



MDR Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 200009059G)

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- (A) **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE**
- (B) **PROPOSED DIVERSIFICATION OF THE GROUP'S CORE BUSINESSES TO INCLUDE THE NEW BUSINESSES**
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1. Introduction

- 1.1 The board of directors (the "**Board**") of mDR Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 11 August 2017 and 25 October 2017 ("**Previous Announcements**") in relation to the proposed Rights cum Warrants Issue. Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Previous Announcements.
- 1.2 Further to the Previous Announcement dated 25 October 2017, the Company has re-considered the terms of the Rights cum Warrants Issue and is now proposing to offer, on a renounceable non-underwritten basis, up to 25,056,482,168 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.00188 for each Rights Share (the "**Issue Price**"), with up to 225,508,339,512 free detachable warrants (the "**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the "**Warrant Share**") at the Exercise Price (as defined below) for each Warrant Share, on the basis of two (2) Rights Shares for every one (1) Share held by the Shareholders (the "**Rights Issue**") and nine (9) Warrants (comprising three (3) Tranche 1 Warrants, three (3) Tranche 2 Warrants and three (3) Tranche 3 Warrants (all as defined below)) for every one (1) Rights Share validly subscribed (the "**Warrants Issue**") as at the Books Closure Date, fractional entitlements to be disregarded ("**Revised Rights cum Warrants Issue**").
- 1.3 The Company will be seeking approval from the Shareholders for, *inter alia*, the allotment and issue of the Rights Shares, the Warrants and the Warrant Shares at an EGM to be convened as the allotment and issue of the Rights Shares, the Warrants and the Warrant Shares pursuant to the Revised Rights cum Warrants Issue exceeds the limits set under the current general share issue mandate of the Company approved by the Shareholders in the annual general meeting of the Company held earlier on 28 April 2017.
- 1.4 The Company will also be seeking the approval of the Shareholders for the Proposed Diversification of the Group's current core businesses to include the New Businesses at the EGM, as announced in the Previous Announcements.

2. Proposed Principal Terms of the Revised Rights cum Warrants Issue

- 2.1 Pursuant to the Revised Rights cum Warrants Issue:

- (a) up to 25,056,482,168 Rights Shares will be offered at the Issue Price, on the basis of two (2) Rights Shares for every one (1) Share held by Shareholders as at the Books Closure Date, fractional entitlements to be disregarded; and
- (b) nine (9) Warrants (comprising three (3) Tranche 1 Warrants, three (3) Tranche 2 Warrants and three (3) Tranche 3 Warrants) for every one (1) Rights Share subscribed. Each Warrant carries the right to subscribe for one (1) Warrant Share.

2.2 Based on the Company's issued and paid-up share capital of 12,528,241,084 Shares as at the date of this announcement and assuming no new Shares are issued on or prior to the Books Closure Date and all Entitled Shareholders subscribe in full and pay for their *pro rata* entitlements of Rights Shares with Warrants and subsequently exercise all the Warrants, the Company will issue 25,056,482,168 Rights Shares with 225,508,339,512 Warrants and 225,508,339,512 Warrant Shares under the Revised Rights cum Warrants Issue. The Revised Rights cum Warrants Issue cannot be withdrawn after the commencement of ex-rights trading.

2.3 **The Rights Issue**

Entitled Shareholders will be at liberty to accept (in full or in part), decline, or otherwise renounce or (in the case of Entitled Depositors (as defined below)) trade their provisional allotments of Rights Shares with Warrants on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Revised Rights cum Warrants Issue.

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares with Warrants and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares with Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company.

In the allotment of Excess Rights Shares with Warrants, preference will be given to Shareholders for the rounding of odd lots, whereas Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Revised Rights cum Warrants Issue, or have a representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants. The Company will not make any allotment and issuance of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in general meeting.

The Rights Shares with Warrants will be payable in full upon acceptance and/or application. The Rights Shares with Warrants, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares or Warrant Shares (as the case may be). For this purpose, a “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

The Issue Price is proposed to be S\$0.00188 for each Rights Share. The Issue Price represents a discount of approximately:

- (a) 62.40% to the last transaction price of S\$0.005 per Share on the Mainboard of the SGX-ST on 11 December 2017, being the last full trading day of the Shares immediately preceding this announcement; and
- (b) 35.62% to the theoretical ex-rights price⁽¹⁾ of S\$0.00292 per Share.

