

- (ii) the Company having satisfactorily independently verified the financial forecast of the proposed business of Em@gination; and
- (iii) the parties having agreed on the terms and conditions of a shareholders' agreement.

4. GENERAL MANDATE AND EXEMPTIONS

The Consideration Shares will be issued pursuant to the general mandate by the shareholders of the Company, by way of an ordinary resolution ("**Resolution**") passed at the Annual General Meeting held on May 2006, given to the directors of the Company to issue shares not exceeding 50% of the issued share capital of the Company at the time of the Resolution, of which the aggregate number of shares to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed 20% of the issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

The Consideration Shares will be issued to the Vendor pursuant to the exemption under Section 273(1F) of the Securities and Futures Act, Cap 289, which exempts the Company from issuing an offer information statement relating to the issue of the Consideration Shares.

5. FINANCIAL EFFECTS

Based on the audited FY2006 full year financial statements of the mDR Group, the Proposed Acquisition will not have a material impact on the net tangible assets per share or on the earnings per share of the mDR Group.

At the date of this announcement, the issued and paid up share capital of the Company is S\$98,054,561 comprising 1,688,488,970 ordinary shares ("**Shares**"). Upon completion of the Proposed Acquisition, the existing issued and paid-up capital of the Company will increase from S\$98,054,561 comprising 1,688,488,970 Shares to S\$99,354,561 comprising 1,718,876,991 Shares.

6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the Proposed Acquisition

7. DOCUMENTS AVAILABLE FOR INSPECTION

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

BY ORDER OF THE BOARD

Huang Wenjian Eugene
Legal and Corporate Affairs Manager
Company Secretary

Singapore
28 January 2008