

## **MEDI-FLEX LIMITED**

### **PROPOSED BONUS ISSUE OF UP TO 42,923,583 NEW ORDINARY SHARES OF PAR VALUE S\$0.10 EACH IN THE CAPITAL OF MEDI-FLEX LIMITED**

#### **1. INTRODUCTION**

The board of directors (the "Board") of Medi-Flex Limited (the "Company") is pleased to announce that, to reward the shareholders for their continued support for the Group and to enlarge the capital base of the Company in-line with the Company's growth prospects and expansion strategy, the Company intends to undertake a proposed bonus issue of up to 42,923,583 new ordinary shares of S\$0.10 each ("Bonus Shares") on the basis of 1 new ordinary share credited as fully paid for every three (3) existing ordinary shares of S\$0.10 each ("Shares") held in the capital of the Company (the "Proposed Bonus Issue").

#### **2. THE PROPOSED BONUS ISSUE**

The Proposed Bonus Issue will be effected by capitalising up to S\$4,292,358.30 or approximately RM9,677,122 from the share premium account of the Company and applying the same towards payment in full at par for the Bonus Shares to be issued. Fractional entitlements will be disregarded. As at 30 June 2005, the balance in the Company's share premium account was RM15,145,210 or approximately S\$6,717,769.

The Proposed Bonus Issue is conditional upon:

- (a) in-principle approval from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Bonus Shares on the Official List of the SGX-ST Dealing and Automated Quotation System ("SGX-SESDAQ") being obtained; and
- (b) Shareholders' approval by way of an ordinary resolution at an extraordinary general meeting ("EGM") being obtained.

The Company will make an application to the SGX-ST for approval of the Proposed Bonus Issue and the listing and quotation of the Bonus Shares on the Official List of the SGX-SESDAQ. A circular to shareholders containing the details of the Proposed Bonus Issue and the notice convening the EGM will be despatched to shareholders in due course.

The Bonus Shares, when allotted and issued, will rank *pari passu* in all respects with the existing ordinary shares of the Company.

The Bonus Shares will be issued to shareholders whose names appear in the registry of members or who have shares entered against their names in the depository register as at the date of the closure of the share transfer books. The date of closure of the share transfer book and register of members of the Company for the purpose of determining shareholders' entitlements under the Proposed Bonus Issue will be determined and announced by the Board in due course.

### **3. FINANCIAL EFFECTS**

On 28 June 2005, the Company has allotted and issued 11 million new ordinary shares to Unisteel Technology Ltd ("Unisteel") as consideration for the acquisition of 35% of the issued share capital of Sonic Clean Pte Ltd, a subsidiary of Unisteel (the "Acquisition").

#### **3.1 Share Capital**

Assuming the completion of the Proposed Bonus Issue, the issued and paid-up share capital of the Company will increase from approximately S\$12,877,075 comprising 128,770,750 Shares as at the date of this announcement to S\$17,169,433 comprising 171,694,333 Shares.

#### **3.2 Net Tangible Assets ("NTA") per Share**

Assuming the completion of the Proposed Bonus Issue on 1 January 2004 and taking into account the Acquisition, the Group's NTA per Share as at 31 December 2004, based on the audited financial statements of the Group for the financial year ended 31 December 2004 ("FY2004"), will decrease from 37.26 sen to 27.95 sen.

#### **3.3 Earnings per Share ("EPS")**

Assuming the completion of the Proposed Bonus Issue on 1 January 2004 and taking into account the Acquisition, the Group's EPS for FY2004, based on the audited financial statements of the Group for FY2004, will decrease from 5.15 sen to 3.42 sen.

#### **3.4 Gearing**

Assuming the completion of the Proposed Bonus Issue on 1 January 2004 and taking into account the Acquisition, the Group's gearing as at 31 December 2004, based on the audited financial statements of the Group for FY2004, will remain the same at 0.12 times.

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Bonus Issue, other than through their respective shareholding interests in the Company.

Submitted by Tu Ah Kim, Managing Director on 12 August 2005 to the SGX.