



MDR Limited

(Company Registration No. 200009059G)

JOINT VENTURE BETWEEN PIXIO AND UBP

1. INTRODUCTION

The Board of Directors (the “**Board**”) of mDR Limited (the “**Company**” and together with its subsidiaries, the “**mDR Group**”) wishes to announce that the Company’s wholly owned subsidiary, Pixio Sdn. Bhd. (“**Pixio**”) has on 14 November 2014, entered into a joint venture agreement (“**JVA**”) with Malaysia based, UBP Printing Sdn. Bhd. (“**UBP**”), to establish a joint-venture company (“**JVC**”) in Malaysia (the “**Joint Venture**”).

2. PRINCIPAL TERMS OF THE JOINT VENTURE

The provisional name of the JVC is “United Pixio Sdn. Bhd.” and the JVC will be incorporated in East Malaysia. Initially, the principal business activity of the JVC will be the sale, purchase and lease of media rights and media spaces, and the design, large format digital inkjet printing, and placement of point-of-sale (“**POS**”) and out-of-home (“**OOH**”) advertisements, in the territories of Sabah, Sarawak, Kalimantan, and Brunei.

Pursuant to the terms of the JVA, the issued and paid up capital of the JVC at the date of incorporation will be RM50,000 divided into 50,000 shares of RM1 each. Subsequently, the issued and paid up capital of the JVC will be increased to an aggregate of RM1,000,000 divided into 1,000,000 shares of RM1 each, and both Pixio and UBP each, will hold 50% shareholdings in the JVC, and such proportion will be maintained upon further capitalisation or issuance of new equity of the JVC.

3. INFORMATION ON PARTIES TO THE JOINT VENTURE

Pixio

Pixio is the leading large format digital inkjet printer in Malaysia and is in the business of providing design and graphic solutions for POS and OOH advertisements. Pixio was wholly acquired by the mDR Group in July 2013.

UBP

UBP is a subsidiary of United Borneo Press Group Sdn. Bhd. (“**UBP Group**”). It is the leading newspaper contract printer in East Malaysia. UBP is licensed to print the Brunei edition of Singapore’s leading daily *The Straits Times*, and in addition, it contract prints several other newspapers, which are, *The Star*, *Utusan Malaysia*, *New Straits Times*, *Harian Metro*, *Berita Harian*, and *United Daily News*, for East Malaysia and Brunei circulation.

UBP Group is headquartered in the city of Miri, in North Sarawak, and has printing plants in Kota Kinabalu, Kuching, Miri and Sibu.

UBP Group's controlling shareholder, Tan Sri Datuk Ling Chiong Ho ("**Tan Sri**") is the founder of Shin Yang Group of Companies, a dynamic conglomerate engaged in diversified business activities, such as shipping (domestic and international), shipbuilding, real estate development, infrastructure projects, plantations, quarrying, oil palm plantations, public transportation, hypermarkets and hotels. Tan Sri is the Chairman of, Sarawak Oil Palm Bhd. ("**SOPL**") and Shin Yang Shipping Corporation Bhd. ("**SYSL**"), both of which are listed on Bursa Malaysia. SOPL is primarily engaged in the cultivation of oil palms and the operation of palm oil mills. While SYSL is engaged in ship building, ship repair, ship conversion, ship engineering, ship structures, international shipping, and domestic shipping (bulk and container services).

4. RATIONALE FOR THE TRANSACTION

The Joint Venture is synergic and beneficial to Pixio's business, and will offer Pixio an attractive opportunity to leverage on its expertise and experience, to expand its business in East Malaysia and Brunei. Kuching, Kota Kinabalu, and Miri have an estimated combined population of about 3 million, and the OOH market still remains untapped in these regions. As such, the mDR Group believes that the JVC has potential for growth.

5. FINANCING AND FINANCIAL EFFECTS OF THE TRANSACTION

The contribution to the paid-up capital of the JVC will be funded entirely through Pixio's internal resources. The Joint Venture transaction is not expected to have any material impact on the consolidated earnings per share and consolidated net tangible assets per share of the Company for the financial year ending 31 December 2014.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the Joint Venture.

By Order of the Board

Madan Mohan
Company Secretary

14 November 2014