

# PROSPECTUS



CAREPLUS GROUP BERHAD (Company No. 896134-D)

## CAREPLUS GROUP BERHAD

(Company No. 896134-D)  
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 65,050,000 NEW ORDINARY SHARES OF RM0.10 EACH IN OUR COMPANY ("SHARES") AT AN ISSUE PRICE OF RM0.23 PER SHARE PAYABLE IN FULL UPON APPLICATION, COMPRISING:

- 15,650,000 SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, ELIGIBLE EMPLOYEES AND BUSINESS ASSOCIATES WHO HAVE CONTRIBUTED TO OUR SUCCESS AND DEVELOPMENT;
- 38,900,000 SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND
- 10,500,000 SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC

IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT

## OSK

**OSK Investment Bank Berhad** (14152-V)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. TURN TO SECTION 4 HEREIN FOR "RISK FACTORS".

**YOU ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET OF BURSA SECURITIES MAY BE OF HIGH INVESTMENT RISK.**

THIS PROSPECTUS IS DATED 16 NOVEMBER 2010

PROSPECTUS

## CAREPLUS GROUP BERHAD

(Company No. 896134-D)  
(Incorporated in Malaysia under the Companies Act, 1965)



Lot 110, Lorong Senawang 4/3, Off Jalan Senawang Empat  
Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus, Malaysia  
Website : [www.careplus.com](http://www.careplus.com)  
E-mail : [careplus@po.jaring.my](mailto:careplus@po.jaring.my), [cplus91@tm.net.my](mailto:cplus91@tm.net.my)  
Tel : (06) 677 2781  
Fax : (06) 677 2780



## RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

OSK Investment Bank Berhad (14152-V) ("**OSK**"), being our Principal Adviser, Sponsor, Underwriter and Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO (as defined herein).

## STATEMENTS OF DISCLAIMER

A copy of this Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this Prospectus should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the securities being issued. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of the invitation, our company or our securities. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, together with the accompanying application forms, has also been lodged with the Registrar of Companies of Malaysia, who takes no responsibility for its contents.

## OTHER STATEMENTS

Companies listed on the ACE Market of Bursa Securities may have limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, amongst others, the Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional/adviser.

The IPO is an exempt transaction under Section 213 of the Capital Markets and Services Act, 2007 ("**CMSA**") and is therefore not subject to the approval of the SC.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.



Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the CMA, e.g. directors and advisers, are responsible.

Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC ("SAC") based on the audited financial statements of our Company and our subsidiaries for the financial year ended 31 January 2010. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of the IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether the IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for the IPO would be in compliance with the terms of the IPO as stated in this Prospectus and the Application Forms (as defined herein) and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted the IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which the IPO or you are or might be subjected to. Neither us nor our Principal Adviser nor any other advisers in relation to the IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

## **ELECTRONIC PROSPECTUS**

The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same. This Prospectus can also be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

You may also obtain a copy of the Electronic Prospectus from the website of CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com), the website of CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my), the website of Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my), the website of Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com) and the website of RHB Bank Berhad at [www.rhbbank.com.my](http://www.rhbbank.com.my).

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institution (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt about the validity or integrity of an Electronic Prospectus, you should immediately request from us or our Issuing House, a paper printed copy of the Prospectus. In the event of any discrepancy arising between the contents of the Electronic Prospectus and the paper printed copy of the Prospectus for any reason whatsoever, the contents of the paper printed copy of the Prospectus, which is identical to the copy of the Prospectus registered with the SC, shall prevail. The Electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

In relation to any reference in this Prospectus to third party internet sites (referred to as “**Third Party Internet Sites**”), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (I) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites. Accordingly, we and our Principal Adviser are not responsible for the availability of, or the content or any data, files or other materials provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the Third Party Internet Sites;
- (II) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, files or other materials provided by such parties; and
- (III) any data, files or other materials downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other materials.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (I) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the content of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions are not responsible in any way for the integrity of the contents of an Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institutions, and subsequently communicated or disseminated in any manner to you or other parties; and
- (II) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the Internet is not a fully secured medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracy, change, alteration, deletion or omission in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

**INDICATIVE TIMETABLE**

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The following events are intended to take place on the following tentative dates:

<b>Events</b>	<b>Date</b>
Issuance of this Prospectus/Opening of applications for the IPO	16 November 2010
Closing of applications for the IPO	24 November 2010
Balloting of applications for the Public Issue Shares	26 November 2010
Allotment of the Public Issue Shares to successful applicants	1 December 2010
Listing	6 December 2010

This timetable is indicative and is subject to changes which may be necessary to facilitate the implementation procedures. Our Directors and our Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time for application for the IPO to any later date or dates.

If the closing date of the application for IPO is extended, we will advertise a notice of the extension in a widely-circulated English and Bahasa Malaysia daily newspaper prior to the original closing date of applications for the IPO. Following this, the dates for the balloting of applications for the Public Issue Shares, allotment of the Public Issue Shares and Listing would be extended accordingly.

All terms used are defined under the "Definitions" section commencing on page vii.

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## PRESENTATION OF INFORMATION

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All references to "Careplus" and "our Company" in this Prospectus are to Careplus Group Berhad, references to "our Group" are to our Company and our subsidiaries taken as a whole and references to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries, save where the context otherwise requires. Unless the context otherwise requires, references to "Management" are to our Directors and key management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Prospectus shall be reference to Malaysian time, unless otherwise specified.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher (named in this Prospectus). We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, third-party projections, including the projections from the Independent Market Researcher, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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## FORWARD-LOOKING STATEMENTS

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This Prospectus contains forward-looking statements. All statements other than those of historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Some of these forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (a) demand for our products and services;
- (b) our business strategies;
- (c) plans and objectives of our Management for future operations;
- (d) our financial position; and
- (e) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) the economic, political and investment environment in Malaysia and globally; and
- (b) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 – "Risk Factors" and Section 12.2 – "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus. Due to these and other uncertainties, we cannot assure you that the forward-looking statements included in this Prospectus will be realised.

The forward-looking statements in this Prospectus are based on information available to us as at the date of this Prospectus. You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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## DEFINITIONS

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The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

"a.k.a."	: Also known as
"Acquisition"	: The acquisition of the entire issued and paid-up share capital of Careplus (M) from the Vendors, for a total purchase consideration of RM14,495,838 satisfied by the issuance of 144,949,900 new Shares credited as fully paid-up at an issue price of approximately RM0.10 per Share
"Act"	: Companies Act, 1965
"ADA"	: Authorised Depository Agent
"Application Form(s)"	: The printed application form(s) for the application for the Public Issue Shares
"AQL"	: Acceptable Quality Level
"ASTM"	: American Society for Testing and Materials
"ATM"	: Automated Teller Machine
"Board"	: Our Board of Directors
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"Careplus" or our "Company"	: Careplus Group Berhad (896134-D)
"Careplus Group" or "Group"	: Careplus and its subsidiaries
"Careplus (M)"	: Careplus (M) Sdn Bhd (212677-K)
"CDS"	: Central Depository System
"CEO"	: Chief Executive Officer
"CMSA"	: Capital Markets and Services Act, 2007
"Director"	: Either an executive director or a non-executive director of our Company within the meaning of Section 4 of the Act
"DOE"	: Department of Environment, Malaysia
"DQS"	: DQS Certification (M) Sdn Bhd, a member of DQS Group and a member of the International Certification Network
"D&B"	: Dun & Bradstreet (D&B) Malaysia Sdn Bhd (527570-M)
"EBITDA"	: Earnings before interest, taxation, depreciation and amortisation
"Electronic Share Application"	: An application for the Public Issue Shares through Participating Financial Institution's ATM



## DEFINITIONS (Cont'd)

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"Eligible Persons"	Our eligible Directors, employees and business associates who have contributed to our success and development
"EPS"	: Earnings per share
"FDA"	: Food and Drug Administration
"Flotation Exercise"	: The Acquisition, Internal Reorganisation, Public Issue and Listing, collectively
"FPE"	: Financial period ended
"FYE"	: Financial year ended
"Initial Public Offering" or "IPO"	: Initial public offering of the Public Issue Shares
"Internal Reorganisation"	: Reorganisation of the composition of our Group in such manner as set out in Section 9.2 of this Prospectus
"Internet Participating Financial Institution(s)"	: Participating organisations in the Internet Share Application as listed in Section 16 of this Prospectus
"Internet Share Application"	: An application for the Public Issue Shares through an Internet Participating Financial Institution
"Issuing House" or "MIH"	: Malaysian Issuing House Sdn Bhd (258345-X)
"Listing"	: Listing of and quotation for our entire enlarged issued and paid-up share capital of RM21,000,000 comprising 210,000,000 Shares on the ACE Market of Bursa Securities
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities
"LPD"	: 18 October 2010, being the latest practicable date prior to the printing of this Prospectus
"MARGMA"	: Malaysian Rubber Glove Manufacturers' Association, a trade association that represents rubber/latex glove manufacturers in Malaysia and other supplier/supporting companies related to the industry, both local and overseas
"Market Day(s)"	: Any day between Monday to Friday (inclusive), excluding public holidays, and a day on which Bursa Securities is open for trading of securities
"Masterclean Tech"	: Masterclean Technologies Sdn Bhd (496806-M)
"MI"	: Minority interest
"MITI"	: Ministry of International Trade and Industry
"MRB"	: Malaysian Rubber Board, the custodian of the rubber industry in Malaysia. The primary objective of MRB is to assist in the development and modernisation of the Malaysian rubber industry in all aspects
"NA"	: Net assets
"OBM"	: Own brand manufacturer

## DEFINITIONS (Cont'd)

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"OEM"	: Original equipment manufacturer
"Official List"	: The list specifying all securities which have been admitted for listing on Bursa Securities and not removed
"OSK"	: OSK Investment Bank Berhad (14152-V)
"Participating Financial Institution(s)"	: Participating financial institution(s) for Electronic Share Application as listed in Section 16 of this Prospectus
"PAT"	: Profit after taxation
"PBT"	: Profit before taxation
"PE Multiple"	: Price-to-earnings multiple
"Placement Agent"	: OSK
"PPG"	: Perusahaan Pelindung Getah (M) Sdn Bhd (169997-P)
"ppm"	: Parts per million
"PRC"	: People's Republic of China
"Principal Adviser" or "Sponsor"	: OSK
"Promoters"	: Promoters of our Company, namely Lim Kwee Shyan, Thinking Cap Sdn Bhd, Ng Shu Si, Chan Pek Harn @ Chan Wai Har, Yew Nieng Choon and Yew Yee Peng
"Public Issue"	: Public issue of 65,050,000 new Shares at the Issue Price payable in full upon application, subject to the terms and conditions of this Prospectus
"Public Issue Price" or "Issue Price"	: RM0.23 for each Public Issue Share
"Public Issue Share(s)" or "Issue Share(s)"	: The 65,050,000 new Share(s) to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
"QA"	: Quality assurance
"QC"	: Quality control
"ROC"	: Registrar of Companies
"R&D"	: Research and development
"SAC"	: Shariah Advisory Council of the SC
"SC"	: Securities Commission Malaysia
"Share(s)"	: Ordinary share(s) of RM0.10 each in our Company
"Underwriter"	: OSK
"Underwriting Agreement"	: Underwriting agreement dated 27 October 2010 entered into between us and the Underwriter
"UK"	: United Kingdom

**DEFINITIONS (Cont'd)**

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"US"	:	United States of America
"Vendors"	:	The vendors of Careplus (M), namely Lim Kwee Shyan, Thinking Cap Sdn Bhd, Ng Shu Si, Chan Pek Harn @ Chan Wai Har, Yew Nieng Choon, Lim Kau @ Lim Kwee Wu, Yew Yee Peng, Loo Teck Looi and Valentine Peter Jesudoss

**CURRENCIES**

"RM" or "sen"	:	Ringgit Malaysia and sen respectively
"USD"	:	United States Dollar

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## GLOSSARY OF TERMS

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"Accelerators"	:	Chemicals that increase the binding speed between sulphur and the glove material, providing elasticity (stretch) to the glove and allowing cross-linking of the glove material to give strength to the glove
"Acrylic polymer"	:	A type of material used to coat the surfaces of the latex gloves to remove or reduce tackiness and to create a smooth surface to the gloves
"Acrylonitrile"	:	A type of reactive chemical that polymerises spontaneously when heated
"Anaerobic"	:	A technical term used to indicate the absence of oxygen. The anaerobic wastewater treatment process is a biological process which depends on micro-organisms to clean the wastewater
"Butadiene"	:	A type of highly reactive flammable, colourless gas with a mild aromatic odor
"Calcium carbonate"	:	A type of powdered or stone-like chemical. In the production of latex gloves, this chemical acts as a former release agent
"Calcium nitrate"	:	A type of colourless salt that absorbs moisture from the air. In the production of latex gloves, this chemical is used to coagulate the latex compound over the formers, thereby taking their shapes
"Chlorination"	:	A process whereby chlorine reacts with the glove surfaces to make them smooth
"Cleanroom glove(s)"	:	Type of glove(s) that are used in precision handling and assembly work in the high technology electronics, semi-conductor and pharmaceutical industries. These gloves go through a special washing and cleaning process to remove particulate matter in order to prevent contaminating the goods handled and work environment
"Coagulum"	:	Latex that is coagulated. This can happen at compounding tank, dipping tank or in wastewater treatment plant that traps rubber from washing processes
"Copolymer"	:	Two (2) or more different types of monomers combined with one another
"Examination glove(s)"	:	Type of glove(s) that prevents cross-contamination between patients and caregivers by offering barrier protection against transmission of viruses, bacteria or other harmful substances. These gloves are meant for single use
"Latex glove(s)"	:	Type of glove(s) that are made from natural rubber latex
"Manufacturing"	:	It involves a series of steps by converting the raw materials into a finished product through a change of form or shape. This includes conversion of gloves into powder-free and cleanroom gloves
"Monomer(s)"	:	Molecule(s) that can combine with each other to form a polymer
"Natural rubber glove(s)"	:	Type of glove(s) that are made from natural rubber latex
"Nitric acid"	:	A highly reactive oxidising agent used to remove residues in the cleaning stage of the formers
"Nitrile glove(s)"	:	Type of glove(s) that are made from nitrile latex, which is a copolymer of acrylonitrile and butadiene



## GLOSSARY OF TERMS (Cont'd)

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"Pigment"	:	A colouring agent for gloves
"Polymer"	:	Combination of monomers
"Polymer coated glove(s)"	:	Type of glove(s) that are designed to be powder-free by coating the inner and outer surface of the gloves with polymer to remove tackiness and to aid donability
"Polyurethane"	:	Part of the polymer solution to improve the adhesions to the glove surface
"Powdered glove(s)"	:	Type of glove(s) that contain more than 2 milligrams of powder in each glove
"Powder-free glove(s)"	:	Type of glove(s) that contain not more than 2 milligrams of powder in each glove
"Processing"	:	Unlike manufacturing which is a process of converting raw materials to a finished product, processing merely improves the physical properties and characteristics of the gloves without changing its form or shape, such as reducing total protein and/or low antigenic protein content
"Surgical glove(s)"	:	Type of glove(s) manufactured specifically for use in surgery
"Synthetic glove(s)"	:	Type of glove(s) that are not made from natural rubber latex, such as nitrile gloves
"Vinyl glove(s)"	:	Type of glove(s) which are made from polyvinyl chloride (PVC), a type of synthetic material

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**CORPORATE DIRECTORY**

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**BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Nationality</b>	<b>Profession</b>
Yew Nieng Choon (Non-Independent Non-Executive Chairman)	No. 31, Jalan RK 3/30 Rasah Kemayan 70300 Seremban Negeri Sembilan Darul Khusus	Malaysian	Company Director
Lim Kwee Shyan (Executive Director cum Group CEO)	No. 2288, Jalan RJ 3/5 Taman Rasah Jaya 70300 Seremban Negeri Sembilan Darul Khusus	Malaysian	Company Director
Yew Yee Peng (Non-Independent Executive Director)	No. 1330, Jalan S2 A36 Central Park, Seremban 2 70300 Seremban Negeri Sembilan Darul Khusus	Malaysian	Company Director
Loo Teck Looi (Non-Independent Executive Director)	No. 47, Macap Baru Durian Tunggal 78100 Melaka	Malaysian	Company Director
Tan Chuan Hock (Independent Non-Executive Director)	No. 2, Jalan 12/15 46200 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Foong Kuan Ming (Independent Non-Executive Director)	No. 301 Off Jalan Tan Sri Manickavasagam 70200 Seremban Negeri Sembilan Darul Khusus	Malaysian	Company Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tan Chuan Hock	Chairman	Independent Non-Executive Director
Foong Kuan Ming	Member	Independent Non-Executive Director
Yew Nieng Choon	Member	Non-Independent Non-Executive Chairman

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tan Chuan Hock	Chairman	Independent Non-Executive Director
Foong Kuan Ming	Member	Independent Non-Executive Director
Yew Nieng Choon	Member	Non-Independent Non-Executive Chairman

**CORPORATE DIRECTORY (Cont'd)**


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**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tan Chuan Hock	Chairman	Independent Non-Executive Director
Foong Kuan Ming	Member	Independent Non-Executive Director
Yew Nieng Choon	Member	Non-Independent Non-Executive Chairman