Note:

- (1) The theoretical ex-rights trading price is the theoretical market price of each Share (before the exercise of the Warrants) assuming the maximum 25,056,482,168 Rights Shares are issued pursuant to the Revised Rights cum Warrants Issue, and is computed based on the last transacted price of S\$0.005 per Share on the Mainboard of the SGX-ST on 11 December 2017, being the last full trading day of the Shares immediately preceding this announcement.

2.4 The Warrants Issue

The Company also proposes to issue nine (9) Warrants (comprising three (3) Tranche 1 Warrants, three (3) Tranche 2 Warrants and three (3) Tranche 3 Warrants) for every one (1) Rights Share validly subscribed for no consideration receivable by the Company.

The Warrants Issue will comprise three (3) tranches:

- (a) the first tranche comprises up to 75,169,446,504 free Warrants, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed (“**Tranche 1 Warrants**”);
- (b) the second tranche comprises up to 75,169,446,504 free Warrants, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed (“**Tranche 2 Warrants**”); and
- (c) the third tranche comprises up to 75,169,446,504 free Warrants, on the basis of three (3) Warrants for every one (1) Rights Share validly subscribed (“**Tranche 3 Warrants**”).

The respective exercise prices (“**Exercise Prices**”) of each tranche of the Warrants shall be at the following rates:

- (i) in respect of the Tranche 1 Warrants, S\$0.0010 per Warrant;
- (ii) in respect of the Tranche 2 Warrants, S\$0.0011 per Warrant; and
- (iii) in respect of the Tranche 3 Warrants, S\$0.0070 per Warrant.

The terms and conditions governing the Warrants will be set out in an instrument by way of a Deed Poll and, subject to the terms therein, each Warrant will carry the right to subscribe for one (1) Warrant Share at the applicable Exercise Price during the exercise period, commencing from and including the date of issue of the Warrants and expiring at 5.00 p.m. on the last day of:

- (1) in respect of the Tranche 1 Warrants, the six (6)-month period from the date of issue of the Warrants;
- (2) in respect of the Tranche 2 Warrants, the 18-month period from the date of issue of the Warrants; and
- (3) in respect of the Tranche 3 Warrants, the 36-month period from the date of issue of the Warrants,

unless such date is a date on which the register of members and/or register of warrant holders of the Company is/are closed or is not a market day, in which event the Warrants shall expire on the date prior to the closure of the register of members and/or register of warrant holders of the Company or on the immediately preceding market day, as the case may be (but excluding such period(s) during which the register of members and/or the register of warrant holders of the Company may be closed) (the “**Exercise Periods**”). The Warrants which have not been exercised at the end of the relevant Exercise Periods shall lapse and cease to be valid for any purpose.

An announcement on the expiry of the Warrants will be made and a notice will be sent to all holders of the Warrants at least one (1) month before the expiry of the relevant Exercise Period. After the issue of the Warrants, in the event of any material alteration to the terms of Warrants to the advantage of the holders of the Warrants, approval by Shareholders for such alteration(s), except where the alteration(s) are made pursuant to the terms of the issue of the Warrants, shall be sought.

The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form, subject to the terms and conditions to be set forth in the Deed Poll. The Warrants will be listed and traded separately on the SGX-ST under the book entry (scripless) settlement system. The listing of and quotation for the Warrants on the Main Board of the SGX-ST, if approved, is expected to be subject to there being a sufficient spread of holdings for the Warrants to provide an orderly market for the Warrants. Each board lot of the Warrants will consist of 100 Warrants or such other board lot size which the SGX-ST may require and as may be notified by the Company.

The Warrant Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares for any dividends, rights, allotments or other distributions. The Exercise Prices and/or the number of Warrants to be held by each warrant holder will, after their issue, be subject to adjustments under certain circumstances (such circumstances will be set out in the Deed Poll) and appropriate announcements on the adjustments will be made by the Company.

