

MEDI-FLEX LIMITED
(Company Registration Number 200312754H)
(Incorporated in the Republic of Singapore)

**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE
OF SHARES**

1. Introduction

The Board of Directors ("**Directors**") of Medi-flex Limited ("**Company**") wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue, details are provided below.

2. Proposed Principal Terms of the Rights Issue

The proposed renounceable non-underwritten rights issue is for up to 500,000,000 new ordinary Shares ("**Rights Shares**"), at an issue price of S\$0.04 for each Rights Share ("**Issue Price**"), on the basis of one (1) Rights Share for every one (1) existing ordinary Share in the capital of the Company ("**Shares**") held at a books closure date to be determined ("**Books Closure Date**"), fractional entitlements to be disregarded ("**Rights Issue**").

The Company has appointed KBC Bank N.V., Singapore Branch as the manager for the Rights Issue ("**Manager**").

Shareholders of the Company, ("**Shareholders**"), whose registered addresses with the Company or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least five (5) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Entitled Shareholders**"), will be entitled to participate in the Rights Issue and receive the offer information statement ("**OIS**") to be issued by the Company in connection with the Rights Issue together with the appropriate application forms and accompanying documents at their respective Singapore addresses. Fractional entitlements to the Rights Shares will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and Substantial Shareholders and Directors will rank last in priority.

The Issue Price represents a discount of 11.1% to the last transacted price of S\$0.045 per Share on SGX-Catalist on 21 October 2008, being the day of the release of this announcement.

The Rights Shares will be payable in full upon acceptance and/or application. The Rights Shares, when allotted and issued and fully paid-up, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.

For practical reasons and in order to avoid any violation of securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders whose registered addresses with the Company or CDP, as the case may be, are outside Singapore as at the Books Closure Date and who have not, at least five (5) market days prior thereto, provided to the Company or CDP, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil paid" on SGX-Catalist as soon as practicable after dealings in the provisional allotments of Rights Shares commence and the net proceeds arising there from will be dealt with in accordance with the terms set out in the OIS.

Entitled Shareholders will be at liberty to accept, decline, renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Based on the Company's share capital of 500,000,000 Shares, up to 500,000,000 Rights Shares may be issued pursuant to the Rights Issue.

The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with the Manager, may deem fit. The final terms and conditions of the Rights Issue will be contained in the OIS.

3. Purpose of the Rights Issue and the Use of Proceeds

Assuming that the Rights Issue is fully subscribed, the estimated gross proceeds of the Rights Issue will be S\$20.00 million and the estimated net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$0.25 million, will amount to approximately S\$19.75 million ("**Rights Issue Net Proceeds**").

The Company intends to utilize the Rights Issue Net Proceeds as follows:

- (i) approximately S\$12.00 million (or approximately RM28.56 million, at the exchange rate of S\$1:RM2.38) will be off-set against and/or satisfied by the utilization of the Loan (as defined below);
- (ii) approximately S\$4.45 million (or approximately RM10.59 million, at the exchange rate of S\$1:RM2.38) will be used to pay the balance purchase price of RM10,588,500 payable under the Sale and Purchase Agreement entered into between Greenview Properties Sdn. Bhd. ("**Greenview Properties**") and a wholly-owned subsidiary of the Company, Flexitech Sdn. Bhd. ("**Flexitech**"), on 30 June 2008, pursuant to which Greenview Properties agreed to sell and Flexitech agreed to purchase two parcels of land located in Selangor, Malaysia, together with a single storey detached factory and two-storey office annex built thereon, for a total consideration of RM11,765,000;
- (iii) approximately S\$1.13 million (or approximately RM2.70 million, at the exchange rate of S\$1:RM2.38) will be used to pay the balance purchase price of RM2,700,000 payable under the Sale of Assets Agreement entered into between Greenview Properties and Flexitech, on 30 June 2008, pursuant to which Greenview Properties agreed to sell and Flexitech agreed to purchase two open sided biomass plant, together with various other assets as described therein, for a total consideration of RM3,000,000; and
- (iv) the balance of approximately S\$2.17 million will be used as general working capital for the Company's business.

Pending the deployment of the net proceeds for the aforesaid uses, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments, or used for any other purpose on a short-term basis as the Directors may deem fit.

4. Amounts due from Flexitech ("**Loans**")

As at the date of this Announcement, Flexitech has outstanding Loans due to the following parties as at 31 August 2008:

- (i) RM37.59 million due to Top Glove Corporation Bhd ("**Top Glove Corporation**"). This amount is non-trade in nature, unsecured, bears interest of 2% per annum and is repayable within six months from 16 June 2008. Top Glove Corporation is the ultimate holding company of the Company; and
- (ii) RM1.61 million due to Top Glove Sdn Bhd ("**Top Glove**"). This amount is unsecured, interest-free and has no fixed terms of repayment. Top Glove is the immediate holding company of the Company.

Top Glove Corporation and Top Glove intend to utilize the Loans as partial or full offset against payment for Top Glove's entitlement to the Rights Shares under the Rights Issue, and where applicable, partial or full payment for any excess Rights Shares subscribed. The final quantum of the Loans, which will include the interest accrued on the Loans, where applicable, and the exchange rate to be adopted will be established at a date nearer the close of the Rights Issue.

5. Irrevocable undertakings

To demonstrate its confidence in the Rights Issue, Top Glove ("**Undertaking Shareholder**") has on 21 October 2008 agreed to irrevocably undertake to subscribe for its entitlement portion of Rights Shares under the Rights Issue.

As at the date of this Announcement, the Undertaking Shareholder holds a total of 300,305,829 Shares, representing approximately 60.06% of the issued and paid-up share capital of the Company.

The Undertaking Shareholder has irrevocably undertaken to the Company, *inter alia*, that: -

- (a) it will not transfer or otherwise dispose of their respective Shares prior to the Books Closure Date;
- (b) it will subscribe for or procure subscribers and pay or procure payment for all of its Rights Issue entitlements represented by the Shares as at the Books Closure Date; and
- (c) it will fund the entirety of its purchase of its Rights Shares entitlements and excess Rights Shares application, if applicable, through the offset of the Loans and from its financial resources.

6. Approvals

The Rights Issue is subject to, *inter alia*, the following:

- (a) the approval in-principle of the SGX-ST for the listing and quotation of the Rights Shares on the SGX-Catalist;
- (b) the issuance of Rights Shares, under the Rights Issue having been approved by Shareholders at an extraordinary general meeting ("**EGM**") to be convened; and
- (c) the lodgement by the Company of the OIS with the Monetary Authority of Singapore.

An application will be made to the SGX-ST for permission to deal in and for the listing and quotation of the Rights Shares on SGX-Catalist. An appropriate announcement on the outcome of the application for permission to deal in and for the listing and quotation of the Rights Shares on SGX-Catalist will be made in due course.

7. Circular to Shareholders

The circular to Shareholders containing, *inter alia*, the notice of the EGM, and the terms and conditions of the Rights Issue will be despatched to the Shareholders in due course. Thereafter, the OIS will be lodged with the Monetary Authority of Singapore and despatched by the Company to the Entitled Shareholders following the EGM in due course if the Rights Issue is approved at the EGM.

8. Responsibility Statement

The Directors of the Company (including those who may have been delegated detailed supervision for the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

KM Lee
Managing Director
Medi-Flex Limited
21 October 2008