<b>COMPANY SECRETARY</b>	: Tea Sor Hua ( <i>MACS 01324</i> ) No. 77C, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Telephone No.: (03) 7728 4778  Chan Bee Fang ( <i>MA/CSA 7032385</i> ) No. 77B, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Telephone No.: (03) 7728 4778
<b>REGISTERED OFFICE</b>	: Third Floor, No. 79 (Room A) Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Telephone No.: (03) 7728 4778
<b>HEAD/MANAGEMENT OFFICE</b>	: Lot 110, Lorong Senawang 4/3 Off Jalan Senawang Empat Senawang Industrial Estate 70450 Seremban Negeri Sembilan Darul Khusus Telephone No.: (06) 677 2781 Website: <a href="http://www.careplus.com">www.careplus.com</a> E-mail : <a href="mailto:careplus@po.jaring.my">careplus@po.jaring.my</a> , <a href="mailto:cplus91@tm.net.my">cplus91@tm.net.my</a> address
<b>PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT</b>	: OSK Investment Bank Berhad ( <i>14152-V</i> ) 20 <sup>th</sup> Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Telephone No.: (03) 2333 8333
<b>AUDITORS AND REPORTING ACCOUNTANTS</b>	: Crowe Horwath ( <i>AF1018</i> ) Chartered Accountants Level 16, Tower C Megan Avenue II No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Telephone No.: (03) 2166 0000

**CORPORATE DIRECTORY (Cont'd)**

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- SOLICITORS FOR THE IPO** : Enolil Loo  
Advocates and Solicitors  
3-3, Jalan 26/70A  
Desa Sri Hartamas  
50480 Kuala Lumpur  
Telephone No.: (03) 6203 2381
- PRINCIPAL BANKERS** : RHB Bank Berhad (6171-M)  
No. 10 - 11, Jalan Dato Abdul Rahman  
70000 Seremban  
Negeri Sembilan Darul Khusus  
Telephone No.: (06) 762 5928 / 761 8972 / 763 3860
- Alliance Bank Malaysia Berhad (88103-W)  
1-G & 1-1, Arab Malaysian Business Centre  
Jalan Tuanku Munawir  
70000 Seremban  
Negeri Sembilan Darul Khusus  
Telephone No.: (06) 761 4330 / 761 9088
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No.: (03) 7841 8000
- REGISTRAR** : Symphony Share Registrars Sdn Bhd (378993-D)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Telephone No.: (03) 7841 8000
- INDEPENDENT MARKET RESEARCHER** : Dun & Bradstreet (D&B) Malaysia Sdn Bhd (527570-M)  
Block C-17-02, 3 Two Square  
No. 2, Jalan 19/1  
46350 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No.: (03) 7966 6866
- LISTING SOUGHT** : ACE Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC

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## 1. INFORMATION SUMMARY

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*This section is only a summary of the salient information about us and the IPO, and does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by the detailed information appearing elsewhere in this Prospectus. You should read and understand this section together with the entire Prospectus before you decide as to whether or not to invest in our Company.*

### 1.1 Who We Are

We were incorporated in Malaysia under the Act on 30 March 2010 as a private limited company under the name Careplus Group Sdn Bhd. Subsequently, on 5 April 2010, we converted our status from a private limited company to a public limited company to facilitate our listing on the ACE Market of Bursa Securities. We are principally an investment holding company, whilst our wholly-owned subsidiaries are principally involved in the manufacturing, processing and trading of gloves.

We commenced operations when PPG was incorporated in 1988. We started out with only a single production line in the early years. To-date, we have thus far successfully built our manufacturing operations with six (6) production lines focusing on the manufacturing of latex examination gloves. We also manufacture, process and/or sell nitrile and vinyl gloves, surgical gloves as well as cleanroom gloves. Our glove products are sold under our own "Rubbercare®", "Guardian", "Sunshine", "Careplus", "MasterClean Comfort" and "MasterClean Protection" brand names as well as third party labels which are on contract manufacture basis.

To complement our glove products, we are also involved in the trading of other disposable protection products such as facemasks, respirators, latex dental dams, gowns, caps and shoe covers.

We have thus far established a solid presence in the rubber gloves manufacturing industry and have also successfully developed an extensive distribution network for our products. To-date, we successfully sold our products to over 20 countries worldwide, including Australia, Chile, Colombia, Cyprus, Czech Republic, Ethiopia, Greece, Honduras, Hong Kong, India, Indonesia, Israel, Japan, Kuwait, Mexico, New Zealand, Nigeria, Peru, the PRC, Singapore, South Korea, Switzerland, Syria, the Philippines, UK and US. We also sell our products in the domestic market.

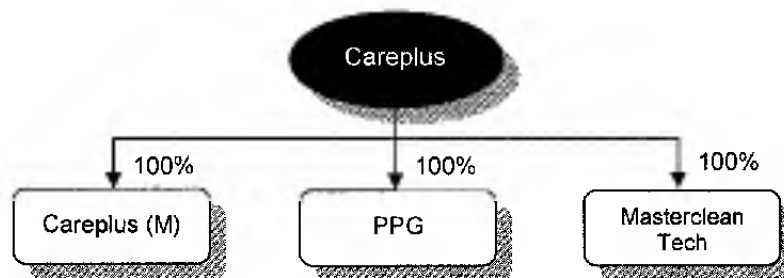
Our manufacturing processes are accredited for our quality standard under the ISO 13485:2003 and ISO 9001:2008. We have also been certified by the MRB to produce Standard Malaysian Glove (SMG) as our gloves are mainly exported to various countries. Our products also conform to various international standards and requirements such as ASTM, British Standards Institution (BSI), AQL under the FDA of US, and EN455 (European standard for medical gloves).

Please refer to Section 6 of this Prospectus for further information on our business.



**1. INFORMATION SUMMARY (Cont'd)**

Our corporate group structure is as follows:



Details of our subsidiaries are summarised as follows:

Name of company	Date and country of incorporation	Issued and paid-up capital	Effective interest (%)	Principal activities
Careplus (M) (212677-K)	18.02.1991 Malaysia	RM1,595,339	100	Trading of gloves and other disposable protection products* as well as provision of QC services for outsourced gloves
PPG (169997-P)	18.04.1988 Malaysia	RM1,311,000	100	Manufacturing of rubber gloves
Masterclean Tech (496806-M)	19.10.1999 Malaysia	RM100,000	100	Manufacturing of cleanroom gloves and trading of gloves

Note:

\* Other disposable protection products refer to facemasks, respirators, latex dental dams, gowns, caps and shoe covers.

As at LPD, we do not have any associate. Please refer to Section 5 of this Prospectus for further information on our subsidiaries.

**1.2 Our Strengths**

We believe that our competitive strengths lie in the following areas:

- (a) our ability to produce quality gloves;
- (b) our ability to conform to various local and international standards and requirements as well as to obtain numerous quality accreditations;
- (c) our inroads made into more than 20 overseas countries;
- (d) our established track record and market reputation;
- (e) our capabilities to manufacture both natural rubber and nitrile gloves;
- (f) our capabilities to improve our products and the efficiency of our manufacturing and processing activities; and
- (g) our ability to manage our costs efficiently.

**1. INFORMATION SUMMARY (Cont'd)**

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Please refer to Section 6.5 of this Prospectus for further information on our competitive strengths.

**1.3 Our Strategy**

Our strategy is to constantly improve our gloves and develop new products, with the aim to be a one-stop centre to our customers for the purchase of an extensive range of natural rubber and synthetic gloves.

The principal elements of our strategy will be as follows:

- (a) product development and enhancement;
- (b) expansion of production facilities; and
- (c) market expansion.

Please refer to Section 6.23 of this Prospectus for further information on our strategy.

**1.4 Salient Information on the IPO**

**IPO** : The Public Issue will be allocated in the following manner:

- (a) 15,650,000 Public Issue Shares made available for application by Eligible Persons;
- (b) 38,900,000 Public Issue Shares made available for application by way of private placement to identified investors; and
- (c) 10,500,000 Public Issue Shares made available for application by the Malaysian public

**Issue Price** : RM0.23 per Share

Please refer to Section 3 of this Prospectus for further information on the IPO.

**1.5 Utilisation of Proceeds from the Public Issue**

Our Company will receive proceeds of approximately RM14.962 million from the Public Issue of 65,050,000 Public Issue Shares at the Issue Price. We intend to use the proceeds within three (3) years from the date of Listing as follows:

	<b>RM'000</b>
Capital expenditures	10,000
Working capital	3,262
Estimated listing expenses	1,700
	<u>14,962</u>

There is no minimum subscription to be raised from the IPO. Please refer to Section 3.9 of this Prospectus for further details on the intended utilisation.

**1. INFORMATION SUMMARY (Cont'd)**

---

**1.6 Risk Factors**

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks that we currently face or that may develop in the future. The list is not exhaustive. Additional risks, whether known or unknown, may in the future have a material adverse effect on our Shares or us.

**1.6.1 Risks relating to the industry that we operate in**

- (a) We are exposed to fluctuations in raw material prices and energy supply;
- (b) We may face shortage of natural rubber latex supply;
- (c) Users sensitive to latex protein may develop allergies during the use of natural rubber latex gloves;
- (d) We face continuous competition in our industry; and
- (e) We are subject to local environmental protection laws.

**1.6.2 Risk relating to our operations**

- (a) We may be exposed to the risk of not complying with international standards and/or requirements;
- (b) Product liability claims by our customer may affect our profitability;
- (c) We are exposed to foreign exchange risks;
- (d) We are fairly dependent on certain customers and intermediaries;
- (e) We have no long-term contracts entered with our customers which binds us to deliver fixed amount of products at an agreed price;
- (f) We are fairly dependent on certain suppliers;
- (g) We may encounter shortage of workers;
- (h) Our manufacturing operations may be disrupted;
- (i) We may encounter order backlogs;
- (j) There is no assurance that our insurance coverage would be adequate;
- (k) There can be no assurance that there would be no unauthorised use of our brand name;
- (l) There is no assurance that our business expansion plans and strategies would be successfully implemented, and that they would contribute positively to our profitability;
- (m) We are dependent on our Executive Directors, key management and key technical personnel;
- (n) Recoverability of debts is inherently uncertain;
- (o) We are exposed to borrowing risks and restrictive covenants; and
- (p) Our controlling substantial shareholders will have control over certain matters which require shareholders' approval.

**1. INFORMATION SUMMARY (Cont'd)**

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**1.6.3 Risks relating to the IPO**

- (a) Our Shares have never been publicly traded before and the IPO may not result in an active or liquid market for our Shares;
- (b) Our Share price may be volatile, which could result in substantial losses for investors subscribing for our Shares; and
- (c) There may be a delay in or abortion of our Listing.

**1.6.4 Other risks**

- (a) We are affected by political, economical and regulative factors that are beyond our control; and
- (b) Actual results, performance and/or achievements may vary significantly from those expressed or implied in forward-looking statements.

Please refer to Section 4 of this Prospectus for further information on the risks involved in investing in our Company.

**1.7 Financial Information****1.7.1 Pro forma consolidated statements of comprehensive income**

We have prepared our pro forma audited consolidated statements of comprehensive income for each of the past three (3) financial years up to the FYE 31 January 2010 and our audited consolidated statements of comprehensive income for the six (6)-month FPE 31 July 2010 below. We have also prepared our pro forma unaudited consolidated statements of comprehensive income for the six (6)-month FPE 31 July 2009 for comparison to our audited consolidated statements of comprehensive income for the six (6)-month FPE 31 July 2010, on the assumption that our current Group structure had been in existence throughout the six (6)-month FPE 31 July 2009. Our pro forma consolidated statements of comprehensive income for each of the past three (3) financial years up to the FYE 31 January 2010 were prepared for illustrative purposes only, based on our Company's and our subsidiaries' respective audited financial statements for the past three (3) financial years up to the FYE 31 January 2010, on the assumption that our current Group structure had been in existence throughout the past three (3) financial years up to the FYE 31 January 2010. Our pro forma consolidated statements of comprehensive income below have been prepared in accordance with the applicable approved accounting standards in Malaysia.

You should read the summary of our financial data regarding our business for the past three (3) financial years up to the FYE 31 January 2010 as well as the six (6)-month FPE 31 July 2009 and 2010 that we have presented below together with our Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 12.2 of this Prospectus, the Reporting Accountants' letter on our Pro forma Consolidated Financial Information enclosed in Section 12.3 of this Prospectus and the accompanying notes and assumptions included in the Reporting Accountants' Report enclosed in Section 13 of this Prospectus.



**1. INFORMATION SUMMARY (Cont'd)**

	<b>&lt;----- Pro forma audited -----&gt;</b>			<b>Pro forma unaudited</b>	<b>Audited</b>
	<b>FYE 31 January</b>			<b>&lt;-----Six (6)-month -----&gt;</b>	
				<b>FPE 31 July</b>	
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Revenue	35,547	38,050	41,866	20,472	23,326
Less: Cost of sales	(31,871)	(34,090)	(31,052)	(15,522)	(18,967)
Gross profit	3,676	3,960	10,814	4,950	4,359
Other operating income	79	532	277	324	393
Administrative expenses	(1,502)	(1,479)	(2,262)	(709)	(735)
Other expenses	(646)	(384)	(446)	(47)	(1,541)
Finance costs	(191)	(218)	(90)	(36)	(91)
PBT	1,416	2,411	8,293	4,482	2,385
Taxation	(192)	(439)	(2,114)	(1,107)	465
PAT/total comprehensive income	1,224	1,972	6,179	3,375	2,850
MI	-	-	-	-	-
Total comprehensive income attributable to owners of the Company	1,224	1,972	6,179	3,375	2,850
EBITDA	2,478	3,494	9,478	4,979	2,978
No. of ordinary shares of RM0.10 each in issue ('000) <sup>(1)</sup>	144,950	144,950	144,950	144,950	144,950
<b>Profit margin</b>					
Gross profit margin (%)	10.34	10.41	25.83	24.18	18.69
PBT margin (%)	3.98	6.34	19.81	21.89	10.22
Net profit margin (%)	3.44	5.18	14.76	16.49	12.22
<b>Basic EPS</b>					
Gross EPS (sen) <sup>(2)</sup>	0.98	1.66	5.72	3.09	1.65
Net EPS (sen) <sup>(3)</sup>	0.84	1.36	4.26	2.33	1.97
Effective tax rate (%)	13.56	18.21	25.49	24.70	(19.50)

**Notes:**

(1) The number of Shares assumed in issue is the number of issued and paid-up share capital of RM0.10 each immediately prior to the IPO.

(2) The gross EPS is calculated based on the PBT attributable to our shareholders for the respective financial years/periods divided by the number of Shares in issue.

(3) The net EPS is calculated based on the PAT attributable to our shareholders for the respective financial years/periods divided by the number of Shares in issue.

Inter-company transactions between the companies within our Group for each of the financial years/periods under review have been eliminated on consolidation.

No exceptional or extraordinary item was recorded during the financial years/periods under review.

Please refer to Sections 12 and 13 of this Prospectus for further information on our financial performance throughout the years/periods under review.

## 1. INFORMATION SUMMARY (Cont'd)

## 1.7.2 Pro forma consolidated statements of financial position

We have prepared our pro forma consolidated statements of financial position below for illustrative purposes only, based on our audited consolidated statements of financial position as at 31 July 2010 to show the effects of our Flotation Exercise and the use of proceeds arising from the IPO on the assumptions that the transactions had been effected on 31 July 2010.

We advise you to read the pro forma consolidated statements of financial position together with the accompanying notes and assumptions included in the Reporting Accountants' letter on our Pro forma Consolidated Financial Information enclosed in Section 12.3 of this Prospectus.

	As at 31 July 2010 (RM'000)	Pro forma I After the Public Issue (RM'000)	Pro forma II After Pro forma I and utiliaation of proceeds (RM'000)
<b>Non-current assets</b>			
Property, plant and equipment	11,638	11,638	21,838
Goodwill on consolidation	342	342	342
Investment property	276	276	278
	<u>12,256</u>	<u>12,256</u>	<u>22,256</u>
<b>Current assets</b>			
Inventories	4,499	4,499	4,499
Trade receivables	7,813	7,813	7,813
Other receivables, deposits and prepayment	542	542	317
Amount owing by a related party	16	16	16
Derivative assets	222	222	222
Cash and bank balances	1,279	16,241	4,541
	<u>14,371</u>	<u>29,333</u>	<u>17,408</u>
<b>Total assets</b>	<u>28,627</u>	<u>41,589</u>	<u>39,664</u>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	14,495	21,000	21,000
Share premium	1,380	9,837	8,993
Merger deficit	(12,900)	(12,900)	(12,900)
Retained profits	12,999	12,999	12,723
	<u>15,974</u>	<u>30,936</u>	<u>29,816</u>
<b>Non-current liabilities</b>			
Long-term borrowings	2,454	2,454	2,454
Deferred tax liabilities	127	127	127
	<u>2,581</u>	<u>2,581</u>	<u>2,581</u>
<b>Current liabilities</b>			
Trade payables	3,246	3,246	3,246
Other payables and accruals	848	848	43
Short-term borrowings	2,751	2,751	2,751
Provision of taxation	766	766	786
Bank overdrafts	461	461	461
	<u>8,072</u>	<u>8,072</u>	<u>7,287</u>

**1. INFORMATION SUMMARY (Cont'd)**

	As at 31 July 2010 (RM'000)	Pro forma I After the Public Issue (RM'000)	Pro forma II After Pro forma I and utilisation of proceeds (RM'000)
<b>Total liabilities</b>	10,653	10,653	9,848
<b>Total equity and liabilities</b>	26,627	41,589	39,664
No. of ordinary shares assumed in issue ('000)	144,950	210,000	210,000
Par value (RM)	0.10	0.10	0.10
NA (RM'000)	15,974	30,936	29,816
NA per Share (RM)	0.11	0.15	0.14

**1.7.3 Dividend policy**

Going forward, our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as:

- (a) the level of our cash, marketable financial assets and level of indebtedness;
- (b) our required and expected interest expense, cash flows, profits, return on equity and earnings;
- (c) our expected results of operations; and
- (d) our projected levels of capital expenditure and other investment plans.

