

MEDI-FLEX LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 200312754H)

Legal Proceedings involving a principal subsidiary of the Company

Medi-Flex Limited ("Company") wishes to inform that its wholly-owned subsidiary, Flexitech Sdn Bhd ("Flexitech") had been served with a winding up petition on 27 April 2010 ("Winding Up Petition") pursuant to a statutory notice of demand under Section 218(1)(e) and (2)(a) of the Malaysian Companies Act, 1965 ("Statutory Notice") served on Flexitech on 16 March 2010. The Statutory Notice and the Winding Up Petition were based on a summary judgment obtained by Piramax Sdn Bhd ("Piramax") in the Shah Alam High Court Suit No. 22-69-2008 ("Suit") on 21 January 2010.

Notwithstanding the Winding Up Petition, Flexitech has successfully obtained an order for a stay of execution of the summary judgment from the Malaysia Court of Appeal on 21 June 2010. Further on 23 June 2010, Flexitech also filed an application at the Shah Alam High Court to strike out the Winding Up Petition on grounds that the Winding Up Petition was an abuse of process ("Striking Out Application"). To date, no hearing date for the Striking Out Application has been fixed. In the meantime, the hearing of the Winding Up Petition (which was fixed on 24 June 2010) has been adjourned to 23 September 2010 pending the hearing of the Striking Out Application.

Under the Suit, Piramax claimed for non-payment of machineries supplied to Flexitech amounting to RM1.69 million. Flexitech defended the claim and counterclaimed against Piramax for rectification costs incurred in the sum of RM4.6 million in relation to defective and over-priced machineries supplied by Piramax. In respect of the summary judgment obtained against Flexitech, on 21 January 2010, Flexitech has filed an appeal to the Malaysia Court of Appeal ("Appeal"). To date, a hearing date for the appeal has yet to be fixed.

The Company wishes to highlight that Piramax's claim of RM1.69 million was related to the transactions dealt by the previous management of Flexitech the in year 2006, before Flexitech was taken over by the current management of the Company in year 2007.

The Board of Directors of the Company is confident that Flexitech's Striking Out Application of the Winding Up Petition and their Appeal against the summary judgment will succeed.

The Board of Directors of the Company would like to assure all the shareholders of the Company that Piramax's claim against Flexitech has no significant financial and operational impact on the Company and its group of companies ("Group") as the Group is in a strong net cash position.

The Company will update shareholders via SGXNET on monthly basis pursuant to Rule 704(20) of the Rules of Catalist in respect of the above legal actions.

By Order of the Board

Lee Kim Meow
Managing Director

Date: 5 July 2010

This announcement has been prepared by the Company and reviewed by the Company's sponsor, CNP Compliance Pte. Ltd. ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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