



In relation to the EGM, details of which are provided below, the Company wishes to highlight to Shareholders that the Rights Undertaking Shareholder's payment for its subscription of its 300,305,829 Rights Shares under the Rights Undertakings will be off-set against Loans that are due by the Group and TGC's Cash Advances to the Group. In this connection, the Company wishes to draw your attention to paragraph 2.1.2 on Subscription of the Rights Issue by the Rights Undertaking Shareholder and paragraph 2.1.3 on Repayment of the Loans and/or TGC's Cash Advances using proceeds from the Rights Issue. Please refer to the annex for more information.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("EGM") of **MEDI-FLEX LIMITED** (the "**Company**") will be held on 20 January 2009 at 11:00 a.m. at the Singapore Exchange Ltd, SGX Auditorium, 2 Shenton Way, #02-02 Podium SGX Centre 1, Singapore 068804 and at any adjournment thereof, for the purpose of considering, and if thought fit, passing, with or without modifications, the following resolution:

AS ORDINARY RESOLUTION: APPROVAL OF THE RIGHTS ISSUE

That the renounceable non-underwritten rights issue (the "**Rights Issue**") of up to 500,000,000 new ordinary shares in the capital of the Company (the "**Rights Shares**") be and is hereby approved and the Board of Directors be and is hereby authorised to:

- (a) create and issue such number of Rights Shares as the Directors may determine up to 500,000,000 Rights Shares at an issue price of S\$0.04 for each Rights Share;
- (b) provisionally allot and to issue up to 500,000,000 Rights Shares at an issue price of S\$0.04 for each Rights Share on the basis of one (1) Rights Share for every one (1) existing ordinary share held by Entitled Shareholders of the Company as at a date and time to be determined by the Directors (the "**Books Closure Date**"), fractional entitlements to be disregarded, on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
 - (i) the provisional allotments of the Rights Shares under the Rights Issue shall be made on a renounceable basis to the Shareholders whose names appear in the Register of Members of the Company or the records of the Central Depository (Pte) Limited ("**CDP**") as at the Books Closure Date with registered addresses in Singapore or who have, at least five (5) market days prior to the Books Closure Date, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents, on the basis of one (1) Rights Share for every one (1) existing ordinary share held by Entitled Shareholders of the Company as at the Books Closure Date, fractional entitlements to be disregarded;
 - (ii) no provisional allotment of the Rights Shares shall be made in favour of Shareholders with registered addresses outside Singapore as at the Books Closure Date (the "**Foreign Shareholders**");
 - (iii) the entitlements to the Rights Shares which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the rights entitlements relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be retained or dealt with for the sole benefit of the Company;
 - (iv) the entitlements to the Rights Shares not taken up or allotted for any reason (other than allotments to Foreign Shareholders referred to above) shall be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
 - (v) the Rights Shares when issued and fully paid up will rank *pari passu* in all respects with the then existing ordinary shares in the capital of the Company save for any dividends, rights, allotments or other distribution, the Record Date for which falls before the date of issue of the Rights Shares.

The Directors be and are hereby authorised to take such steps, do all such acts and things, make such amendments to the terms of the Rights Shares and exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or necessary in connection with all or any of the above matters.

BY ORDER OF THE BOARD

Tan Min-Li
Company Secretary
Singapore
5 January 2009

Notes:

- (1) Terms and expressions not defined herein have the same meanings ascribed to them in the Circular.
- (2) A Member entitled to attend and vote at the EGM may appoint not more than two proxies to attend and vote in his/her stead. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a Member of the Company.
- (3) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (4) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 Cross Street #11-00 PWC Building, Singapore 048424 not less than 48 hours before the time appointed for holding the Meeting.

ANNEX

2.1.2 SUBSCRIPTION OF THE RIGHTS ISSUE BY THE RIGHTS UNDERTAKING SHAREHOLDER

A. RIGHTS UNDERTAKINGS BY THE RIGHTS UNDERTAKING SHAREHOLDER

The Company is 60.06% owned by Top Glove Sdn Bhd ("**Top Glove**"), which is in turn 100% owned by Top Glove Corporation Bhd. ("**TGC**"). As at the Latest Practicable Date, Top Glove or the Rights Undertaking Shareholder holds in aggregate 300,305,829 Shares, representing approximately 60.06% of the existing issued share capital of the Company. To demonstrate its commitment to the Company and support for the Rights Issue, the Rights Undertaking Shareholder has given the Rights Undertakings, on 31 December 2008, undertaking to pay and/or to procure the payment of the Cash Advances and to subscribe and/or procure subscriptions for its full entitlement of 300,305,829 Rights Shares under the Rights Issue. Please refer to paragraph 2.1.2C on Cash Advances and paragraph 2.4 of the Circular for more information on the Cash Advances and Rights Undertakings respectively.