**1.7.4 Auditors' qualification**

None of the financial statements of the companies within our Group for the past three (3) financial years up to the FYE 31 January 2010 and six (6)-month FPE 31 July 2010 under review was subject to any audit qualification.

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## 2. INTRODUCTION

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This Prospectus is dated 16 November 2010.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for the contents of this Prospectus.

On 29 July 2010, our securities were classified as Shariah compliant by the SAC based on the audited financial statements of our Company and our subsidiaries for the FYE 31 January 2010 for the purpose of our IPO and Listing. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November. However, the classification of our securities as Shariah compliant by the SAC shall not be taken to indicate that the SAC recommends our Listing.

We have obtained the approval from Bursa Securities on 13 October 2010 for the admission of our Company to the Official List of the ACE Market of Bursa Securities and for permission to deal in and for the listing of and quotation for our entire enlarged issued and paid-up share capital, including the Public Issue Shares, which are the subject of this Prospectus, on the ACE Market of Bursa Securities. Our Shares will be admitted to the Official List of the ACE Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the Public Issue Shares have been credited into the respective CDS accounts of the successful applicants and the notices of allotment have been issued and despatched to all successful applicants.

Bursa Securities assumes no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares or our Flotation Exercise.

Pursuant to Section 14(1) of the Securities Industries (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as prescribed securities. Therefore, we will deposit our Shares directly with Bursa Depository. Any dealing in our Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository. We will not issue any share certificate to the successful applicants.

Persons submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS account. If you do not presently have a CDS account, you must open a CDS account at an ADA before making an application for the Public Issue Shares.

- In the case of an application by way of Application Form, you should state your CDS account number in the space provided in the Application Form; or
- In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application require you to do so; or
- In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, your CDS account number will automatically appear in the electronic IPO online application form.

## 2. INTRODUCTION (Cont'd)

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A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, at least 25% of the total number of our Shares for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of Listing. We expect to meet this public shareholding spread requirement at the point of Listing. If we do not meet the public shareholding requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers has authorised anyone to provide you with information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstance, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238 of the CMSA.

The distribution of this Prospectus and the sale of the Public Issue Shares in other jurisdictions outside Malaysia may be restricted by the law. If you have come into possession of this Prospectus, we require you to inform yourself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to buy any Public Issue Share in any jurisdiction or circumstance in which such invitation is not authorised or unlawful, or to any person to whom it is unlawful to make such invitation.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE FLOTATION EXERCISE AND YOUR INVESTMENT IN OUR SHARES. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR SHARES.**

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### 3. PARTICULARS OF THE IPO

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#### 3.1 Opening and Closing of Applications

Opening of the application: 10.00 a.m. on 16 November 2010

Closing of the application: 5.00 p.m. on 24 November 2010

or at such other later time and date or dates as our Directors and Underwriter may mutually decide, at their absolute discretion.

Our Directors and Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time of application for the IPO to any later date or dates. Should the closing date of the application for the IPO be extended, we will advertise a notice of the extension in a widely-circulated English and Bahasa Malaysia daily newspaper prior to the original closing date of applications for the IPO. Following this, the dates for the balloting of applications for the Public Issue Shares, allotment of the Public Issue Shares, as well as the Listing would be extended accordingly.

#### 3.2 Our IPO

Pursuant to our IPO, we will issue 65,050,000 new Shares at the Issue Price, payable in full on application upon such terms and conditions as set out in this Prospectus. The Public Issue Shares will be allocated in the following manner:

- (a) 15,650,000 Public Issue Shares representing 7.45% of our enlarged issued and fully paid-up share capital, will be made available for application by our 103 eligible directors, employees and business associates who have contributed to our success and development;
- (b) 38,900,000 Public Issue Shares representing 18.52% of our enlarged issued and fully paid-up share capital, will be placed with identified investors by OSK in its capacity as the Placement Agent; and
- (c) 10,500,000 Public Issue Shares representing 5.00% of our enlarged issued and fully paid-up share capital, will be made available for application by the Malaysian public, to be allocated via ballot, of which at least 50% is to be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

Our Underwriter will fully underwrite the Public Issue Shares made available for application by the Malaysian public. Our Underwriter will also underwrite 12,050,000 Public Issue Shares made available for application by our eligible employees and business associates who have contributed to our success and development. The Public Issue Shares available for application by identified investors are not underwritten. Our Placement Agent has received irrevocable undertakings from identified investors to take up the Public Issue Shares made available for application under the private placement.

In the event of an under-subscription of the Public Issue Shares by the Eligible Persons, the unsubscribed Public Issue Shares will be made available to the Malaysian public. Any Public Issue Shares which are not taken up by the Malaysian public will be made available for application by identified investors via private placement if the private placement is oversubscribed and vice versa. Any further Public Issue Shares not subscribed for will be made available for subscription by our Underwriter as specified in the Underwriting Agreement. Please refer to Section 3.10 of this Prospectus for further information on our underwriting arrangements.



**3. PARTICULARS OF THE IPO (Cont'd)**

The basis of allocation for the Public Issue Shares shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities, as well as to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

The number of shares offered under the IPO will not be increased via any over-allotment or "greenshoe" option.

**3.3 Details of Allocation of Shares to Eligible Persons**

As mentioned in the preceding section, 15,650,000 Public Issue Shares will be reserved for our eligible Directors, employees and business associates who have contributed to our success and development based on the following allocation:

	<b>Note</b>	<b>No. of eligible persons</b>	<b>Aggregate number of Public Issue Shares allocated</b>
Eligible Directors of our Group	1	4	3,600,000
Eligible employees of our Group	1	49	4,910,000
Eligible business associates	2	50	7,140,000
		<b>103</b>	<b>15,650,000</b>

**Notes:**

- (1) *The criteria for allocation to our eligible Directors and employees is based on amongst others, length of service, recent and past performances and respective contributions towards our Group, their respective role, responsibility and accountability of the positions, as approved by our Board.*

*Further details of the eligible Directors' pink form shares allocation are as follows:*

	<b>No. of Public Issue Shares allocated</b>
Yaw Yae Peng	500,000
Loo Teck Looi	1,000,000
Tan Chuan Hock	2,000,000
Foong Kuan Ming	100,000
	<b>3,600,000</b>

- (2) *The criteria for allocation to business associates who have contributed to our success and development is based on amongst others, the level of contribution rendered by these business associates to the success of our Group in terms of our Group's revenue and profitability growth.*

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**3. PARTICULARS OF THE IPO (Cont'd)****3.4 Share Capital**

	<b>No. of Shares</b>	<b>(RM)</b>
<b>Authorised share capital</b>	<u>500,000,000</u>	<u>50,000,000</u>
<b>Issued and fully paid-up share capital</b>		
Existing Shares	144,950,000	14,495,000
To be issued pursuant to the Public Issue	65,050,000	6,505,000
<b>Enlarged share capital upon Listing</b>	<u>210,000,000</u>	<u>21,000,000</u>

We have only one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another. The Public Issue Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing issued and fully paid-up ordinary shares including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the Public Issue Shares. There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of the Public Issue Shares.

Subject to any special right attaching to any of our Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share the whole of the profits paid out by us in the form of dividends and other distributions and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association.

At any of our general meetings, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or, being a corporation, by a representative. On a show of hands, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company and the provision of Section 149(1)(a) and (b) of the Act shall not apply to our Company.

There are no limitations on the right to own our securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of our Company.

**3.5 Purposes of our IPO**

The purposes of our IPO are as follows:

- (a) to enhance our business profile and future prospects through the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities;
- (b) to enable us to have access to the capital markets for cost effective capital raising to provide us with the financial flexibility to pursue growth opportunities. See Section 3.9 of this Prospectus for further information on how we plan to utilise the proceeds raised from the Public Issue;
- (c) to enhance the transparency and discipline of our corporate management; and

### 3. PARTICULARS OF THE IPO (Cont'd)

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- (d) to provide an opportunity for the investing community, including the Malaysian public, eligible Directors, employees and business associates who have contributed to our success and development, to participate in the equity and continuing growth of our Group.

#### 3.6 Basis of Pricing the Issue Price

Our Directors together with OSK as our Principal Adviser, have determined and agreed on the Issue Price of RM0.23 per Share, after taking into consideration the following factors:

- (a) our operating and financial history and conditions as outlined in Sections 6, 12 and 13 of this Prospectus. Based on the pro forma profit attributable to our equity holders of approximately RM6.18 million for the FYE 31 January 2010 and our issued and paid-up share capital of 144,950,000, we recorded a net EPS of approximately 4.26 sen, which translates to a historical net PE Multiple of approximately 5.40 times based on the Issue Price of RM0.23 per Share;
- (b) our pro forma consolidated NA per Share of approximately RM0.14 based on our enlarged issued and paid-up share capital of 210,000,000 Shares upon listing and after the proposed utilisation of proceeds as set out in Section 3.9 of this Prospectus;
- (c) our competitive advantages, future plans, strategies and prospects as outlined in Sections 6.5, 6.23 and 6.24 of this Prospectus;
- (d) the favourable prospects of the Rubber Gloves Manufacturing Industry in which we operate in light of, amongst others, Malaysia retains its position as one of the more efficient rubber gloves manufacturers in the world, and hence, it is expected to dominate the world market over the next few years, strong demand for examination gloves due to its wider range of applications, increase in population, higher demand for improved hygiene and standards of living, as well as growing health awareness after the recent avian influenza pandemic. Further details on the prospects and outlook of the Rubber Gloves Manufacturing Industry are set out in the Executive Summary of the Independent Market Research Report under Section 7 of this Prospectus; and
- (e) the estimated net PE multiples of our Group's comparable companies which are listed on the Industrial Sector of the Main Market of the Bursa Securities namely, Top Glove Corporation Berhad, Supermax Corporation Berhad, Kossan Rubber Industries Berhad, Latexx Partners Berhad and Rubberex Corporation Berhad, which ranges from 4.34 times to 10.94 times. *(Source: Bursa Securities for the last traded prices of the respective companies' shares as at 29 October 2010 and the latest audited consolidated net EPS of the respective companies)*

Prior to the IPO, there has been no public market for our Shares within or outside Malaysia. You should also note that the market price of our Shares upon the Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should form your own views of the valuation of our Shares before deciding on an investment decision. You are also reminded to consider carefully the risk factors as set out in Section 4 of this Prospectus.

#### 3.7 Market Capitalisation upon Listing

Based on our Issue Price and the enlarged issued and paid-up share capital of 210,000,000 Shares, our market capitalisation upon Listing will be RM48,300,000.

**3. PARTICULARS OF THE IPO (Cont'd)****3.8 Dilution**

Dilution is the amount by which the Issue Price to be paid for our Public Issue Shares under the IPO exceeds our pro forma consolidated NA per Share after the IPO. The audited consolidated NA per Share as at 31 July 2010 based on the issued and paid-up share capital of 144,950,000 Shares before the IPO is approximately RM0.11.

Subsequent to the implementation of the IPO, our pro forma consolidated NA per Share after adjusting the effects of the IPO and utilisation of proceeds raised from the Public Issue, as well as based on the enlarged issued and paid-up share capital of 210,000,000 Shares, would be RM0.14.

Pursuant thereto, this represents an immediate increase in the audited consolidated NA per Share to our existing shareholders of RM0.03, and an immediate dilution in the pro forma consolidated NA per Share of RM0.09 to our new investors. The following table illustrates such dilution on a per Share basis:

	(RM)
Issue Price	0.23
Our audited consolidated NA per Share as at 31 July 2010	0.11
Increase in the audited consolidated NA per Share attributable to existing shareholders	0.03
Our pro forma consolidated NA per Share after the IPO*	0.14
Dilution in pro forma consolidated NA per Share to our new investors	0.09
Dilution in pro forma consolidated NA per Share to our new investors as a percentage of the Issue Price	39.13%

Note:

\* After adjusting the effects of the utilisation of proceeds raised from the Public Issue.

The following table summarises the total number of Shares received by our Directors/ substantial shareholders from the Acquisition and the cost per Share to them and to the new public investors who subscribe for and/or purchase the Public Issue Shares pursuant to the IPO:

	Total number of Shares received from the Acquisition (No. of Shares)	Total consideration (RM'000)	Approximate cost per Share (RM)
<b>Directors/ Substantial shareholders</b>			
Lim Kwee Shyan	65,981,140	6,598,505	0.10
Thinking Cap Sdn Bhd	30,280,000	3,028,181	0.10
Ng Shu Si	15,002,300	1,500,319	0.10
Chan Pek Harn @ Chan Wai Har	14,190,600	1,419,143	0.10
Yew Nieng Choon	7,711,360	771,179	0.10
Yew Yee Peng	3,565,800	356,598	0.10
Loo Teck Looi	2,855,500	285,588	0.10

**3. PARTICULARS OF THE IPO (Cont'd)**

	<b>Total number of Public Issue Shares (No. of Shares)</b>	<b>Total consideration (RM'000)</b>	<b>Coet per Share (RM)</b>
<b>New investors</b>	65,050,000	14,962	0.23

Save for the Shares received by our Directors/substantial shareholders pursuant to the Acquisition, there is no acquisition of any existing securities in our Company by our Directors, key management, substantial shareholders and/or persons connected to them or which they have the right to acquire.

**3.9 Utilisation of Proceeds**

We expect to raise gross proceeds of approximately RM14.962 million from the Public Issue and the intended use of the proceeds is set out below:

	<b>Section</b>	<b>RM'000</b>	<b>% of total proceeds</b>	<b>Expected utilisation period after our Listing</b>
Capital expenditure	3.9.1	10,000	66.84	Within three (3) years
Working capital	3.9.2	3,262	21.80	Within one (1) year
Estimated listing expenses	3.9.3	1,700	11.36	Upon completion of our Listing
		<b>14,962</b>	<b>100.00</b>	

We will bear all expenses and fees incidental to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities, which include professional fees, fees to the authorities, underwriting commission, brokerage and placement fees for the Public Issue Shares, printing, advertising and other fees, the aggregate of which is estimated to be RM1.70 million.

There is no minimum subscription to be raised from the IPO as all the Public Issue Shares, save for the 38,900,000 Shares to be placed out to identified investors and the 3,600,000 Public Issue Shares to be taken up by our eligible Directors as set out in Section 3.3 above, are fully underwritten.

**3.9.1 Capital expenditure**

Due to limitation on our existing production capacity, we currently outsource the production of nitrile and vinyl gloves as well as surgical gloves to third party manufacturers. We also source latex examination gloves from other suppliers to meet our customers' demand.

As such, we are in the midst of expanding our production capacity with our recent acquisition of nine (9) acres (or approximately 392,040 square feet) of leasehold land situated in Lot 17479, Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus, from Sime Healthcare Sdn Bhd for a total cash consideration of RM3.60 million which was financed through internally-generated funds and bank borrowings. The purchase consideration for the said leasehold land of RM3.60 million was arrived at based on willing buyer-willing seller basis after taking into consideration the market value of the said leasehold land as ascribed by an independent firm of registered valuer.

### 3. PARTICULARS OF THE IPO (Cont'd)

This expansion plan will enable us to venture into the production of nitrile gloves and increase our production of latex gloves to meet our customers' demand. By doing so, we would be able to achieve our mission to be a one-stop centre to our customers for the purchase of an extensive range of natural rubber and synthetic gloves. Nonetheless, our Group will continue to focus on the manufacturing of latex gloves while the production of nitrile gloves will be our secondary manufacturing product, depending on the future market needs. This is in line with the higher market demand for latex gloves as opposed to nitrile gloves. *(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*. On the other hand, we will continue in the trading of vinyl gloves. It should also be highlighted that the new production lines will be used inter-changeably for the production of latex and nitrile gloves, as the main difference between the manufacturing of latex and nitrile gloves is the formulation of the raw materials and chemicals used.

The buildings erected on this leasehold land will include a double-storey office block and a factory that will eventually house up to twenty (20) new production lines (which is expected to cost approximately RM2.4 million per line), a chlorination plant, a double-storey warehouse with cleanroom facilities and other ancillary facilities. The total budgeted cost of the entire expansion including the acquisition of the leasehold land is estimated to be approximately RM106 million.

In December 2009, we have commenced the construction of part of the said factory, which is able to house ten (10) production lines, a chlorination plant and a double-storey warehouse with cleanroom facilities, which will have an estimated production floor area of approximately 76,880 square feet. This part of the factory is expected to be completed by the first quarter of 2011. The budgeted costs of the land and construction of the buildings on this part of the said factory is expected to be approximately RM10 million, which are/will be financed through internally-generated funds and borrowings. As at LPD, we have incurred approximately RM6.0 million for the said construction.

As such, we have allocated RM10.0 million of the proceeds raised from the Public Issue for new production lines and other supporting plant and machinery, such as biomass plant, heating system, chilled water supply, compressed air supply and wastewater treatment within the new factory, of which the details are set out as follows:

	<b>Estimated amount (RM'000)</b>	<b>Expected date of commissioning</b>
Two (2) production lines	4,750	By third quarter of 2011
Biomass plant and heating system	4,050	By third quarter of 2011
Chilled water supply	500	By first quarter of 2011
Compressed air supply	300	By first quarter of 2011
Wastewater treatment	500	By first quarter of 2011
	<u>10,100*</u>	

*Note:*

\* The remaining balance will be funded through internally-generated fund.



### 3. PARTICULARS OF THE IPO (Cont'd)

The remaining balance of approximately RM86 million of the budgeted cost of the entire expansion will be funded through internally-generated funds and borrowings.

Each production line will consist of formers to form the gloves, various tanks for the dipping of formers into different chemicals and drying and gelling ovens to facilitate the drying of the gloves. The remaining production facilities will be installed using internally-generated fund and/or borrowings.

