

MEDI-FLEX LIMITED

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

ACQUISITION OF PROPERTIES

(HEREINAFTER REFERRED TO AS THE PROPOSED TRANSACTIONS)

A. INTRODUCTION

The Board of Directors of Medi-Flex Limited (“Medi-Flex” or the “Company”) wishes to announce that its wholly-owned subsidiary, Flexitech Sdn Bhd has entered into the following agreements on the terms and conditions stipulated therein with Greenview Properties Sdn Bhd, a company incorporated in Malaysia with its registered office at Suite 705, Block A, Kelana Business Centre, 97 Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan pursuant to which the Company agreed:-

Proposed Acquisitions

a. Sale of Assets Agreement (“SAA”)

To purchase two open sided Biomass Plant together with such other plant and machinery more particularly described in Schedule 1 of the said Agreement; and

b. Sale and Purchase Agreement (“SPA”)

To purchase 2 parcels of land held under issue documents of title:-

- (i) HS(M) 5720, PT No 4050 situated within Tempat Olak Lempit, Daerah Kuala Langat, Mukit Tanjung Dua Belas, State of Selangor Darul Ehsan (“Land I”); and
- (ii) HS(M) 5721, PT 4051 situated within Tempat Olak Lempit, Daerah Kuala Langat, Mukit Tanjung Dua Belas, State of Selangor Darul Ehsan (“Land II”)

together with a single storey detached factory with a 2-storey office annexe, Single Storey Warehouse, Boiler Factory and Two Open Sided Biomass Factories erected on Land I and Land II (“Building”). Land I and Land II will collectively be referred to as the “Lands” and the Building will collectively be referred to as the “Property”.

Collectively “the Proposed Transactions”.

The aggregate purchase price of the above transactions amounting to Ringgit Malaysia Fourteen Million Seven Hundred and Sixty-Five Thousand negotiated on a willing buyer, willing seller basis and takes into account the valuation of the properties by the following valuers appointed by the Company:-

- a. Sallmanns (Singapore) Pte Limited, is the valuer valuing the Plant and Machinery as mentioned in the SAA at RM3,000,000.00 using the market value approach; and
- b. Rahim and Co. is the valuer valuing the 2 parcel of lands as mentioned in the SPA at RM11,785,000.00 using the market value approach.

The Proposed Transactions will be funded by borrowings. Upon completion of the Acquisitions, the Company will be the legal and beneficial owner of the Property free from encumbrances.

B. CONDITIONS PRECEDENT

The Agreements are conditional upon and subject to the conditions precedent being fulfilled within the condition period:-

- a. the conditions precedent stipulated in the SPA;
- b. if required under the laws of Singapore and/or the Listing Manual of the Singapore Stock Exchange, the approval of the shareholders of the Company being obtained in an extraordinary general meeting for the purchase of the Assets from the Vendor or the Purchaser shall within seven (7) days from the date of the SAA confirm in writing with the Vendor whether the said approval of the shareholders of the Company is required. In the event the said approval is not required or if the Purchaser fails to confirm to the Vendor within the stipulated seven (7) days period, this condition shall be deemed fulfilled;
- c. the consent from the State Authority for the transfer of the Property in favour of the Purchaser.

Completion of the Proposed Transactions shall not be later than six (6) months or such other date as may be mutually agreed upon between the parties hereto.

C. RATIONALE FOR THE PROPOSED TRANSACTIONS

Energy for Flexitech's heating systems is one of the major components for its manufacturing process and any reduction in energy cost would translate into savings for Flexitech and enhance overall competitiveness of the Group. The Company is currently leasing the two Biomass Boiler Systems from Greenview. The Directors are of the view that it is beneficial for the Company in the long term to purchase the two Biomass Boiler Systems and the Property. The Acquisitions are in line with Management's acquisition growth strategy and the Acquisitions are expected to strengthen the Company's potential to achieve full production.

D. FINANCIAL IMPACT

The Proposed Transactions is not expected to have any material impact on the Group's financial performance for the current financial year. Based on the Company's audited financial statements for the financial year ended 31 August 2007, the financial impact to the Group's earnings per share and net tangible assets would not be material.

E. RELATIVE FIGURES UNDER RULE 1006

The relative figures for the Proposed Transactions computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual, are as follows:

a. Value of Assets Being Acquired

This basis of computation is not applicable as it only applies to disposal of assets.

b. Net Profits Attributable to the Assets Being Acquired

This basis of computation is not applicable.

c. Consideration Compared With Market Capitalisation

The aggregate value of the consideration is S\$6,203,781.52 (based on exchange rate of RM2.38 for S\$1) or approximately 10.79% of the Company's market capitalisation of S\$57,500,000.00 as at 27 June 2008, being the market day immediately preceding the announcement of the Proposed Transactions.

d. Number of Equity Securities Issued

This basis of computation is not applicable as no equity securities will be issued.

As the relative figures under Rule 1006(c) is/are more than 5% but does not exceed 20%, the Proposed Transaction is regarded as a Discloseable Transaction. This announcement is made pursuant to Rule 1010 of the Listing Manual.

F. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS OF THE COMPANY

To the best of the Directors knowledge and belief, none of the Directors or Controlling Shareholders of the Company have any interest, direct or indirect, in the Proposed Transactions.

G. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Sale of Asset Agreement, the Sale and Purchase Agreement and the Valuation Reports are available for inspection during normal business hours at the Company's registered office at 36 Carpenter Street, Singapore 059915 for three (3) months after the date of this announcement.

By Order of the Board

Lim Cheong Guan
Company Director

30 June 2008