B. LOANS DUE TO THE RIGHTS UNDERTAKING SHAREHOLDER AND TGC

As at 31 August 2008, an amount of approximately RM39.20 million (or approximately S\$16.33 million) is due by the Group to the Rights Undertaking Shareholder and its parent company, TGC ("**Loans**"), comprising the following amounts:

- (i) RM37.59 million due to TGC. This amount is non-trade in nature, unsecured, bears interest of 2% per annum and is repayable within six months from 16 June 2008; and
- (ii) RM1.61 million due to Top Glove. This amount is unsecured, interest-free and has no fixed terms of repayment.

Pursuant to the Rights Undertakings, the subscription by the Rights Undertaking Shareholder of its 300,305,829 Rights Shares will be satisfied by way of full off-set against the Loans in the event of a Maximum Subscription and partial offset against the Loans in the event of a Minimum Subscription.

Please refer to paragraph 2.1.3 on Repayment of the Loans and/or TGC's Cash Advances Using Proceeds from the Rights Issue for more information on the repayment of the Loans using proceeds from the Rights Issue and paragraph 2.4 of the Circular on the Rights Undertakings for more information on the Rights Undertakings.

C. CASH ADVANCES BY TGC

On 30 June 2008, the Company's subsidiary, Flexitech, and Greenview Properties entered into the S&P Agreement and the Sale of Assets Agreement, whereby the Group acquired two parcels of land in Selangor, Malaysia, and two open sided biomass plants, for the price of approximately RM11.77 million and RM3.00 million respectively. Please refer to paragraph 2.5 of the Circular for more information on the S&P Agreement and Sale of Assets Agreement.

As at 31 August 2008, the outstanding consideration payable under the S&P Agreement and the Sale of Assets Agreement was approximately RM13.29 million (S\$5.54 million), comprising approximately RM10.59 million (S\$4.41 million) due under the S&P Agreement and approximately RM2.70 million (S\$1.13 million) due under the Sale of Assets Agreement.

On 12 December 2008, TGC advanced the Group a sum of approximately RM3.74 million (S\$1.56 million) towards the outstanding consideration payable under the S&P Agreement and the Sale of Assets Agreement.

As at the Latest Practicable Date, the balance consideration payable under the S&P Agreement and the Sale of Assets Agreement is approximately RM9.55 million (S\$3.98 million), which is due on 8 January 2009. To meet this deadline, TGC will also be advancing the Group the sum of approximately RM9.55 million (S\$3.98 million) on or before 8 January 2009.

In addition to the aforesaid cash advances, TGC will also be advancing the Group the sum of approximately S\$250,000 (RM600,000) to meet the estimated expenses of the Rights Issue.

In the event of a Maximum Subscription, TGC will be reimbursed the aforesaid cash advances ("**Cash Advances**"), which total approximately RM13.89 million (S\$5.79 million), from the net proceeds of the Rights Issue. In the event of a Minimum Subscription, the subscription by the Rights Undertaking Shareholder of its 300,305,829 Rights Shares will be partially off-set against the Cash Advances and the balance will be off-set against the Loans.

Please refer to paragraph 2.1.3 on Repayment of the Loans and/or TGC's Cash Advances Using Proceeds from the Rights Issue for more information on the reimbursement of the Cash Advances using proceeds from the Rights Issue.

2.1.3 REPAYMENT OF THE LOANS AND/OR TGC'S CASH ADVANCES USING PROCEEDS FROM THE RIGHTS ISSUE

The Rights Undertaking Shareholder intends to pay for part or all its subscription of the Rights Issue by off-setting against the Loans and/or by reimbursement of TGC's Cash Advances. Shareholders should note that the Company is seeking Shareholders' approval for the Rights Issue, and part of the proceeds from the Rights Issue will be used as repayment of the Loans.

Maximum Subscription

In the event of a Maximum Subscription, the Rights Undertaking Shareholder's subscription of the 300,305,829 Rights Shares will be fully off-set against the Loans and the estimated net proceeds of the Rights Issue will also be used to reimburse TGC's Cash Advances of approximately S\$5.79 million (RM13.89 million). Pursuant to this subscription, at the Issue Price of S\$0.04, the aggregate amount owing to the ultimate holding company, TGC, and immediate holding company, Top Glove, by the Group will be reduced by approximately S\$12.01 million (or approximately RM28.83 million). Please refer to paragraph 2.5 of the Circular on Purpose of the Rights Issue and Use of Proceeds for more information.

Minimum Subscription

In the event of a Minimum Subscription, the Rights Undertaking Shareholder's subscription of the 300,305,829 Rights Shares will be off-set against (i) TGC's Cash Advances of approximately S\$5.79 million (RM13.89 million), and (ii) Loans of approximately S\$6.22 million (or approximately RM14.93 million). Accordingly, the aggregate amount of the Loans owing to the ultimate holding company, TGC, and immediate holding company, Top Glove, by the Group will be reduced by approximately S\$6.22 million. Please refer to paragraph 2.5 of the Circular on Purpose of the Rights Issue and Use of Proceeds for more information on the intended use of proceeds of the Rights Issue.

In addition, if the Rights Undertaking Shareholder applies for and is allocated Rights Shares in excess of its provisional entitlement, the Rights Undertaking Shareholder intends to utilize any balance amount outstanding under the Loans to effect partial or full payment of the subscription monies payable for these excess Rights Shares, as the case may be.