In December 2009, we have obtained the approval in-principle from DOE to construct the biomass plant at our new leasehold land. However, upon the purchase of the biomass system, we are required to submit a complete technical drawing of the biomass system to DOE for its final approval for the construction of our new biomass plant. Presently, we have yet to commence the installation of the biomass plant. However, the biomass plant is expected to be operational by the third quarter of 2011.

Further details of our expansion plan of our production facilities are set out in Section 6.23 of this Prospectus.

#### 3.9.2 Working capital

The utilisation of the proceeds raised from the Public Issue for working capital purposes is consistent with our businesses and strategies. As we aim to strengthen our position via enhancing our market penetration, an adequate level of working capital is imperative to support the higher level of purchases of raw materials (which will also include energy costs, packing materials as well as certain chemicals used for the production of our products). The proceeds raised from the Public Issue of approximately RM3.262 million will be solely used to purchase raw materials.

#### 3.9.3 Estimated listing expenses

The estimated listing expenses for the listing of and quotation for our enlarged issued and paid-up share capital on the ACE Market of Bursa Securities are as follows:

	<b>RM</b>
Professional fees <sup>(1)</sup>	978,000
Fees to authorities	65,500
Underwriting commission, brokerage and placement fees	342,815
Printing and advertising fees	120,000
Miscellaneous <sup>(2)</sup>	193,685
	<u>1,700,000</u>

Notes:

(1) Includes fees for, amongst others, the Principal Adviser, Solicitors, Reporting Accountants and Independent Market Researcher.

(2) Other incidental or related expenses in connection with the IPO.

In the event of an excess/deficit in the actual quantum of listing expenses, such amount will be adjusted against the amount allocated for working capital purposes accordingly.

### 3. PARTICULARS OF THE IPO (Cont'd)

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#### **Underwriting commission**

The Underwriter has agreed to underwrite up to 22,550,000 Public Issue Shares made available for application by our eligible employees and business associates, as well as the Malaysian public. We are obligated to pay the Underwriter underwriting commission at the rate of 2.0% of the total value of the underwritten Shares at the Issue Price of RM0.23 per Share.

#### **Placement fees**

The Placement Agent has agreed to place out the 38,900,000 Shares in our Company to be offered to identified investors. We are obligated to pay the Placement Agent a placement fee at the rate of 2.0% of the value of the Shares placed out to investors identified by the Placement Agent, at the Issue Price of RM0.23 per Share.

Should the investors be identified by us, we are obligated to pay the Placement Agent a tiered placement fee structure based on the number of Shares successfully placed out by us as follows:

- (a) where the investor has subscribed for less than 1,000,000 Shares, the placement fee would be 1.0% of the total value of Shares placed out at the Issue Price of RM0.23 per Share; or
- (b) where the investor has subscribed for 1,000,000 or more Shares, the placement fee would be 0.5% of the total value of Shares placed out at the Issue Price of RM0.23 per Share.

#### **Brokerage fees**

Brokerage is payable in respect of the Public Issue Shares at the rate of 1.0% of the Issue Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or Issuing House. No brokerage is payable on the Public Issue Shares to be placed out by the Placement Agent.

Pending the deployment of the proceeds raised from the Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions and/or used to invest in short-term money market instruments as our Directors may deem appropriate.

#### **3.10 Salient Terms of Underwriting Agreement**

We had on 27 October 2010 entered into an underwriting agreement with our Underwriter to underwrite up to 22,550,000 Public Issue Shares ("**Underwritten Shares**") subject to clawback and reallocation. The Underwriter has agreed to underwrite the Public Issue Shares described in Section 3.2(a) (except for the Public Issue Shares to be allocated to our eligible Directors) and (c) of this Prospectus at the rate set out in Section 3.9.3 of this Prospectus.

### 3. PARTICULARS OF THE IPO (Cont'd)

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The salient terms of the Underwriting Agreement as extracted from the Underwriting Agreement are set out below:

**(a) Conditions precedent**

The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon the following being satisfied on or before the last date for acceptance and receipt of application for the subscription to the Public Issue Shares as mentioned in this Prospectus or such other later date as may be agreed upon between our Company and the Underwriter ("**Closing Date**"):

- (i) the SC and the ROC - the acceptance for registration and lodgement with the SC and the ROC respectively of this Prospectus together with copies of all documents required under Section 42 of the Act, Sections 232, 233 and 234 of the CMA prior to the issuance of this Prospectus to the public;
- (ii) issue of Prospectus - the issuance of this Prospectus (including summary advertisement of this Prospectus and all other procedures, requirements, letters and documents required under the Listing Requirements) to the public have been complied with within six (6) months from the date of the Underwriting Agreement or such extension as consented by the Underwriter;
- (iii) report and confirmation - the delivery to the Underwriter on the Closing Date of such reports and confirmations dated on the Closing Date from our Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect our Group's performance or financial position nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in Clause 3 (Warranties and Representations by the Company) of the Underwriting Agreement as though they have been given and/or made on such date;
- (iv) material adverse condition - the Underwriter being reasonably satisfied that there has been, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Company and our subsidiaries (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Public Issue Shares) from that set forth in this Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect any of the representations, warranties and undertakings contained in Clauses 3.1 (Warranties and Representations by the Company) and 3.2 (Undertakings by the Company) of the Underwriting Agreement if they are repeated on and as of the Closing Date;
- (v) no prohibition by laws on Public Issue - the issue, offering and subscription of the Public Issue Shares in accordance with the provisions of the Underwriting Agreement and this Prospectus are not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
- (vi) approvals - all necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effects;

### 3. PARTICULARS OF THE IPO (Cont'd)

- (vii) payment of expenses - the Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in Clause 13 (Costs and Expenses) of the Underwriting Agreement;
- (viii) resolutions - the delivery to the Underwriter prior to the date of registration of this Prospectus of:
  - a copy certified as true copy by an authorised officer of our Company of all the resolutions of our Directors and the shareholders in general meeting approving the Underwriting Agreement, this Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of this Prospectus; and
  - a certificate dated the date of this Prospectus signed by duly authorised officers of our Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in paragraph (a)(iv) above, and
- (ix) Composite Index - the Underwriter being satisfied that the *FTSE Bursa Malaysia* Kuala Lumpur Composite Index has not fallen below 1,100 points and has not stayed below 1,100 points for three (3) consecutive Market Days prior to or up to the Closing Date (as compared to the index as at 5.00 p.m. on the date of the Underwriting Agreement).

#### (b) Non-fulfillment of conditions precedent

In the event any of the conditions as set out above are not satisfied on or before the Closing Date or such other later date as may be agreed upon between our Company and the Underwriter ("**Extended Closing Date**"), the Underwriter shall, subject as mentioned below, thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than three (3) Market Days after the Closing Date and upon such termination, the liabilities of our Company and the Underwriter shall become null and void and neither party shall have any claims against the other save for antecedent breaches by the parties and claims arising therefrom and that each party shall return any and all moneys paid to the other under the Underwriting Agreement within seventy-two (72) hours of the receipt of such notice (except for monies paid by our Company for the payment of the underwriting commission as provided in Clause 10 (Underwriting Commission) of the Underwriting Agreement and expenses as provided in Clause 13 (Costs and Expenses of the Underwriting Agreement). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

**3. PARTICULARS OF THE IPO (Cont'd)**

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**(c) Event termination**

Notwithstanding anything contained in the Underwriting Agreement, if there shall have occurred, happened or come into effect, any of the following circumstances, on or before the Closing Date or the Extended Closing Date as the case may be, the Underwriter may by notice in writing to our Company terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares:

- (i) breaches in representations, warranties or undertakings - there is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice (provided always that such period of days shall be not less than fourteen (14) days) after notice of such breach shall be given to our Company or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business, financials or operations of our Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or
- (ii) information withheld - there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or
- (iii) material and/or adverse changes - there shall have occurred, happened or come into effect any material and/or adverse change to the business or financial condition of our Company or our Group; or
- (iv) force majeure/lapse of agreement - there shall have occurred, happened or come into effect any of the following circumstances:
  - any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
  - any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage or acts of war) which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Company or our Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

### 3. PARTICULARS OF THE IPO (Cont'd)

- if in the reasonable opinion of the Underwriter that the success of the Public Issue is seriously and/or materially jeopardised by the *FTSE Bursa Malaysia* Kuala Lumpur Composite Index, falling below 1,100 points and has stayed below 1,100 points for at least three (3) consecutive Market Days prior to or up to the Closing Date (as compared to the index as at 5.00 p.m. on the date of the Underwriting Agreement);

whereby the obligations of the parties to the Underwriting Agreement that remain executory at such time shall be suspended unless otherwise agreed in writing by the parties, and the parties shall agree to an Extended Closing Date.

- In the event the obligations of the parties to the Underwriting Agreement are suspended, the parties shall endeavour to proceed with the underwriting of the Underwritten Shares on terms as may be mutually agreed between the parties; or
- in the event the obligations of the parties to the Underwriting Agreement are suspended and the parties fail to agree to proceed with the underwriting of the Underwritten Shares before the Extended Closing Date,

the Underwriting Agreement shall be terminated and shall become null and void and of no further force and effect and subject to Clause 11.2 (Liability for Payment) of the Underwriting Agreement, none of the parties shall have a claim against the other save and except in respect of any antecedent breaches and any ancillary expenses incurred by the Underwriter under or pursuant to the terms of the Underwriting Agreement.

- (v) withdrawal of non-procurement of approval for listing by Bursa Securities - the approval in principle of Bursa Securities for the admission of our Company to the official list of Bursa Securities or for the listing of and quotation for the entire issued and paid-up share capital of our Company on the ACE Market of Bursa Securities is withdrawn; or
- (vi) failure to perform obligations - there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement.

#### (d) Underwriter's obligations discharged

Upon such notice(s) being given under paragraph (c) above, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of its obligations and liabilities for the payment of the Underwriting Commission under Clause 10 (Underwriting Commission) of the Underwriting Agreement, and/or the costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies and for any antecedent breach.

Notwithstanding anything to the contrary contained in the Underwriting Agreement, the Underwriter may at any time prior to the date for the opening of applications stipulated in this Prospectus, terminate the Underwriting Agreement and be released and discharged of its obligations hereunder, for any reasons whatsoever.



#### 4. RISK FACTORS

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***Notwithstanding the prospects of our Group as outlined in this Prospectus, our business is subject to a number of risk factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider the risk factors set out below (which may not be exhaustive) that may have a significant impact on the future performance of our Group, together with other information contained in this Prospectus.***

***If you are unsure about any of the information contained under this Section on "Risk Factors", you should consult your stockbrokers, bank managers, solicitors, accountants or other professional advisers.***

##### 4.1 Risks Relating to the Industry that We Operate in

###### 4.1.1 We are exposed to fluctuations in raw material prices and energy supply

For the FYE 31 January 2010, natural rubber latex and natural gas took up approximately 56.5% and 9.4% of our total purchases respectively, while for the six (6)-month FPE 31 July 2010, approximately 65.0% and 7.3% of our purchases comprised natural rubber latex and natural gas respectively.

Although Malaysia is a producer of natural rubber, the cost of sourcing this raw material for the production of our latex gloves are subject to fluctuations in world prices. On the other hand, the prices of natural gas, which is mainly used to generate heat to dry the gloves in the ovens in the factories are affected by petroleum prices, which is also a commodity that is subject to the fluctuations in world prices. Any increase in natural gas pricing is expected to affect the rubber gloves manufacturers twice, once through natural gas and secondly via electricity tariffs, as there is an added impetus for the power generating industry to pass through the added costs to industrial customers. *(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

As part of our expansion plan to venture into the production of nitrile gloves, increases in the prices of petroleum will also lead to a corresponding increase in the prices of synthetic rubber, and hence, this will also affect our profitability in the future. This is mainly due to petroleum being used as a feedstock for the production of petrochemicals such as butadiene, from which nitrile gloves are derived from. In addition, tyre manufacturers are compelled to substitute natural rubber for synthetic rubber, thus pushing up prices of natural rubber latex. *(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

However, as all the rubber glove manufacturers are and will be equally affected by the increase in prices of raw materials, most rubber glove manufacturers are generally able to pass on the cost increases of raw materials to their customers.

As part of our Group's expansion plan, we also intend to install biomass plant to serve as an alternative source of energy for our production heating process. We have entered into a gas supply contract with Gas Malaysia Sdn Bhd for the supply of gas, for a contract period commencing from September 2010 to 31 December 2011 ("Contract Period"). The Gas Supply Agreement stipulates that not earlier than three (3) months from the expiry of the Contract Period, the parties shall negotiate in good faith with a view to concluding and executing an agreement for the supply of gas on a long-term basis on such terms and conditions then prevailing, provided that if there are disagreements in respect thereto, the disagreements shall be referred for the determination of the Energy Commission where applicable pursuant to the Gas Supply Act, 1993.

#### 4. RISK FACTORS (Cont'd)

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As such, there is no assurance that the said agreement will be renewed, the supply of gas will be continuous and the pricing of the supply of gas will remain stable. Hence, our Group is taking preventive measures in ensuring continuous energy supply by installing biomass plant.

This biomass plant applies environmentally-friendly technology by recovering heat energy from plant waste. It is therefore environmentally-friendly, and will supplement the use of other sources of energy during our manufacturing process. In addition, the cost of operating the biomass plant to produce the energy needed for our production process is estimated to be almost similar to the current cost of energy (i.e. gas), which is presently subsidised by the Malaysian government. As such, with the current gas subsidy by the Malaysian government, the installation of the biomass plant will only serve as an alternative source of energy instead of a cost avenue. However, should the Malaysian government decide to reduce or terminate the present subsidy of gas, the cost of operating the biomass plant to produce the energy needed for our production process will be comparatively lower than purchasing gas with lower or without subsidy.

Presently, we have yet to commence the installation of the biomass plant. However, the biomass plant is expected to be operational by the third quarter of 2011.

Notwithstanding the above, there can be no assurance that increase in the prices of our raw materials and energy cost, as well as the change in the supply of energy will not adversely affect the profitability of our Group.

##### 4.1.2 We may face shortage of natural rubber latex supply

Manufacturers of natural rubber latex gloves are dependent on the availability of raw materials, primarily natural rubber latex. Therefore, any shortage in the supply of natural rubber latex will have an impact on manufacturers of natural rubber gloves.

The Malaysian natural rubber industry was eclipsed by rising industrialisation and as a result, both the manufacturing and services sectors became more attractive to job seekers, due to their attractive wages. In addition, natural rubber smallholdings may be subdivided into smaller pieces of land with each successive generation, causing low productivity. In Malaysia, there has also been the conversion of rubber plantations into more lucrative crops such as oil palm and cocoa, as well as the diversification of rubber plantation companies into the property development industry.

*(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

Although natural rubber latex can be sourced from our neighbouring countries, such as Thailand and Indonesia, the erratic unfavourable weather conditions such as heavy tropical storms, land slides and floods in the major producing countries have also affected natural rubber production.

Thus far, our Group has not experienced any shortage in supply of natural rubber latex. With our good working relationships with our suppliers and established track record for purchase and payment commitment, we have access to a regular supply of materials. We also intend to venture into the production of nitrile gloves as part of our expansion plan to insulate ourselves against any shortage in supply of natural rubber latex.

Notwithstanding the above, there can be no assurance that any change of the abovementioned factors will not have any material adverse impact on our Group's operations and financial performance.

#### 4. RISK FACTORS (Cont'd)

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##### 4.1.3 Users sensitive to latex protein may develop allergies during the use of natural rubber latex gloves

The latex protein allergy problem refers to the effects caused by the sensitivity of certain users to the protein content in natural rubber latex gloves. Should this continue to be an issue, it could potentially pose a threat to natural rubber latex gloves manufacturers.

In addressing this issue, the MRB and MARGMA have formulated a product certification scheme known as the Standard Malaysian Glove (SMG), to provide assurance of quality for low-protein examination gloves that are lightly powdered or powder-free. Our Group's glove products are certified to meet the stringent SMG standard. We continuously conduct R&D and improve our processes to ensure that our finished products meet the strict requirements and adhere to the standards.

As part of our expansion plan, we intend to venture into the production of nitrile gloves. These gloves do not contain latex protein and therefore are more suitable for users with latex protein allergies.

##### 4.1.4 We face continuous competition in our industry

Our Group faces competition from various competitors including local and foreign companies in the rubber gloves manufacturing industry. In the global markets, the competition in the manufacture of latex gloves mainly comes from Thailand and Indonesia. These two (2) countries have plenty of natural rubber that may enable them to produce latex gloves at a lower cost. However, as the cost structure of both Thailand and Indonesian rubber gloves manufacturers is less efficient than Malaysia, the rubber gloves manufacturing industry in Malaysia is expected to continue to dominate the global market over the next few years. The rubber gloves manufacturing industry is also one of very few world class industries to have emerged from Malaysia. *(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

The established rubber gloves companies in Malaysia was built on the ingenuity and management skills of a handful of entrepreneurs who practised efficient cost controls and invested in R&D in mechanical and chemical engineering. Through their efforts, they managed to design high speed machinery, ramped up capacity to produce in high volumes, automated production to reduce labour and developed high quality gloves.

*(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

On the other hand, the main industry players in Malaysia include companies such as Top Glove Corporation Berhad, Supermax Corporation Berhad, Kossan Rubber Industries Berhad, WRP Asia Pacific Sdn Bhd, Latexx Partners Berhad, Rubberex Corporation (M) Berhad and Comfort Rubber Gloves Industries Sdn Bhd. Other main foreign players include companies such as Safe Glove Co. Ltd., Siam Sempermed Corp. Ltd. and Thai Rubber Latex Corp. Plc, in Thailand as well as PT WRP Buana Multicorpora, PT Medisafe Technologies and PT Shamrock Manufacturing Corp. in Indonesia.

