

MEDI-FLEX LIMITED

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

RELOCATION OF PLANT

The Board of Directors of Medi-Flex Limited ("Medi-Flex" or "the Company") wishes to announce that the Company will be relocating the operation in its rented factory located at Lot 5071, Batu 5 ½, Jalan Meru, 41050 Klang, Selangor Darul Ehsan ("known as the Klang Factory") to its existing factory located at Lot 124 & 126, Jalan Lapan, Kompleks Olak Lempit, KM 13, Jalan Banting Dengkil, 42700 Banting, Selangor Darul Ehsan ("known as the Banting Factory").

The relocation decision was made as the Klang Factory was operated on rented premises, of which the rental agreement is to be terminated on 15 October 2008. The termination of the rental agreement will be a cost saving to the Company as the Banting Factory is operating on the premises recently being acquired by the Company, pending completion of the Sale and Purchase Agreement (The acquisition was announced to the Singapore Exchange Securities Trading Limited on 30 June 2008).

The consolidation of both the factories (the Klang Factory and the Banting Factory) is aimed to achieve better operational control by centralising the production lines and to improve on the quality and cost efficiency aspects of the business.

The Malaysian Government had recently announced the increase of the natural gas rate by 72% with effect from 1 August 2008, which will in turn further increase the operational cost of the Klang Factory. Energy cost for the heating systems is one of the major components for the Company's manufacturing process and any reduction in energy cost would translate into savings for the Company and enhance the overall competitiveness of the Group. Hence, the Company viewed the relocation favourably as the Banting Factory is currently operating on biomass boiler systems of which is cheaper and more cost effective.

The Directors are of the view that it is beneficial for the Company in the long term to relocate and to consolidate the production lines of the Klang Factory with the Banting Factory. Further more, the relocation is in line with Management's cost saving direction and is expected to strengthen the Company's potential to achieve better quality and production efficiency in the near term.

By Order of the Board

KM Lee
Managing Director

6 October 2008