



MDR Limited

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200009059G)

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## PROPOSED ACQUISITION OF THE BUSINESSES AND ASSETS OF SHENZHEN QUANLI LEATHER CO., LTD AND QUANLI (HONG KONG) LEATHER COMPANY

### – NOTICE OF TERMINATION OF FRAMEWORK AGREEMENT AND RELATED MATTERS

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#### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of mDR Limited (the “**Company**”) refers to the Company’s announcements made on 8 March 2013, 3 May 2013, 25 October 2013, 28 October 2013, and 31 October 2013 in relation to, *inter alia*, the proposed acquisition of the business and assets of Shenzhen Quanli Leather Co., Ltd (“**Quanli SZ**”) and Quanli (Hong Kong) Leather Company (the “**Announcements**”).

*Capitalised terms used in this announcement shall, unless stated otherwise, have the meanings ascribed to them in the Announcements.*

#### 2. NOTICE OF TERMINATION

The Board wishes to announce that the Company has today served a notice of termination to the relevant parties of its intention to terminate the Framework Agreement (as amended and supplemented) with effect from 1 January 2016 (the “**Effective Date**”), in accordance with the terms of the Framework Agreement.

The Newco, i.e. the Company’s subsidiary Shenzhen Quanli Leather (S) Pte Ltd (“**Quanli SG**”) has also served the notice of termination of the Distribution Agreement, in accordance with the terms thereof.

Accordingly, the Company shall not proceed with the completion of the Second Stage and the Third Stage of the Proposed Quanli Acquisition.

#### 3. REASONS FOR TERMINATION

One of the Conditions Precedent in the Framework Agreement requires Quanli SG (the worldwide exclusive distributor of the products manufactured by Quanli SZ under the Distribution Agreement) to meet an agreed minimum total net profits after tax (“**NPAT**”) for the period from 1 November 2013 to 31 December 2015. Quanli SG is not likely to achieve the agreed minimum NPAT by 31 December 2015.

The Company has assessed the performance to date and in view of the additional required investments to be made, economic slowdown, changes in the competitive

landscape and future growth prospects, the Company has decided to exit from the transaction.

**4. FURTHER UPDATES**

The Company will continue to provide further updates on material developments in relation to this matter.

**5. CAUTIONARY STATEMENT**

In the meantime, shareholders are advised to exercise caution in relation to trading in the Company's shares. Shareholders should consult their stock brokers, bank managers, solicitor, or other professional advisors if they have any doubt about the actions that they should take.

**BY ORDER OF THE BOARD**

**Madan Mohan**  
*Company Secretary*

30 November 2015