*(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

#### 4. RISK FACTORS (Cont'd)

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The initial surge in the demand for rubber gloves actually started in the late 1980s following the spread of Acquired Immune Deficiency Syndrome (AIDS). After the surge, rubber glove manufacturers in Malaysia mushroomed to about 400 players at that period in time. Over the years, however, the rubber gloves manufacturing industry has gone through a massive consolidation, driven largely by oversupply and more stringent quality requirements as well as the loss of the US generalised system of preferences status for Malaysian rubber gloves companies. This forced many companies to exit the industry. Currently, there are 45 companies registered under the MARGMA. However, not all rubber gloves manufacturing companies are registered under MARGMA, as membership in the trade association is voluntary. The main mission of MARGMA is to promote the interest of all stakeholders in the rubber gloves manufacturing industry through active participation, educating end-users, cooperating with regulatory and technical bodies to develop and maintain responsible sustainable standards and tapping into available government and institutional support. Based on an analysis of publicly available information, there are about eleven (11) rubber gloves manufacturing companies in Malaysia which are not members of MARGMA.

*(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

However, we believe that we can leverage on our competitive strengths to mitigate the competition from the existing and potential competitors. Our Group has thus far established a good track record and market reputation as a manufacturer and exporter of latex gloves. Our established market reputation is evidenced by our long-term relationship with our customers. 15 of our top 20 customers have been dealing with us for more than five (5) years. Out of the top 20 customers, four (4) of them have been dealing with us for more than ten (10) years.

Our competitive strengths also include, amongst others, our ability to produce quality gloves, our ability to conform to various local and international standards and requirements as well as to obtain numerous quality accreditations, our inroads made into more than 20 overseas countries, our capabilities to manufacture both natural rubber and nitrile gloves, our capabilities to improve our products and the efficiency of our manufacturing and processing activities, as well as our ability to manage our costs efficiently. Please refer to Section 6.5 of this Prospectus for further information on our competitive strengths.

Furthermore, the threat from new entrants is relatively low due to high barriers of entry such as follows:

- long period of audits required on human capital, operating facilities, financial background and management quality systems;
- cost declines associated with learning curve;
- ability to achieve high economies of scale;
- an established track record; and
- high degree of innovation in developing automation.

*(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

#### 4. RISK FACTORS (Cont'd)

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##### 4.1.5 We are subject to local environmental protection laws

As rubber gloves manufacturing generates substantial quantities of organic carbon and organic nitrogen compounds, the manufacturing process of all rubber gloves manufacturers are subject to certain local laws and regulations, especially the Environmental Quality Act, 1994. This act stipulates stringent standards and regulations on environmental protection.

With the stringent standards and regulations, we strive to adhere to all applicable laws and regulations through providing environmental and safety training programmes, as well as through the establishment of a safety committee to establish, implement and review safety measures.

Any breach or non-compliance with these laws and regulations may result in the imposition of penalties by the relevant authorities, including the suspension, withdrawal or termination of our Group's manufacturing or business licences, which may cause us to cease our production, hence possibly affecting our business and financial performance adversely.

During the FYE 31 January 2010, there were three (3) summons issued by the DOE to our Group with a total amount of RM23,000 for breaches under Regulation 8(1)(b) of the Environmental Quality (Sewage and Industrial Effluents) Regulations, 1979 for the discharge of effluent into inland waters which contains substances in concentrations greater than the parameter limits stipulated under the said regulations. All of the summonses have been fully settled. We have then complied with the requirements as set out in the summons. Save for these summons, our Directors have confirmed that there are no other breaches and non-compliance issues with regards to the local laws and regulations, which have materially and adversely affected our business and financial performance in the past.

#### 4.2 Risks Relating to our Operations

##### 4.2.1 We may be exposed to the risk of not complying with international standards and/or requirements

For the FYE 31 January 2010 and the six (6)-month FPE 31 July 2010, approximately 80% of our Group's revenue was derived from the sale of rubber gloves to overseas countries. Our gloves are exported to over 20 countries worldwide, which includes Chile, Colombia, Cyprus, Czech Republic, Ethiopia, Greece, Honduras, Hong Kong, India, Indonesia, Israel, Japan, Kuwait, Mexico, New Zealand, Nigeria, Peru, the PRC, Singapore, South Korea, Switzerland, Syria, the Philippines, UK and US. In view of that, we are required to ensure that our gloves meet the following international standards and/or requirements:

- ASTM;
- British Standards Institution (BSI);
- Standard Malaysian Glove (SMG) scheme;
- AQL under the FDA of US; and
- EN455 (European standard for medical gloves).



**4. RISK FACTORS (Cont'd)**

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In the event that these standards or regulations imposed by the importing countries are not met, this will impose negative connotations to our products and brand names, and hence, our Group's revenue and business operations may be adversely affected. Our Group mitigates this risk by ensuring that our QA system is in place. The adoption of stringent QC is also evidenced by the numerous internationally recognised accreditations received by PPG, which are set out in Section 6.11 of this Prospectus. Our Directors have also confirmed that there have not been any such non-compliance events which have materially and adversely affected our business and financial performance for the past ten (10) years.

We will constantly strive to comply with the international standards and/or requirements of the countries of which we export our gloves to, by constantly sending our QA personnel for annual QA seminars and congresses that highlight new developments and progress in the field of standards, regulatory requirements and international QA. However, there can be no assurance that our Group will be able to comply with the international standards and/or requirements in the future.

**4.2.2 Product liability claims by our customer may affect our profitability**

Although our gloves go through stringent QC and assurance processes and procedures, as well as comply with the international standards and/or requirements, there remains a possibility that the gloves manufactured or distributed may contain chemical substances, including latex protein and/or other substances that are sensitive to certain users. This could result in, amongst others, lost revenue, adverse customer reaction towards us and our products, negative publicity, revocation of our licence issued by MRB to export gloves to overseas countries, additional expenditures to remedy the problems and legal claims against us.

However, to-date, we have not experienced any product liability claims against us in respect of our glove products. Furthermore, we educate our consumers through proper labeling on our products to inform them on the contents of certain chemical substances that may cause allergic reactions to sensitised individuals.

**4.2.3 We are exposed to foreign exchange risks**

Our Group is exposed to foreign exchange risks as a significant portion of our business transactions, which include purchases of raw materials and the export of our products, are transacted in foreign currencies, especially in USD. Therefore, fluctuations in foreign exchange rates may adversely and/or materially affect our profitability.

As such, we have procured banking facilities for foreign exchange contracts amounting to equivalent of RM19.50 million from certain financial institutions. These foreign exchange contracts are used to lock in the foreign currency rates at/or around the time of order placement to hedge against foreign currency fluctuations. As at LPD, we have taken position for RM6.77 million to hedge against foreign exchange fluctuations. In addition, our foreign receipts and expenses, to some extent serve as a natural hedge and reduce our cost of carrying currency conversion. Nevertheless, there can be no assurance that any future change in exchange rates will not have an impact on our revenue and earnings streams.

#### 4. RISK FACTORS (Cont'd)

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##### 4.2.4 We are fairly dependent on certain customers and intermediaries

For the FYE 31 January 2010, our top four (4) customers and intermediaries, namely A.R. Medicom Inc. (Asia) Limited ("**Medicom**"), USE Electronics (M) Sdn Bhd ("**USE**"), Dynarex Corporation ("**Dynarex**") and Value-RX Inc. ("**Value**") contributed approximately 15.97%, 13.15%, 7.68% and 7.22% of our Group's total revenue respectively. For the six (6)-month FPE 31 July 2010, Medicom, USE and Value continue to contribute substantially to our Group's total revenue of 19.02%, 15.93% and 11.09% respectively. As such, we are fairly dependent on these customers and intermediaries.

Furthermore, majority of our products are sold to our intermediaries, which are primarily major trading houses, major distributors and importers of gloves distributors. Our intermediaries are responsible for managing their local and international network of retail locations for our glove products. As such, our growth is dependent on our ability to work with more intermediaries, their business performance and how quickly they can expand their network.

Nevertheless, the following factors help to mitigate our Group's dependency on these major customers and intermediaries:

- we have been the OEM for Medicom, USE and Value for more than five (5) years, which indicates a long-term and stable business relationship. As part of our strategy to establish a strong market reputation, we have been focusing on building long-term business relationship with our customers. 15 of our top 20 customers have been dealing with us for more than five (5) years. Out of the top 20 customers, four (4) of them have been dealing with us for more than ten (10) years;
- despite our increase in revenue of 7.04% and 10.03% for the FYE 31 January 2009 and FYE 31 January 2010 respectively, as well as our proportionately higher revenue for the six (6)-month FPE 31 July 2010, the revenue contribution of one (1) of our major customers, Dynarex, has reduced from 11.62% to 4.02% between FYE 31 January 2008 to the six (6)-month FPE 31 July 2010. This justified that we are not overly dependent on them; and
- our customer base currently consists of 27 active customers across more than 20 countries worldwide, including Malaysia, all of them are brand owners and/or intermediaries. Our intermediaries are responsible for managing their local and international network of retail locations for our glove products.

To-date, we have not experienced any material loss of our major customers. We also have not experienced any material loss of our intermediaries, which we have established a good relationship with our intermediaries since our involvement in the business since 1988.

Nevertheless, there can be no assurance that the dependency on our major customers and intermediaries will not have any adverse impact on our business. Please refer to Section 6.21 of this Prospectus for further information on our major customers and intermediaries.



#### 4. RISK FACTORS (Cont'd)

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##### 4.2.5 We have no long-term contracts entered with our customers which binds us to deliver fixed amount of products at an agreed price

We do not have any formal long-term contracts with our customers, which binds us to deliver our products at a fixed quantity and price. The absence of such long-term contracts would allow our existing customers to purchase from other glove manufacturers. Our customers will purchase our products based on purchase orders as and when the need arises, which is in line with the industry norm. Generally, the goods will then be delivered to the customers within 30 to 45 days from the date when the goods are manufactured.

However, it is a common practice in the rubber gloves manufacturing industry to work from confirmed purchase orders which is based on order book ranging from 45 to 60 days, which many of the overseas customers will place their orders in advance to avoid any delay in shipment. Despite not having any such long-term contract, our Group has developed a long-term business relationship with our customers. This is substantiated by the fact that 15 of our top 20 customers have been dealing with us for more than five (5) years. Out of the top 20 customers, four (4) of them have been dealing with us for more than ten (10) years. Hence, our long-standing customer relationships will ensure our business continuity and growth.

##### 4.2.6 We are fairly dependent on certain suppliers

For the FYE 31 January 2010, our top three (3) suppliers, namely ED & F Man Malaysia Sdn Bhd (“**ED&F**”), R1 International Malaysia Sdn Bhd (“**R1 Int**”) and Titi Latex Sdn Bhd (“**Titi**”) supplied more than 45% of our raw materials, namely natural rubber latex. For the six (6)-month FPE 31 July 2010, we mainly sourced our natural rubber latex from ED&F, Titi and E-Hup Huat Co. Ltd (“**EHH**”), which collectively supplied more than 55% of our raw materials. As such, we may be perceived to be dependent on these suppliers.

Nevertheless, the following factors help to mitigate our Group's dependency on these suppliers:

- our Group has been dealing with ED&F and Titi for the past ten (10) years and 22 years respectively, which indicates a stable business relationship;
- natural rubber latex is a commodity. As such, we are able to easily source this raw material through local suppliers and/or imports from overseas sources, if the need arises; and
- we also source natural rubber latex from three (3) other alternative suppliers within our top 20 suppliers list, indicating that there are alternative suppliers that are currently able to meet our Group's requirements. This helps us to reduce our dependency on any single supplier of natural rubber latex.

For the FYE 31 January 2008, we purchased more than ten percent (10%) of our Group's total purchases from Chip Lam Seng Berhad (“**CLS**”). Subsequent thereto, we have sourced our natural rubber latex from other suppliers, and reduced our dependency on CLS. It should also be highlighted that we have only dealt with EHH for less than a year. However, EHH is currently one (1) of our major suppliers. These further indicate that we are able to easily source natural rubber latex from other suppliers.

However, there can be no assurance that our operations will not be affected if there is any interruption with the supply from the existing suppliers. Please refer to Section 6.22 of this Prospectus for further information on our major suppliers.

#### 4. RISK FACTORS (Cont'd)

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##### 4.2.7 We may encounter shortage of workers

The rubber gloves manufacturing industry is labour intensive. As such, gloves manufacturing companies including us, are subject to the risk of labour shortages and increase in labour costs. Labour shortage will then compromise our ability to meet our production schedules and affect our operations.

As various efforts to recruit local workers to work in rubber gloves factories have not been very successful, the rubber gloves manufacturing industry is also heavily dependent on foreign workers. Local workers are more willing to work in a more conducive working environment such as the electronics industry whereby almost the whole plant is air-conditioned. The local workers that the rubber gloves manufacturers have been able to retain are those working in the packing section. However, our Malaysian government has made many announcements and moves to curb the intake of foreign workers in the agriculture, manufacturing and services sectors.

*(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

In view of this, we have constantly reviewed our processes and have ventured into some form of automation, especially auto-stripping, to reduce our dependency on manual labour. We have also incorporated several technological innovations into our production lines. These include the on-line intermediate systems, such as chlorination, polymer coating and efficient former washing system. This level of automation mitigates to a certain extent, the need for labour-intensive operations.

##### 4.2.8 Our manufacturing operations may be disrupted

All businesses face the risk of losses arising from system disruptions due to among others, blackouts, natural disasters such as fire and flood, disruptions in water and electricity supply, and civil unrest. We have taken note of such risks and have taken various measures and steps to reduce such risk by having adequate safety and fire-fighting equipment. We have also in place a system of educating our employees on relevant safety measures. To-date, we have not encountered any disruption to our manufacturing operations.

Notwithstanding the measures and steps that we have taken, there is no assurance that emergency crises would not cause interruptions in our operations and have adverse material effect on our profitability.

##### 4.2.9 We may encounter order backlogs

As set out in Section 6.8 of this Prospectus, our existing six (6) production lines are running at almost full capacity. Our production utilisation level is approximately 95.3% for the FYE 31 January 2010. As latex gloves are deemed to be a rather generic product, our customers are able to source the latex gloves from other suppliers if we are unable to supply to them in a short demanded time. This predicament usually happens to all glove manufacturers and it is mainly due to the limitation of existing production capacity and higher demand of gloves.

We are in the midst of expanding our production capacity with our recent acquisition of nine (9) acres of land which will eventually house up to twenty (20) production lines. With our expansion plan, we are able to minimise the risk of order backlogs and at the same time, to supply to our existing and potential customers should other suppliers fail to supply to them in their demanded time frame.

**4. RISK FACTORS (Cont'd)**

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Notwithstanding the above, there can be no assurance that we will not be encountering any order backlogs especially when demand for our products increases unexpectedly.

**4.2.10 There is no assurance that our insurance coverage would be adequate**

Our Group's operations are very much dependent on our assets, including our production factories, plant and equipment as well as dependent on our employees. As such, we maintain general insurance policies where practicable, covering both our assets and employees in line with general business practices in the rubber gloves manufacturing industry, with policy specifications and insured limits which we believe are reasonable. However, in the event that the amount of such claims exceed the coverage of general insurance policies which we have taken up, we may be liable for the shortfalls in the amounts claimed. In such events, our business and financial position will be adversely and materially affected.

In ensuring such risks are kept to a minimum level, we review and ensure adequate coverage for our assets on a continuous basis. Furthermore, all assets such as inventories, machineries and equipment are sufficiently insured under fire and burglary policies. Although we have taken necessary steps to ensure that our assets are adequately insured, there can be no assurance that our insurance coverage would be adequate to compensate the replacement costs of the assets or any consequential losses arising thereof.

**4.2.11 There can be no assurance that there would be no unauthorised use of our brand name**

We place great emphasis on the goodwill of our brand names, as negative connotations to a brand name would invariably adversely affect the market share of that particular brand. Hence, as set out in Section 6.14 of this Prospectus, we have registered our "Rubbercare®" brand name used for our products with the relevant authorities in Malaysia and US. However, in view that our Group is not having large volume of sales on our other brands, it does not warrant us to pay for the registration of the remaining brands, as the registration is relatively costly.

Nevertheless, even when our "Rubbercare®" brand name has been registered, there can be no assurance that there would not be unauthorised third party copying, using or exploiting of our brand name.

**4.2.12 There is no assurance that our business expansion plans and strategies would be successfully implemented, and that they would contribute positively to our profitability**

The success and viability of our business expansion plans and strategies are largely dependent upon the dynamics of the rubber gloves manufacturing industry, as well as the availability of management, financial, customer support, operational and other resources. The success of our business plans will also be dependent upon, amongst others, our ability to generate continuing demand from our existing customers and demand by new customers for our products, ability to implement strategic marketing plans on a timely basis, successfully monitor our business growth and to hire and retain skilled management.

**4. RISK FACTORS (Cont'd)**

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As a mitigating factor, we are backed by the vast experience and know-how in the rubber gloves manufacturing industry of our Executive Directors, namely Mr. Lim Kwee Shyan, Ms. Yew Yee Peng and Mr. Loo Teck Looi. Nevertheless, there can be no assurance that we will successfully implement our business plans or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in our implementation or even deviation from our original plans. Furthermore, the actual results may deviate from our business plans due to rapid technological and market changes, as well as competitive pressures.

**4.2.13 We are dependent on our Executive Directors, key management and key technical personnel**

The continuing success to our Group is to a certain extent dependent upon the abilities and continued efforts of our Executive Directors, key management and key technical personnel, who have significant experience in the business activities of our Group. Any loss of our Executive Directors, key management or key technical personnel could adversely affect our operations and our competitiveness in the market.