Subject to the Deed Poll, the Exercise Prices as stated above for the Tranche 1 Warrants, the Tranche 2 Warrants and the Tranche 3 Warrants represent a discount of approximately 80.00% and 78.00%, and a premium of 40.00%, respectively to the last transacted price of S\$0.005 per Share on the Mainboard of the SGX-ST on 11 December 2017, being the last full trading day of the Shares immediately preceding this announcement.

- 2.5 The terms and conditions of the Revised Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Revised Rights cum Warrants Issue including procedures, acceptances and renunciations of applications for the Rights Shares with Warrants will be contained in the OIS to be lodged with the MAS and to be despatched by the Company to Entitled Shareholders in due course.
- 2.6 In the reasonable opinion of the Directors, and in view of the Irrevocable Undertaking (as defined below), there is no minimum amount which must be raised from the Revised Rights cum Warrants Issue. After taking into consideration the aforementioned, the costs of engaging an underwriter and having to pay commission in relation to the underwriting, the Directors have decided that it is neither feasible nor practical for the Revised Rights cum Warrants Issue to be underwritten by a financial institution.
- 2.7 The Undertaking Shareholder has undertaken to, among others, subscribe for and pay in full for and/or procure the subscription and payment in full for the Undertaking Shareholder's *pro rata* entitlements to the Rights Shares with Warrants under the Revised Rights cum Warrants Issue in relation to Shares held by the Undertaking Shareholder as at the Books Closure Date. Please refer to paragraph 5 of this announcement for further details.

3. Rationale

- 3.1 The Company is undertaking the Revised Rights cum Warrants Issue to strengthen the financial position and capital base of the Group so as to pursue its growth strategy of diversification of its core businesses. In connection therewith, the Company will be seeking Shareholders' approval for the Proposed Diversification to include the New Businesses. In view of the current financial circumstances, the Company believes that the Revised Rights cum Warrants Issue will strengthen the Company's balance sheet and a stronger financial position will also allow the Group to seize opportunities for business growth through acquisition opportunities and expansion into other business areas in a timely manner and as and when the opportunities arise, such as the New Businesses.
- 3.2 In addition, the Revised Rights cum Warrants Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.

4. Use of Proceeds

4.1 On the assumption that:

- (a) (i) the Shareholders approve of the Whitewash Resolution; (ii) none of the Shareholders except for the Undertaking Shareholder subscribe for their respective *pro rata* entitlements to the Rights Shares with Warrants under the Revised Rights cum Warrants Issue; and (iii) the Undertaking Shareholder subscribes for the Rights Shares with Warrants under the Revised Rights cum Warrants Issue pursuant to the Irrevocable Undertaking (as defined below) (the “**First Minimum Subscription Scenario**”), the Company expects to receive net proceeds of approximately S\$9.44 million in aggregate (if none of the Warrants are exercised) and approximately S\$151.58 million in aggregate (if all of the Warrants are exercised) from the Revised Rights cum Warrants Issue, after deducting estimated expenses of approximately S\$0.35 million;
- (b) (i) the Shareholders do not approve of the Whitewash Resolution; (ii) none of the Shareholders except for the Undertaking Shareholder subscribe for their respective *pro rata* entitlements to the Rights Shares with Warrants under the Revised Rights cum Warrants Issue; and (iii) the Undertaking Shareholder subscribes for such number of Rights Shares with Warrants that will result in him holding 29.0% of the enlarged share capital of the Company immediately after the Revised Rights cum Warrants Issue pursuant to the Irrevocable Undertaking (the “**Second Minimum Subscription Scenario**”), the Company expects to receive net proceeds of approximately S\$2.38 million in aggregate (if none of the Warrants are exercised) and approximately S\$2.58 million in aggregate (if 197,670,365 Tranche 1 Warrants are exercised, such that the aggregate shareholding interests of the Undertaking Shareholder does not exceed 29.99%) from the Revised Rights cum Warrants Issue, after deducting estimated expenses of approximately S\$0.35 million; and
- (c) all Shareholders subscribe for their respective *pro rata* entitlements to Rights Shares under the Revised Rights cum Warrants Issue (the “**Maximum Subscription Scenario**”), the Company expects to receive net proceeds of approximately S\$46.76 million in aggregate (if none of the Warrants are exercised) and approximately S\$730.80 million in aggregate (if all of the Warrants are exercised) from the Revised Rights cum Warrants Issue, after deducting estimated expenses of approximately S\$0.35 million.

