

# MEDI-FLEX LIMITED

(Incorporated in Singapore)  
(Company Registration Number: 200312754H)

## ANNOUNCEMENTS PURSUANT TO RULES 703 AND 704(20) OF THE LISTING MANUAL

The Board of Directors of Medi-Flex Limited (the "Company") wishes to disclose as follows:-

### 1. Syndicated Loan

The Company had on 19 September 2005, entered into a Facility Agreement in respect of a transferable term loan and revolving credit facilities of up to US\$2,000,000 and US\$4,000,000 respectively ("the Syndicated Loan") with Bangkok Bank Public Co, Singapore Branch, CIMB Bank Berhad (formerly known as Southern Bank Berhad), Singapore Branch, IFS Capital Limited (collectively "the Lenders") and Asian Corporate Advisors Pte Ltd. The purpose of the Syndicated Loan was to finance the purchase of the Group's property and manufacturing equipment and for working capital purposes. The total outstanding amount under the Syndicated Loan is currently US\$5.2 million. Based on the unaudited financial statements of the Company and its subsidiaries ("the Group") for the half-year ended 30 June 2006 which was released on 14 August 2006, three of the covenants of the Syndicated Loan were breached ("the Breaches") as follows:-

- (a) the ratio of consolidated earnings before interest, tax, depreciation and amortisation to consolidated interest expense was less than the required level;
- (b) the consolidated current assets did not exceed the consolidated current liabilities; and
- (c) the ratio of the total security value to the total loan was less than the required level.

To-date, the Lenders have not declared an event of default and no demand for immediate repayment of the total outstanding amount of the Syndicated Loan has been made.

### 2. Trade facilities with Malayan Banking Berhad

Flexitech Sdn Bhd ("Flexitech"), a wholly-owned subsidiary of the Company, had been unable to pay its outstanding bankers' acceptances (i.e. a time draft drawn on and accepted by a bank) on their due dates, under the terms of its trade facilities with Malayan Banking Berhad. Flexitech had on 30 October 2006 received a letter from Malayan Banking Berhad informing Flexitech that it is required to service the outstanding overdraft loan by way of a monthly payment of RM70,000 between October 2006 and January 2007 and with effect from 28 February 2007, the total outstanding overdue trade bills are to be fully settled. Malayan Banking Berhad also informed Flexitech that it will not hesitate to commence legal action against Flexitech and its corporate guarantor, the Company, if any of the requested payments are not paid by the stipulated deadline. Flexitech currently has outstanding trade facilities from Malayan Banking Berhad amounting to approximately RM10.5 million.

### 3. Trade facilities with Standard Chartered Bank Malaysia Berhad

Flexitech Sdn Bhd, had on 20 October 2006 received a letter from Standard Chartered Bank Malaysia Berhad requesting Flexitech to make immediate arrangements to repay the outstanding overdrafts and bank guarantee and honour its bankers' acceptances upon their due dates without further utilisation of such facilities. Flexitech currently has outstanding trade facilities from Standard Chartered Bank Malaysia Berhad amounting to approximately RM3.43 million.

The Company is currently in a late stage of discussion with the above financial institutions to reschedule repayments and obtain a waiver of the Breaches. The Company shall update its shareholders on the status of such discussions should there be any material developments.

To alleviate its working capital requirements, the Group has taken steps to raise funds by way of:-

- (a) an interest-free shareholders' loan of RM2,000,000 from Tu Ah Kim, the Managing Director and the Controlling Shareholder (repayable by 30 June 2007 or such later date as the parties may agree). The Company is also in a late stage of discussion with Tu Ah Kim for Tu Ah Kim to extend another shareholders' loan as working capital for the Group; and
- (b) the proposed placement of 328,305,329 new ordinary shares in the Company to Top Glove Corporation Bhd, Regal Honour Investments Limited and Pacal Consulting Pte Ltd (as announced on 12 October 2006) which, if successful, will raise net proceeds of S\$22.1 million.

BY ORDER OF THE BOARD

TU AH KIM  
MANAGING DIRECTOR

27 November 2006