Our Board therefore recognises the importance of retaining our existing key management and key technical personnel team. Our Board also endeavours to groom and intensively train other existing staff to support senior management and/or to shoulder further responsibilities as part of the succession planning, and at the same time attract new skilled personnel to strengthen our existing personnel. Please refer to Section 8.11 of this Prospectus for further information on our management succession plans. Our Board also seeks to mitigate this risk by offering our employees competitive remuneration and benefits packages. Nevertheless, there can be no assurance that the above measures will always be successful and that any change in our existing Executive Directors, key management or key technical personnel will not have any material effect on our business and operations.

**4.2.14 Recoverability of debts is inherently uncertain**

Generally, the risk of potential bad debts is considered to affect most businesses. However, recoverability of debts has not been a significant concern to us for the past three (3) financial years up to the FYE 31 January 2010 as well as the six (6)-month FPE 31 July 2010. This was mainly because part of our overseas transactions are transacted through trade financing from the financial institutions of our respective customers, while some of our sales transactions are covered by Malaysian Export Credit Insurance Berhad (MECIB), hence mitigating such non-collectability risk.

We have also implemented various credit control measures such as procuring downpayment and requesting for bank guarantees from our customers, to keep our credit risk at a minimal level. Furthermore, our well-established long relationships with our customers are built on mutual understanding of payment within terms mutually agreed upon. As at 31 July 2010, approximately RM525,000 of trade receivables have exceeded our Group's normal credit period of 120 days, of which approximately RM459,000 or 87.4% has been collected as at LPD.

Nevertheless, there is no assurance that all debts would be collected. Our financial performance could be adversely affected in the event of write-offs and/or provisions for doubtful debts. However, our Directors are confident that our outstanding debts are recoverable.

**4. RISK FACTORS (Cont'd)**

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**4.2.15 We are exposed to borrowing risks and restrictive covenants**

Our total borrowings as at 31 July 2010 amounted to approximately RM5.67 million, all of which are domestic borrowings and are interest-bearing. As such, any additional borrowings and/or increase in interest rates may result in an increase in interest expense, which may affect our profitability. There can be no assurance that current interest rates will be maintained in the future and/or that any increase in our borrowings will not have any material effect on our performance.

Our credit facilities may also be subject to periodic review by the banks or financiers and contain certain covenants which may limit our operating and financial flexibility. Any act or omission by us that breaches such covenants may give the rights to the banks or financiers to terminate the relevant credit facilities and/or enforce any security granted in relation to those credit facilities. This may in turn cause a cross default of other credit facility agreements. These covenants are commonly contained in credit facility agreements in Malaysia. We will endeavour to monitor the compliance with all such covenants. There can be no assurance that our performance will not be adversely affected should we breach such covenants of any of our facility agreements. Notwithstanding the above, we have not experienced such risk of a material nature in the past.

**4.2.16 Our controlling substantial shareholders will have control over certain matters which require shareholders' approval**

Upon completion of the IPO, Mr. Lim Kwee Shyan, Mr. Yew Nieng Choon and the persons acting in concert with them are expected to collectively control approximately 65.35% of our enlarged issued and paid-up share capital. Together, unless they are required to abstain from voting by law and/or the relevant authorities, they will be able to effectively control the outcome of certain matters which require the vote of shareholders.

In the event of related party transactions involving these shareholders, they would be required to abstain from voting. In addition, we have appointed two (2) independent non-executive directors, as a step towards good corporate governance and protecting the interests of minority shareholders.

**4.3 Riska Relating to the IPO****4.3.1 Our Shares have never been publicly traded before and the IPO may not result in an active or liquid market for our Shares**

There has been no public market for our Shares prior to the IPO. We have received approval from Bursa Securities to have our Shares listed and quoted on the ACE Market of Bursa Securities. The listing of and quotation for our Shares does not, however, guarantee that a trading market for our Shares will develop or, if a market does develop, the liquidity of that market of our Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. Therefore, we cannot predict whether a trading market for our Shares will be developed or how liquid that market might become.

There also can be no assurance that the Issue Price which has been determined after taking into consideration the factors as set out in Section 3.6 of this Prospectus will correspond to the price at which our Shares will be traded on the ACE Market of Bursa Securities upon or subsequent to our Listing.

**4. RISK FACTORS (Cont'd)**

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**4.3.2 Our Share price may be volatile, which could result in substantial losses for investors subscribing for our Shares**

The market price of our Shares may be highly volatile and could be subject to wide fluctuations in response to, inter alia, the following factors, some of which are beyond our control:

- (a) variation in our operating results;
- (b) success or failure of our management team in implementing business and growth strategies;
- (c) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (d) changes in conditions affecting the industry, general economic conditions or stock market sentiments or other events or factors;
- (e) changes in market valuations and share prices of companies with similar businesses to our Company that are listed in Malaysia or anywhere else in the world;
- (f) additions or departures of key management;
- (g) fluctuations in stock market prices and volume; or
- (h) involvement in litigation.

In addition, our Share price may be under downward pressure if certain of our Directors, management staff or employees sell their Shares immediately after the IPO or upon expiry of the moratorium period, as the case may be.

**4.3.3 There may be a delay in or abortion of our Listing**

Our Listing is exposed to the risk of potential failure or delay should the following events, amongst others, occur:

- (a) the Eligible Persons fail to subscribe for the portion of Public Issue Shares allocated to them;
- (b) our Company or the Underwriter fails to honour its obligations under the Underwriting Agreement;
- (c) the Underwriter, in honouring its obligations, becomes a substantial shareholder of our Company;
- (d) identified investors fail to acquire the portion of the Public Issue Shares allotted to them; and
- (e) we are unable to meet the public spread requirements of the Listing Requirements, i.e. at least 25% of our issued and paid-up capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each, at the time of Listing.

In such an event, we will return in full without interest, all monies paid in respect of any application accepted within fourteen (14) days after we become liable to repay it. Nevertheless, we would endeavour to ensure compliance of the various listing requirements for our successful listing on the ACE Market of Bursa Securities.



#### **4. RISK FACTORS (Cont'd)**

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##### **4.4 Other Risks**

###### **4.4.1 We are affected by political, economical and regulative factors that are beyond our control**

Adverse developments in political, economic and regulatory conditions in Malaysia and other countries where we export our products to could adversely and materially affect our financial and business prospects. These risks are beyond our control which may include, but not limited to the risk of war, terrorist attacks, riots, changes in political leadership, global economic downturn, changes in foreign exchange rates and unfavourable changes in the governmental policies such as changes in the employment of foreign workers, taxation, interest rates, licensing or introduction of new regulations.

Any downturn in the local and global economies will usually impact overall consumptions in the market. Hence, our Group may also be affected by the economic downturn. However, our Directors are of the view that any downturn would not materially affect our business as the main end-users of our Group's products are mainly used in the medical industry which is relatively more resilient to such downturns.

Whilst we will continue to take effective measures such as financial management and efficient operating procedures, there can be no assurance that any adverse political, economic and regulatory condition will not materially affect our operations.

###### **4.4.2 Actual results, performance and/or achievements may vary significantly from those expressed or implied in forward-looking statements**

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts. These include, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations. These forward-looking statements are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by our Directors on their current view with respect to future events. While we may believe them to be reasonable, they are subject to known and unknown risks, uncertainties, contingencies and other important factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, among other things, general economic and business conditions, competition, the impact of new laws and regulations affecting us and the industry in which we operate, as well as changes in the foreign exchange and interest rates. In light of these uncertainties, we wish to caution you that the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by our advisers or us in the achievability of our future plans and objectives.



## 5. INFORMATION ON OUR GROUP

### 5.1 Information on Careplus

#### 5.1.1 Background and history

We were incorporated in Malaysia under the Act on 30 March 2010 as a private limited company under the name Careplus Group Sdn Bhd. Subsequently, on 5 April 2010, we converted our status from a private limited company to a public limited company to facilitate our listing on the ACE Market of Bursa Securities.

#### 5.1.2 Principal activity and products/services

We are principally an investment holding company and provide management services to our subsidiaries.

#### 5.1.3 Share capital and changes in share capital

As at LPD, our authorised and issued and paid-up share capital are as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	500,000,000	0.10	50,000,000
Issued and fully paid-up	144,950,000	0.10	14,495,000

The changes in our issued and paid-up share capital since our incorporation are as follows:

Date of allotment	Number of shares	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
30.03.2010	100	0.10	Subscribers' shares	10.00
01.07.2010	144,949,900	0.10	Full purchase consideration for the Acquisition	14,495,000

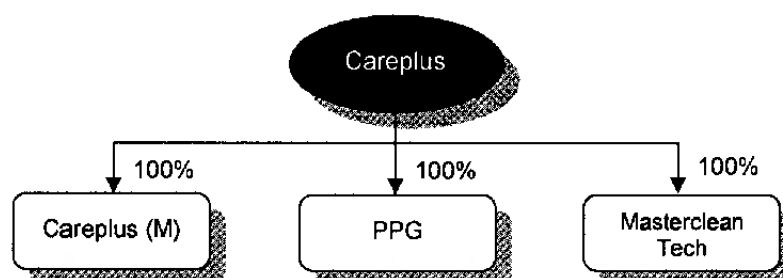
As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Careplus.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.1.4 Subsidiary and associate

As at LPD, our corporate group structure is set out below:



Details of our subsidiaries are summarised as follows:

Name of company	Date and country of incorporation	Issued and paid-up capital	Effective interest (%)	Principal activities
Careplus (M) (212677-K)	18.02.1991 Malaysia	RM1,595,339	100	Trading of gloves and other disposable protection products* as well as provision of QC services for outsourced gloves
PPG (169997-P)	18.04.1988 Malaysia	RM1,311,000	100	Manufacturing of rubber gloves
Masterclean Tech (496806-M)	19.10.1999 Malaysia	RM100,000	100	Manufacturing of cleanroom gloves and trading of gloves

Note:

\* Other disposable protection products refer to facemasks, respirators, latex dental dams, gowns, caps and shoe covers.

As at LPD, we do not have any associate.

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**5. INFORMATION ON OUR GROUP (Cont'd)****5.2 Information on Careplus (M)****5.2.1 Background and history**

Careplus (M) was incorporated in Malaysia under the Act on 18 February 1991 as a private limited company under its present name. Careplus (M) commenced its operations in June 1991 and was run by Mr. Lim Kwee Shyan and Mr. Yew Nieng Choon (who was the common director and shareholder of PPG). It started out as a trading company by buying gloves in bulk, inspecting the gloves to ensure that they are within the acceptable quality level through thoroughly tested for properties such as pinholes and visual defects, and thereafter selling the gloves to its customers. Subsequently, in November 2001, Careplus (M) became the holding company of PPG, and is responsible for the distribution and marketing of our Group's gloves and other disposable protection products, as well as sourcing of gloves and other disposable protection products from other suppliers either to supplement our product range or when PPG is unable to produce sufficient quantities of gloves.

As part of the Listing, on 1 July 2010 and 3 July 2010, our Group undertook the Acquisition and Internal Reorganisation exercises respectively, which resulted in Careplus (M) and PPG becoming direct subsidiaries of Careplus. Details of our Acquisition and Internal Reorganisation exercises are set out in Sections 9.1 and 9.2 of this Prospectus respectively.

**5.2.2 Principal activity and products/services**

Careplus (M) is principally engaged in the trading of gloves and other disposable protection products as well as provision of QC services for outsourced gloves. It is also involved in outsourcing of gloves and other disposable protection products from other suppliers either to supplement our product range or when PPG is unable to produce sufficient quantities of gloves.

**5.2.3 Substantial shareholder**

As at LPD, Careplus (M) is our wholly-owned subsidiary.

**5.2.4 Share capital and changes in share capital**

As at LPD, the authorised and issued and paid-up share capital of Careplus (M) are as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and fully paid-up	1,595,339	1.00	1,595,339

**5. INFORMATION ON OUR GROUP (Cont'd)**

The changes in the issued and paid-up share capital of Careplus (M) in the past three (3) years up to LPD are as follows:

Date of allotment	Number of shares	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
19.10.2007	748,577	1.00	Balance brought forward	748,577
04.12.2007	15,860	1.00	Cash	764,437
10.11.2008	2,973	1.00	Cash	767,410
10.06.2009	300,000	1.00	Cash	1,067,410
23.07.2009	500,000	1.00	Cash	1,567,410
19.10.2009	27,929	1.00	Cash	1,595,339

As at LPD, there is no outstanding warrant, option, convertible security or uncalled capital in Careplus (M).

**5.2.5 Subsidiary and associate**

As at LPD, Careplus (M) does not have any subsidiary or associate.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.3 Information on PPG

#### 5.3.1 Background and history

PPG was incorporated in Malaysia under the Act on 18 April 1988 as a private limited company under its present name. PPG was founded by Mr. Yew Nieng Choon and his spouse, Madam Chan Pek Harn @ Chan Wai Har. In August 1995, the ownership of PPG was transferred to Liberty Crest Sdn Bhd ("Liberty Crest"), which was owned by Mr. Yew Nieng Choon, Mr. Lim Kwee Shyan and Mr. Lim Kwee Shyan's brother, namely Lim Kau @ Lim Kwee Wu. Liberty Crest was then an investment holding company with no other activities involved. Subsequently in November 2001, Careplus (M) acquired PPG from Liberty Crest, and became the holding company of PPG.

As part of the Listing, on 1 July 2010 and 3 July 2010, our Group undertook the Acquisition and Internal Reorganisation exercises respectively, which resulted in PPG becoming a direct subsidiary of Careplus. Details of our Acquisition and Internal Reorganisation exercises are set out in Sections 9.1 and 9.2 of this Prospectus respectively.

#### 5.3.2 Principal activity and products/services

PPG commenced its operation in June 1988 and is principally engaged in the manufacturing of latex examination gloves.

#### 5.3.3 Substantial shareholder

As at LPD, PPG is our wholly-owned subsidiary.

#### 5.3.4 Share capital and changes in share capital

As at LPD, the authorised and issued and paid-up share capital of PPG are as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	1,500,000	1.00	1,500,000
Issued and fully paid-up	1,311,000	1.00	1,311,000

There are no changes in the issued and paid-up share capital of PPG in the past three (3) years up to LPD.

As at LPD, there is no outstanding warrant, option, convertible security or uncalled capital in PPG.

#### 5.3.5 Subsidiary and associate

As at LPD, PPG does not have any subsidiary or associate.

**5. INFORMATION ON OUR GROUP (Cont'd)****5.4 Information on Masterclean Tech****5.4.1 Background and history**

Masterclean Tech was incorporated in Malaysia under the Act on 19 October 1999 as a private limited company under its present name. Masterclean Tech commenced its operations in December 1999 and was subsequently acquired by Careplus (M) in October 2002.

As part of the Listing, on 1 July 2010 and 3 July 2010, our Group undertook the Acquisition and Internal Reorganisation exercises respectively, which resulted in Masterclean Tech becoming a direct subsidiary of Careplus. Details of our Acquisition and Internal Reorganisation exercises are set out in Sections 9.1 and 9.2 of this Prospectus respectively.

**5.4.2 Principal activity and products/services**

Masterclean Tech is principally involved in the manufacturing of cleanroom gloves and trading of gloves. The cleanroom gloves are chlorinated, further washed and subsequently being dried, inspected and packed in a cleanroom environment.

**5.4.3 Substantial shareholder**

As at LPD, Masterclean Tech is our wholly-owned subsidiary.

**5.4.4 Share capital and changes in share capital**

As at LPD, the authorised and issued and paid-up share capital of Masterclean Tech are as follows:

	Number of shares	Par value (RM)	Amount (RM)
Authorised	500,000	1.00	500,000
Issued and fully paid-up	100,000	1.00	100,000

There are no changes in the issued and paid-up share capital of Masterclean Tech since its date of incorporation.

As at LPD, there is no outstanding warrant, option, convertible security or uncalled capital in Masterclean Tech.

**5.4.5 Subsidiary and associate**

As at LPD, Masterclean Tech does not have any subsidiary or associate.

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## 6. OUR BUSINESS

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### 6.1 Our History

We were incorporated in Malaysia on 30 March 2010 under the Act as a private limited company under the name Careplus Group Sdn Bhd. Subsequently, on 5 April 2010, we converted our status from a private limited company to a public limited company to facilitate our listing on the ACE Market of Bursa Securities. We are principally an investment holding company whilst our wholly-owned subsidiaries are involved in the manufacturing, processing and trading of gloves.

We commenced operations when PPG was incorporated in 1988. We started out with only a single production line in the early years. To-date, we have thus far successfully built our manufacturing operations with six (6) production lines focusing on the manufacturing of latex examination gloves. We also manufacture, process and/or sell nitrile and vinyl gloves, surgical gloves as well as cleanroom gloves. Our glove products are sold under our own "Rubbercare®", "Guardian", "Sunshine", "Careplus", "MasterClean Comfort" and "MasterClean Protection" brand names as well as third party labels which are on contract manufacture basis.

Due to the limitation on our existing production capacity, we currently outsource the production of nitrile and vinyl gloves as well as surgical gloves to local third party manufacturers and third party manufacturers in PRC. We will then inspect and/or process these gloves, when required to meet our customers' quality requirements and specifications. In view of this, we are in the midst of setting up another plant, which is located within the same vicinity of our existing manufacturing plants. This is to address areas of growth and opportunities in the expansion of export markets and the production of our existing latex examination gloves, nitrile gloves, as well as new products.

In 1991, Careplus (M) was incorporated and was run by Mr. Lim Kwee Shyan and Mr. Yew Nieng Choon who is the common director and shareholder of PPG, as a trading company. Careplus (M) subsequently became the holding company of PPG in November 2001 and is responsible for the distribution and marketing of our Group's gloves and other disposable protection products, as well as gloves and other disposable protection products from other suppliers either to supplement our product range or when PPG is unable to produce sufficient quantities.