4.2 The use of the Net Proceeds shall remain unchanged from that as disclosed in the Previous Announcements, that is, the Company intends to use the Net Proceeds in the following manner:

- (a) approximately 80% to 100% to support the diversification of the Group’s business activities to include the New Businesses; and
- (b) up to 20% for general corporate purposes including general working capital, including but not limited to funding of new projects, capital improvements and repayment of loans, and making strategic investments and/or acquisitions.

- 4.3 As and when there is any significant disbursement of the proceeds raised from the Revised Rights cum Warrants Issue, the Company will make the necessary announcements on SGXNET and subsequently provide a status report on the use of such proceeds in its annual report. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with details on how the proceeds have been applied in the announcements and the annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reason(s) for such deviation.
- 4.4 In addition, the Company will, on a quarterly basis for the first 36 months from the date of issue of the Warrants, announce:
- (a) the number of Tranche 1 Warrants, Tranche 2 Warrants and Tranche 3 Warrants that have been exercised;
 - (b) the proceeds raised from the exercise of the Warrants; and
 - (c) the status of the use of such proceeds,
- together with a confirmation from the auditors of the Company that the information set out in such announcement has been audited and verified.
- 4.5 Pending the deployment of the proceeds for the use(s) mentioned above, the proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments, corporate financing or loans or for any other purposes on a short-term basis as the Directors may deem fit.

5. Irrevocable Undertaking

- 5.1 As at the date of this announcement, the number of Shares and the percentage proportion in the issued and paid-up share capital of the Company of Mr. Edward Lee Ewe Ming, the Undertaking Shareholder, remain unchanged from that as disclosed in the Previous Announcements.
- 5.2 As an indication of his support and commitment to the Company and the Revised Rights cum Warrants Issue and as a result of the change in the terms of the Revised Rights cum Warrants Issue, the Undertaking Shareholder has given a fresh undertaking ("**Irrevocable Undertaking**"), subject to certain conditions, that, among others:
- (a) as at the Books Closure Date, the number of Shares held by him will not be less than the number of Shares held by him on the date of the Irrevocable Undertaking;
 - (b) he will vote in favour of the Revised Rights cum Warrants Issue and the Proposed Diversification at the EGM (including an adjournment thereof) to approve, *inter alia*, the Revised Rights cum Warrants Issue, the issue of the Rights Shares, the Warrants and the Warrant Shares and the Proposed Diversification;
 - (c) he will, not later than the last day for acceptance and payment of the Rights Shares with Warrants, subscribe for and pay in full for and/or procure the subscription of and payment in full for his *pro rata* entitlement to the Rights Shares with Warrants under the Revised Rights cum Warrants Issue in relation to the Shares held by him as at the Books Closure Date, in accordance with the terms and conditions of the Revised Rights cum Warrants Issue; and

- (d) in the event that the Whitewash Resolution is not approved by Independent Shareholders, he will, not later than the last day for acceptance and payment of the Rights Shares with Warrants, subscribe for and pay in full for and/or procure the subscription of and payment in full for such number of Rights Shares with Warrants that will result in him holding not less than 29.0% but not exceeding 29.99% of the enlarged share capital of the Company immediately after the Revised Rights cum Warrants Issue.
- 5.3 The Undertaking Shareholder shall procure confirmations from financial institutions that he has sufficient financial resources to fulfil his obligations under the Irrevocable Undertaking.
- 5.4 The Irrevocable Undertaking is conditional upon, among others, the following:
- (a) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST; and
 - (b) the Revised Rights cum Warrants Issue and the issue of the Rights Shares with Warrants and the Warrant Shares being approved by Shareholders at the EGM.