Seeing the increasing demand of cleanroom gloves from the high technology manufacturing sector, we decided to venture into the cleanroom gloves sector in 2002. As we did not have the expertise in the cleanroom technology at that time, we acquired Masterclean Tech in 2002 to manufacture and trade cleanroom gloves. Masterclean Tech was started up by the former director of Masterclean Tech, Mr. Valentine Peter Jesudoss and his partners in 1999 originally. Mr. Peter had then joined and brought in valuable experience to Careplus (M) after Masterclean Tech was acquired by Careplus (M). Mr. Peter was instrumental in formulating the design and layout of the new cleanroom manufacturing and packing premises. Today, Masterclean Tech is able to manufacture 2.5 to 3 million cleanroom gloves per month.

To complement our glove products, we are also involved in the trading of other products such as facemasks, respirators and latex dental dams under our own "Careplus", "Rubbercare®" and "Sunshine" brand names, which we have outsourced the manufacturing of these products to third parties. We are also involved in the trading of other disposable protection products such as gowns, caps and shoe covers for other third party labels.



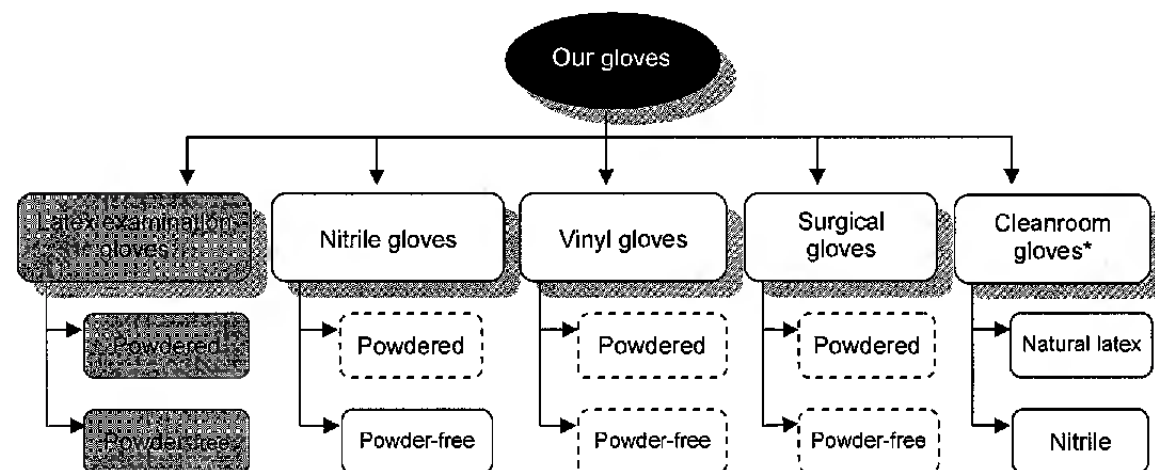
## 6. OUR BUSINESS (Cont'd)

With 22 years of involvement in the manufacturing of gloves, we have established a solid presence in the rubber gloves manufacturing industry. Under the resourceful stewardship of Mr. Yew Nieng Choon and Mr. Lim Kwee Shyan, we also successfully developed an extensive distribution network for our products. To-date, we successfully sold our products to over 20 countries worldwide, including Australia, Chile, Colombia, Cyprus, Czech Republic, Ethiopia, Greece, Honduras, Hong Kong, India, Indonesia, Israel, Japan, Kuwait, Mexico, New Zealand, Nigeria, Peru, the PRC, Singapore, South Korea, Switzerland, Syria, the Philippines, UK and US. We also sell our products in the domestic market. Our distribution channel strategy is solely based on indirect distribution as we have minimal interaction with our end users.

Our manufacturing processes are accredited for our quality standard under the ISO 9001:2000, ISO 13485:2003 and ISO 9001:2008. We have also been certified by the MRB to produce Standard Malaysian Glove (SMG) as our gloves are mainly exported to various countries. Our products also conform to various international standards and requirements such as ASTM, British Standards Institution (BSI), AQL under the FDA of US, and EN455 (European standard for medical gloves).

### 6.2 Our Products

We are principally involved in the manufacturing, processing and trading of gloves. Our range of gloves can be segregated into the following categories:



 our Group primarily focus on the manufacturing of latex examination gloves

 refers to manufacturing activity

 refers to processing and/or trading activities

Note:

\* Cleanroom gloves are only produced in powder-free form.

Generally, our latex examination, nitrile, vinyl and surgical gloves can be further categorised into the following:

- **Powdered** with absorbable cornstarch for easy donning. These type of gloves have longer shelf-life compared to powder-free gloves and lower cost as they do not need to undergo additional processes; and

## 6. OUR BUSINESS (Cont'd)

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- **Powder-free**, which are suitable for users who prefer low protein gloves without powder as this type of gloves has minimal level of extractable protein, especially when off-line process is applied. For easy donning, the powder-free technology involves either chlorination or polymer coating, or a combination of both is used.

Please refer to Section 6.10 of this Prospectus for further information on the powder-free technology.

Our five (5) major types of gloves, each have their own features and characteristics, can be categorised as follows:

### 6.2.1 Latex examination gloves

We mainly focus on the manufacturing of latex examination gloves under our own "Rubbercare®" and "Guardian" brand names, as well as third party labels.

Our latex examination gloves are made from natural rubber latex. These gloves are suitable for use in the medical examinations and procedures, diagnostic procedures by dentist, laboratory practices and food handling practices.

The main characteristics of our latex examination gloves are as follows:

- soft, comfort, fit and less fatigue;
- firmer grip in dry and wet conditions;
- good tactility;
- durability;
- good barrier protection against virul penetration;
- made from renewable source of raw material (i.e. natural rubber), thus making them more environmentally-friendly as they are biodegradable easily; and
- low level of extractable protein, chemical residuals and/or antigenic protein.

### 6.2.2 Nitrile gloves

We manufacture (for powder-free) or process (for powdered) and sell nitrile gloves under our own "Rubbercare®" brand name and other third party labels. Our nitrile gloves are produced from acrylonitrile-butadiene latex, which is generally resistant to oil, fuel and other solvents. These gloves are suitable for use in the medical examinations and procedures, laboratory practices and automotive industry.

The main characteristics of our nitrile gloves are as follows:

- beaded cuff for easy donning;
- durability;
- textured for good gripping;
- excellent barrier protection which provide more puncture resistance than other synthetic gloves such as vinyl gloves; and
- most suitable for users sensitive to latex protein.

### 6.2.3 Vinyl gloves

We sell vinyl gloves under our own "Careplus" brand name. Our vinyl gloves are produced from polyvinyl chloride (PVC) material. These gloves are suitable for short-term procedures and/or minimal risk protection, as these gloves provide only standard barrier protection.

## **6. OUR BUSINESS (Cont'd)**

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The main characteristics of our vinyl gloves are as follows:

- comfort and soft;
- most economical and cost effectiveness;
- easy donning due to excellent slippery inner surface;
- standard barrier protection; and
- suitable for users sensitive to latex protein.

### **6.2.4 Surgical gloves**

We sell surgical gloves under our own "Rubbercare®" brand name and other third party labels. Our surgical gloves are sterilised using Gamma irradiation and made from natural rubber latex. Our surgical gloves are designed for precise medical and surgical applications.

The main characteristics of our surgical gloves are as follows:

- highly comfort and good tactility;
- micro-textured for firmer grip in dry and wet conditions;
- beaded cuff for easy donning;
- extra strength that provides additional protection from surgical debris; and
- low level of extractable protein, chemical residuals and/or antigenic protein.

### **6.2.5 Cleanroom gloves**

We manufacture and sell cleanroom gloves under our own "MasterClean Comfort" and "MasterClean Protection" brand names and other third party labels. Unlike our other gloves, our cleanroom gloves are double chlorinated with repeated washing and processed with extended leaching in pure de-ionized water which results in low ionic content and particulate counts.

The manufacturing of cleanroom gloves is conducted in a clean environment, namely the cleanroom. The air quality in the cleanroom is highly regulated to protect sensitive equipment or products from contamination. Cleanroom gloves are only in powder-free form, and are cleaner gloves for users who need it to be used in the cleanroom. As such, our cleanroom gloves are suitable for use in the semiconductor, electronic, aerospace, pharmaceutical and biotechnology industries.

The main characteristics of our cleanroom gloves, which are available in latex and nitrile, are as follows:

- low ionic residual levels;
- low particle counts;
- low pinhole levels;
- high tensile strength and good elasticity;
- high tactile sensitivity;
- high resistance to punctures and tears;
- smooth and fingertip or palm textured; and
- static dissipative property for nitrile.

The MRB and MARGMA have formulated a product certification scheme known as the Standard Malaysian Glove (SMG), to provide assurance of quality for low-protein examination gloves that are lightly powdered or powder-free.

## 6. OUR BUSINESS (Cont'd)

In consultation with regulatory bodies such as the FDA and other relevant authorities, the SMG scheme establishes specifications not only for barrier performance, the single most important function of gloves, but also for protein and powder contents. Proteins could cause allergic reactions in sensitised individuals and powder could serve as a carrier for such proteins.

Our powdered and powder-free gloves are certified to meet the stringent SMG standard, which are identified by the recommended orange colour logo for our powdered gloves and green colour logo for our powder-free gloves as follows:



Presently, our existing six (6) production lines are running at almost full capacity and we are not able to achieve economies of scale by manufacturing all types of gloves. Hence, we primarily focus on the manufacturing of latex examination gloves and outsource the production of nitrile and vinyl gloves as well as surgical gloves to third party manufacturers. We will then inspect and/or process these gloves, when needed to meet our customers' quality requirements and specifications.

### Other products

To complement our glove products, we also trade facemasks, respirators and latex dental dams under our own "Careplus", "Rubbercare®" and "Sunshine" brand names, which we have outsourced the manufacturing of these products to third parties. We also trade other disposable protection products, such as gown, caps and shoe covers for other third party labels. Contribution of these miscellaneous items to our revenue and PAT is relatively insignificant.

### 6.3 Our Principal Markets

Our gloves can be used in highly diverse industry sectors, including the following:

Industry sectors	Users
Latex examination, nitrile, vinyl and surgical gloves	
▪ Hospitals	Surgeons, physicians, laboratory technicians, emergency room personnel, nurses, pathologists, paramedics, orderlies, intensive care unit personnel and physiologists
▪ Dental clinics	Dental surgeons, orthodontists, dental nurses and oral hygienists
▪ Private healthcare	Doctors and nurses
▪ Nursing homes and hospices	Doctors, nurses and nursing aides
▪ Social services	Volunteers, helpers and nursing aides
▪ Research and scientific laboratories	Scientists, analysts, and laboratory assistants
▪ Food and beverages manufacturing	Factory workers

**6. OUR BUSINESS (Cont'd)**

<b>Industry sectors</b>	<b>Users</b>
<ul style="list-style-type: none"> <li>▪ Non-medical users</li> </ul>	General cleaners, automotive workers, food handlers, hair dressers and veterinarians
Cleanroom gloves	
<ul style="list-style-type: none"> <li>▪ High technology manufacturing</li> </ul>	Workers in cleanrooms in the following industries: <ul style="list-style-type: none"> <li>▪ semiconductor manufacturing</li> <li>▪ electronics</li> <li>▪ pharmacies</li> <li>▪ laboratories</li> <li>▪ optics</li> </ul>

With our extensive distribution network, we have successfully exported our products to over 20 countries worldwide, including Australia, Chile, Colombia, Cyprus, Czech Republic, Ethiopia, Greece, Honduras, Hong Kong, India, Indonesia, Israel, Japan, Kuwait, Mexico, New Zealand, Nigeria, Peru, the PRC, Singapore, South Korea, Switzerland, Syria, the Philippines, UK and US. We also sell our products in the domestic market.

The following is a breakdown of our total revenue by countries for the past two (2) financial years up to the FYE 31 January 2010 and the six (6)-month FPE 31 July 2010:

<b>Countries</b>	<b>FYE 31 January 2009 Total revenue</b>		<b>FYE 31 January 2010 Total revenue</b>		<b>Six (6)-month FPE 31 July 2010 Total revenue</b>	
	<b>(RM'000)</b>	<b>(%)</b>	<b>(RM'000)</b>	<b>(%)</b>	<b>(RM'000)</b>	<b>(%)</b>
Australia	85	0.22	193	0.46	99	0.42
Chile	197	0.52	574	1.37	134	0.57
Colombia	1,806	4.74	2,995	7.15	871	3.73
Cyprus	130	0.34	216	0.52	141	0.61
Czech Republic	-	0.00	94	0.23	122	0.52
Ethiopia	-	0.00	210	0.50	-	0.00
Greece	2,752	7.23	2,950	7.05	959	4.11
Honduras	219	0.58	298	0.71	246	1.05
Hong Kong*	7,078	18.60	8,337	19.91	4,272	18.32
Indonesia	521	1.37	318	0.76	370	1.59
India	12	0.03	-	0.00	-	0.00
Israel	275	0.72	138	0.33	67	0.29
Japan	44	0.12	-	0.00	135	0.58
Kuwait	111	0.29	14	0.03	-	0.00
Malaysia^	7,555	19.86	8,315	19.86	4,653	19.95
Mexico	813	2.14	1,361	3.25	310	1.33
New Zealand	-	0.00	187	0.45	-	0.00
Nigeria	521	1.37	244	0.58	-	0.00
Peru	1,078	2.83	1,874	4.48	1,281	5.49
PRC	304	0.80	146	0.35	-	0.00
Singapore	120	0.32	52	0.12	26	0.11
South Korea	1,219	3.20	930	2.22	1,058	4.54
Switzerland	124	0.33	-	0.00	-	0.00
Syria	-	0.00	449	1.07	-	0.00
The Philippines	2,723	7.16	3,044	7.27	2,588	11.09
UK	2,275	5.98	2,259	5.40	1,231	5.28
US	8,088	21.25	6,668	15.93	4,783	20.42
<b>Total</b>	<b>38,050</b>	<b>100.00</b>	<b>41,866</b>	<b>100.00</b>	<b>23,326</b>	<b>100.00</b>

## 6. OUR BUSINESS (Cont'd)

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*Notes:*

- \* *A substantial portion of our products are supplied to Japan by our Hong Kong intermediary.*
- ^ *All of our local customers are intermediaries which exported our products to overseas markets.*

Our customer base currently consists of 27 active customers worldwide. All of them are brand owners and/or intermediaries.

### 6.4 Seasonal/Cyclical Effects

Generally, we are not subject to any seasonal effect as our products are used for general applications that are not affected by any seasonal or cyclical factors.

### 6.5 Our Competitive Strengths

We believe that our competitive strengths lie in the following areas:

#### (a) Our product quality

The manufacturing processes in our subsidiary, PPG, where all our manufacturing operations are carried out, are ISO certified. In addition, we have been certified by the MRB to produce Standard Malaysian Glove (SMG). These certifications provide comfort and assurance of the quality of our products to both our existing and prospective customers. Our long-standing relationships with all our major customers are further testimony of the high quality and consistency of our products, thus establishing the trust placed by our customers in us.

Our gloves go through stringent QC and assurance processes and procedures. Our QC processes encompass the entire manufacturing process, from the acceptance of incoming raw materials to the various stages of the manufacturing process, and the delivery of our quality finished goods to our customers. The adoption of stringent QC is also evidenced by the numerous internationally recognised accreditation received by PPG, which are set out in Section 6.11 of this Prospectus.

#### (b) Compliance with local and international standards and requirements as well as numerous quality accreditations received

Our products are exported to over 20 countries worldwide including Australia, Chile, Colombia, Cyprus, Czech Republic, Ethiopia, Greece, Honduras, Hong Kong, India, Indonesia, Israel, Japan, Kuwait, Mexico, New Zealand, Nigeria, Peru, the PRC, Singapore, South Korea, Switzerland, Syria, the Philippines, UK and US. We also sell our products in the domestic market. As such, our products conform to various local and international standards and requirements as follows:

- ASTM;
- British Standards Institution (BSI);
- Standard Malaysian Glove (SMG);
- AQL under the FDA of US; and
- EN455 (European standard for medical gloves).

Our compliance with the above standards is a representation of our commitment to manufacture latex gloves that meet local and international standards and requirements, and this is evidenced by the internationally recognised accreditations received by PPG as set out in Section 6.11 of this Prospectus.

**6. OUR BUSINESS (Cont'd)**

Moving forward, we plan to expand into and market our products in other countries such as Brazil, Russia, Ukraine and Spain. We believe that we have the resources and capability to apply for and obtain additional certifications such as those from the Canadian General Standards Board (CGSB) and the Australian Therapeutic Goods Administration (TGA).

**(c) Inroads made into overseas markets**

Our products have been exported to overseas countries since the incorporation of PPG in 1988. We successfully export our products to over 20 countries worldwide, including Australia, Chile, Colombia, Cyprus, Czech Republic, Ethiopia, Greece, Honduras, Hong Kong, India, Indonesia, Israel, Japan, Kuwait, Mexico, New Zealand, Nigeria, Peru, the PRC, Singapore, South Korea, Switzerland, Syria, the Philippines, UK and US. Out of our Group's total revenue of approximately RM41.87 million for the FYE 31 January 2010, approximately RM33.55 million or 80.14% was generated from the sales to the overseas markets of which approximately RM23.30 million or 55.66% was generated from the following main export markets:

	<b>FYE 31 January 2010</b>		<b>Audited six (6)-month FPE 31 July 2010</b>	
	<b>Total revenue</b>		<b>Total revenue</b>	
	<b>(RM'000)</b>	<b>(%)</b>	<b>(RM'000)</b>	<b>(%)</b>
Hong Kong*	8,337	19.91	4,272	18.32
US	6,668	15.93	4,763	20.42
The Philippines	3,044	7.27	2,588	11.09
Colombia	2,995	7.15	871	3.73
UK	2,259	5.40	1,231	5.28
<b>Total</b>	<b>23,303</b>	<b>55.66</b>	<b>13,725</b>	<b>58.84</b>

*Note:*

\* A substantial portion of our products are supplied to Japan by our Hong Kong intermediary.