Resultant Shareholdings based on Maximum Subscription Scenario, the First Minimum Subscription Scenario and the Second Minimum Subscription Scenario

- 5.5 Assuming the Maximum Subscription Scenario, the aggregate voting rights of the Undertaking Shareholder after the close of the Revised Rights cum Warrants Issue will remain unchanged at approximately 20.78% of the Company's aggregate voting rights (based on the enlarged share capital of the Company after the Revised Rights cum Warrants Issue).
- 5.6 Assuming the First Minimum Subscription Scenario, the aggregate voting rights of the Undertaking Shareholder after the close of the Revised Rights cum Warrants Issue will increase from approximately 20.78% as at the date of this announcement to approximately 44.04% of the Company's aggregate voting rights (assuming that none of the Warrants are exercised) or approximately 84.64% (assuming that all of the Warrants are exercised) of the enlarged share capital of the Company after the Revised Rights cum Warrants Issue.
- 5.7 Assuming the Second Minimum Subscription Scenario, the aggregate voting rights of the Undertaking Shareholder after the close of the Revised Rights cum Warrants Issue will increase from approximately 20.78% as at the date of this announcement to approximately 29.00% of the Company's aggregate voting rights (assuming that none of the Warrants are exercised) or approximately 29.99% (assuming that 197,670,365 Warrants are exercised, such that the aggregate shareholding interests of the Undertaking Shareholder does not exceed 29.99%) of the enlarged share capital of the Company after the Revised Rights cum Warrants Issue.

6. Waiver of Mandatory Takeover

- 6.1 As stated in the Previous Announcements, under Rule 14.1 of the Code, where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights in the Company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1% of the voting rights, he is required to make a Mandatory Offer.
- 6.2 Depending on the level of subscriptions for the Rights Shares with Warrants, the fulfilment by the Undertaking Shareholder of his obligations under the Irrevocable Undertaking and subscription for the Rights Shares with Warrants and excess Rights Shares with Warrants in connection with the Revised Rights cum Warrants Issue may result in the Undertaking Shareholder acquiring 30.0% or more of the voting rights of the Company. In such event, the Undertaking Shareholder and parties acting in concert with him would incur an obligation to make the Mandatory Offer pursuant to Rule 14.1(a) of the Code, unless the Whitewash Resolution is obtained from the Independent Shareholders.
- 6.3 In view of the above, applications were made to the SIC on 7 August 2017 and 22 September 2017 for, *inter alia*, the Whitewash Waiver. As stated in the Previous Announcements, SAC Capital Private Limited has been appointed by the Company as the IFA.

7. Approvals

- 7.1 Shareholders should note that the Revised Rights cum Warrants Issue is subject to, *inter alia*, the following conditions:
- (a) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST and such approval not having been withdrawn or revoked as at the date of completion of the Revised Rights cum Warrants Issue;
 - (b) the Revised Rights cum Warrants Issue and the issue of the Rights Shares with Warrants and the Warrant Shares being approved by Shareholders at the EGM; and
 - (c) the lodgement of the OIS, together with all accompanying documents (if applicable) with the MAS.
- 7.2 An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard of the SGX-ST. An appropriate announcement will be made in due course when the Company receives the approval in-principal for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares from the SGX-ST.

8. Other terms of the Revised Rights cum Warrants Issue and Proposed Diversification

Save as set out above, the terms of the Revised Rights cum Warrants Issue as disclosed in the Previous Announcements remain unchanged. The Company also intends to proceed with the Proposed Diversification subject to the approval of Shareholders at the EGM.

9. Interests of Directors and Substantial Shareholders

Mr. Edward Lee Ewe Ming, the Undertaking Shareholder, is the Executive Chairman and Non-Independent Executive Director of the Company. Ms. Zhang Yanmin is a substantial Shareholder of the Company and the spouse of Mr. Edward Lee Ewe Ming. Save as disclosed herein, none of the Directors nor any substantial Shareholder has any interest, whether direct or indirect, in the Revised Rights cum Warrants Issue and/or the Proposed Diversification other than through his/her shareholdings in the Company (if any).

10. Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Revised Rights cum Warrants Issue, the Proposed Diversification and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. Cautionary Statement

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Revised Rights cum Warrants Issue and the Proposed Diversification are subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Revised Rights cum Warrants Issue or the Proposed Diversification will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Madan Mohan
Company Secretary

12 December 2017