Based on the preceding table, out of our Group's total revenue of approximately RM23.33 million for the six (6)-month FPE 31 July 2010, approximately RM18.67 million or 80.05% was generated from the sales to the overseas markets of which approximately RM13.73 million or 58.84% was generated from the above stated main export markets.

The wide market coverage gives us the platform to pursue and undertake new business opportunities in various countries as well as not to overly rely on any one single country. It is our view that in any country or regional recession, our ability to withstand such downturn would remain.

Presently, we are somewhat disadvantaged by our smaller production facilities. However, with our expansion plan, we will be able to ramp up our marketing efforts to improve our market coverage and increase our customer base. More importantly, we will be able to consolidate our position with certain existing customers who had sought higher volume of supply for our gloves where we were previously unable to meet their demands due to constraints in our production capacity. Thus, with our expansion plans currently being undertaken, we will be able to supply the increased volumes to these customers and thereby continue to grow with them.



## 6. OUR BUSINESS (Cont'd)

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Our concentration on export markets is in line with the Malaysian government's policies to improve the country's trade balance and promote Malaysian made rubber products overseas.

**(d) Established track record and market reputation**

We have established ourselves as a serious long-term player in the latex gloves industry. Since our commencement of operations in 1988, we have gradually increased our market coverage and customer base, and have established a solid presence in the latex gloves industry. Our established market reputation is evidenced by our long-term relationship with our customers. 15 of our top 20 customers have been dealing with us for more than five (5) years. Out of the top 20 customers, four (4) of them have been dealing with us for more than ten (10) years.

**(e) Capabilities to manufacture both natural rubber and nitrile gloves**

While we have been focusing on the manufacture of natural rubber gloves historically, we have the technical know-how to escalate our knowledge into the manufacture of nitrile gloves. The manufacturing processes of natural rubber gloves and nitrile gloves are quite similar, save for the formulation used in both gloves. We have constantly explored and followed up with the development of nitrile gloves. With our good understanding on how the nitrile gloves are being manufactured, we have successfully manufactured nitrile gloves within our laboratory on trial basis.

With the proposed expansion plan that we are currently undertaking, we are able to embark into the manufacturing of nitrile gloves to offer a wider range of product types to our customers, if the need arises. At present, orders for nitrile gloves from existing customers are outsourced to third party manufacturers. This has allowed us to focus on manufacturing of natural rubber gloves thereby enabling us to achieve cost efficiencies and retain our existing customers.

**(f) Capabilities to improve our products and the efficiency of our manufacturing and processing activities**

We have always been and continue to be involved in continuous improvement in our products to meet our customers' requirements as well as improvement in the efficiency of our manufacturing and processing activities, through our collaboration with industry experts, such as the MRB and Forest Reserve Institute Malaysia (FRIM).

Our ability to keep abreast of developments in technology and process improvements as well as developments in latex compounding formulations to attain certain desired properties and characteristics, such as minimum protein content, low antigenic protein content, low chemical residue level as well as tactility, comfort and sensitivity aspects, has enabled us to enhance our product efficacy, cost effectiveness and environmental-friendliness.

We have successfully set up an anaerobic wastewater treatment system in 1996. This system has helped us to cut costs and improve our wastewater management efficiency during our production process. We will continue to undertake R&D in our wastewater management.

## 6. OUR BUSINESS (Cont'd)

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### (g) Ability to manage our costs efficiently

All glove manufacturers are required by the DOE to manage their wastewater to protect our environment. As such, wastewater or effluent from our manufacturing process is treated before it is recycled or discharged into public waterways. As we believe in being a progressive and pro-active corporate citizen and are conscious of our social responsibilities, we selected the anaerobic process in treating our wastewater to comply with the Environmental Quality Act, 1994. Although we have successfully set up an anaerobic wastewater treatment system in 1996, we are still undertaking further effort to enhance our wastewater management system.

The anaerobic process for wastewater, as opposed to the chemical process, is an effective and economical way to treat wastewater derived from rubber gloves manufacturing, especially when gloves manufacturing consumes a large amount of water. The anaerobic process is a biological process that occurs in the absence of oxygen. Unlike the chemical treatment method, this process depends on micro-organisms to clean the wastewater. With proper compost, the biological sludge produced by anaerobic process can even be turned into useful fertilisers for non-food crops. Sludge from the anaerobic process is organic in nature, with a lot of nutrients, although heavy metals such as aluminium and zinc are still high. Some of the treated wastewater can also be recycled for use within the factory while the rest is discharged into the drains.

*(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

Although the anaerobic process requires more space and higher initial costs, the process reduces the amount of chemicals used to treat the wastewater. In the long run, we would be able to manage our cost efficiently by not having to purchase the chemicals which are costly. Besides that, the anaerobic process produces less sludge, hence, we are able to save on the cost of disposal of sludge and whatever sludge is produced can be potentially recycled into fertilisers. Our anaerobic wastewater treatment system is estimated to have helped us to cut costs by saving approximately RM200,000 per year as compared to using the chemical process. This will also contribute positively towards a cleaner and healthier environment.

As part of our expansion plan, we also intend to install biomass plant as an alternative source of energy supply. We have entered into a gas supply contract with Gas Malaysia Sdn Bhd for the supply of gas, for a contract period commencing from September 2010 to 31 December 2011 ("**Contract Period**"). The Gas Supply Agreement stipulates that not earlier than three (3) months from the expiry of the Contract Period, the parties shall negotiate in good faith with a view to concluding and executing an agreement for the supply of gas on a long-term basis on such terms and conditions then prevailing, provided that if there are disagreements in respect thereto, the disagreements shall be referred for the determination of the Energy Commission where applicable pursuant to the Gas Supply Act, 1993.

As such, there is no assurance that the said agreement will be renewed, the supply of gas will be continuous and the pricing of the supply of gas will remain stable. Hence, our Group is taking preventive measures in ensuring continuous energy supply by installing biomass plant.

## **6. OUR BUSINESS (Cont'd)**

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This biomass plant applies environmentally-friendly technology by recovering heat energy from plant waste. The heat energy arising from the burning of plant waste will be used to dry the latex gloves on the formers during the manufacturing process. It is therefore environmentally-friendly, and will supplement the use of other sources of energy, such as natural gas, diesel and medium fuel oil during our manufacturing process. In addition, the cost of operating the biomass plant to produce the energy needed for our production process is estimated to be almost similar to the current cost of energy, which is presently subsidised by the Malaysian government. As such, with the current gas subsidy by the Malaysian government, the installation of the biomass plant will only serve as an alternative source of energy instead of a cost avenue. However, should the Malaysian government decide to reduce or terminate the present subsidy of energy, the cost of operating the biomass plant to produce the energy needed for our production process will be comparatively lower than purchasing gas with lower or without subsidy.

Presently, we have yet to commence the installation of the biomass plant. However, the biomass plant is expected to be operational by the third quarter of 2011.

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## 6. OUR BUSINESS (Cont'd)

### 6.6 Our Location of Operations

Our principal place of business and operation are located in the following premises:

Location	Beneficial/ Registered owner	Existing use	Tenure/Expiry date of lease	Approximate age of the building/Date of certificate of fitness	Land area (Square feet)	Build-up area (Square feet)
Lot 110, Lorong Senawang 4/3 Off Jalan Senawang Empat Senawang Industrial Estate 70450 Seremban Negeri Sembilan Darul Khusus*	PPG	Single-storey detached factory with an annexed double- storey office building as our head office and our production factory	Leasehold/ 99 years expiring on 28.06.2077	13 years/ 06.08.2010	43,560	24,920
Lot 104, Lorong Senawang 4/2 Off Jalan Senawang Empat Senawang Industrial Estate 70450 Seremban Negeri Sembilan Darul Khusus*	Careplus (M)	Single-storey factory for packing, warehouse and chlorination plant <sup>#</sup>	Leasehold/ 99 years expiring on 12.09.2073	10 years/ 13.08.2010	41,947	9,000
Lot 53, Jalan Andalas 1 Perusahaan Ringan Andalas 70450 Seremban Negeri Sembilan Darul Khusus	Ng Shu Si and Loo Teck Looi (Rented)	1 ½ storey semi- detached factory as our cleanroom manufacturing plant	2 years lease expiring on 31.03.2011	12 years/ 13.06.1998	5,700	2,700

**Notes:**

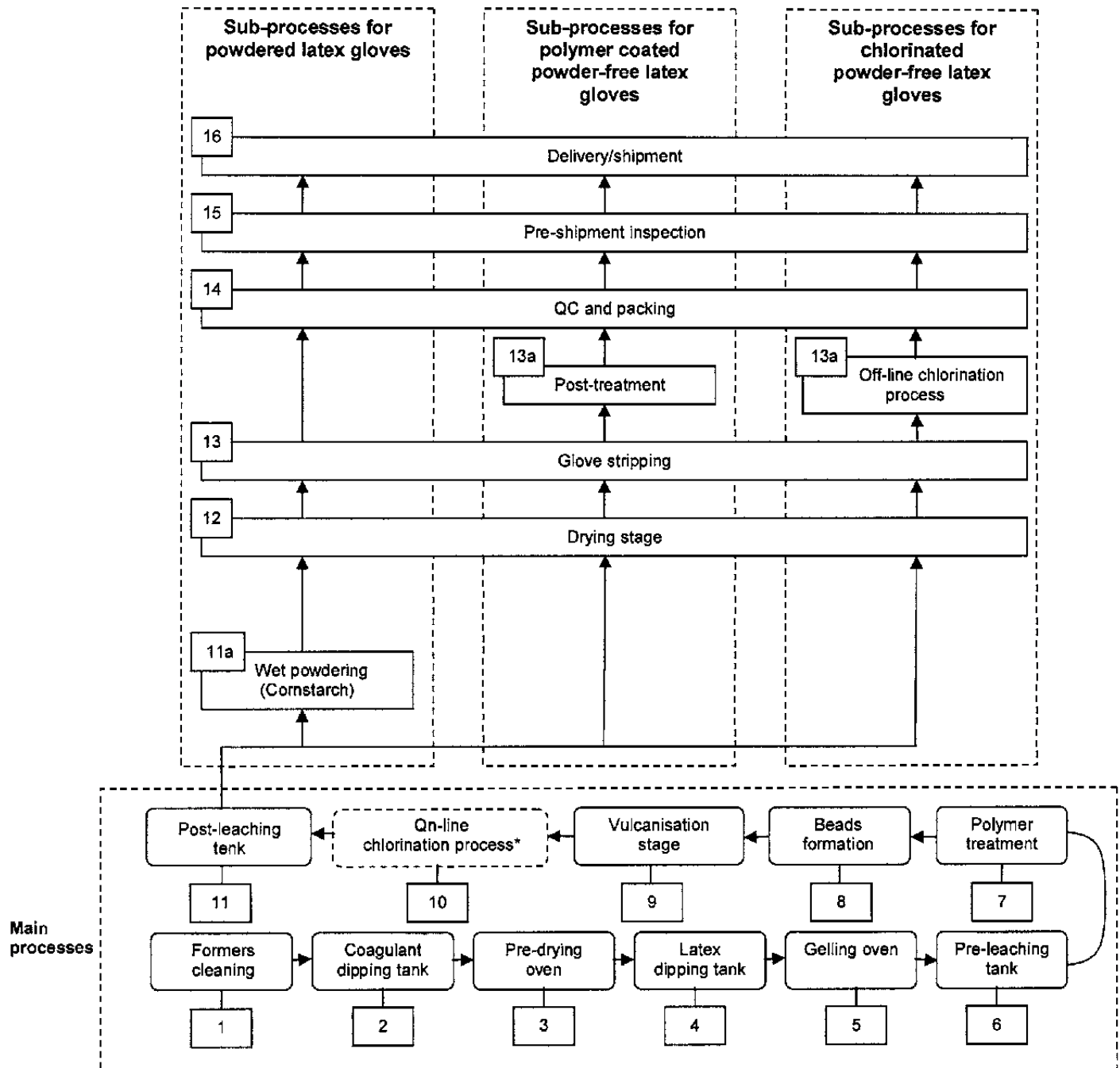
\* Lot 110 and Lot 104 are interconnected with one another.

# The chlorination plant is used to chlorinate the gloves to produce powder-free gloves.

## 6. OUR BUSINESS (Cont'd)

### 6.7 Our Production Process

A general production process that is currently adopted by our Group is illustrated as follows:



Note:

\* For chlorinated powder-free latex gloves only.

## 6. OUR BUSINESS (Cont'd)

### (a) QC on raw materials

Raw materials supplied by the suppliers are inspected to ensure that the materials comply with the orders before it is stored for usage in the production line.

### (b) Main processes

No.	Process	Equipment/Material Used	Function
1.	Formers cleaning		
	(i) Acid tank	Nitric acid	Removes any residual of calcium carbonate powder or cornstarch powder deposited on the formers from the previous glove production cycle
	(ii) Alkaline tank	Alkaline cleaner	<ul style="list-style-type: none"> <li>Removes non-rubber residues deposited on the former from the previous glove production cycle</li> <li>Neutralises the porcelain formers from the earlier acid wash process</li> </ul>
	(iii) Water rinsing tank	Water	Wash out alkaline on the formers
	(iv) Water brush tank	Soft nylon brushes	Removes dirt from the formers
2.	Coagulant dipping tank	<ul style="list-style-type: none"> <li>Calcium nitrate</li> <li>Calcium carbonate</li> </ul>	<ul style="list-style-type: none"> <li>Coagulates latex to form a uniform gel on the formers</li> <li>Reduces glove surface tack and assist in glove stripping</li> </ul>
3.	Pre-drying oven	Temperature controlled air circulation oven	It is used to partially dry the coagulant layer on the formers and form an even and uniform deposit of coagulant
4.	Latex dipping tank	Latex compound (60% concentration of natural rubber latex + chemical dispersion)	Form a latex layer on the formers
5.	Gelling oven	Temperature controlled air circulation oven	It is used to partially dry the latex layer on the formers and solidify the latex film to get a strong gel for the following production processes
6.	Pre-leaching tank (a.k.a. wet-gel leaching)	Hot water	Removes water soluble chemicals and protein residues, as well as to improve the physical properties of the gloves, resistance to aging and degradation



**6. OUR BUSINESS (Cont'd)**

No.	Process	Equipment/Material Used	Function
7.	Polymer treatment	Acrylic polymer	Coats polymer layer onto inner surface of glove
8.	Beads formation	Beading machine	Edge of glove will be rolled to create a bead. This is done to strengthen the cuff of the glove and to aid donability
9.	Vulcanisation stage	Temperature controlled air circulation oven including the use of sulphur, accelerators and activators	Drying and cross-linking process between latex and rubber chemicals to form a strong rubber film
10.	On-line chlorination process (for chlorinated powder-free latex gloves only)	Chlorine solution	Provides a slippery effect on the surfaces of the gloves
11.	Post-leaching tank (a.k.a. dry-film leaching)	Hot water	Further removes water soluble chemicals and protein residues

**(c) Sub-processes**▪ ***Powdered latex gloves***

No.	Process	Equipment/Material Used	Function
11a.	Wet powdering tank	Cornstarch and water	Apply a uniform layer of starch on the glove donning surface to remove rubber tack and for easy donning. Hence, this will help in the removal of the latex gloves from the formers at a later stage
12.	Drying stage	Temperature controlled air circulation oven	To dry the layer of starch on the gloves before the stripping process
13.	Glove stripping	Automated air-jet	Formed gloves are stripped from their formers

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**6. OUR BUSINESS (Cont'd)**▪ ***Polymer coated powder-free latex gloves***

No.	Process	Equipment/Material Used	Function
12.	Drying stage	Temperature controlled air circulation oven	To dry the gloves before the stripping process
13.	Glove stripping	Automated air-jet	Formed gloves are stripped from their formers
13a.	Post-treatment	Clean water and acrylic polymer	To remove all calcium carbonate powder and to coat polymer layer onto the surface of glove

▪ ***Chlorinated powder-free latex gloves***

No.	Process	Equipment/Material Used	Function
12.	Drying stage	Temperature controlled air circulation oven	To dry the gloves before the stripping process
13.	Glove stripping	Automated air-jet	Formed gloves are stripped from their formers
13a.	Off-line chlorination process	Chlorinator/Chlorine solution	To remove all calcium carbonate powder thus making the gloves' surface powder-free and with low protein content, as well as to further reduce tackiness

**(d) QC test on finished goods and delivery**

The finished goods go through a stringent QC test before they are sent for packing. The packed gloves subsequently go through post-packing and pre-shipment inspections. This process is important to ensure that our finished products conform to the respective standards of our customers' home countries. Further details on our QC tests are set out in Section 6.11 of this Prospectus.

Finally, our finished products are delivered or shipped to respective customers.

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**6. OUR BUSINESS (Cont'd)****6.8 Our Production Capacities and Output**

All our manufacturing and processing operations are carried out under PPG, while the manufacturing for our cleanroom gloves is carried out under Masterclean Tech. Our operations are supported by the following:

- (a) six (6) production lines, which are single former with multi-tier conveyor dipping system, including automatic air-stripping with pre- and post-leaching tanks and on-line polymer coating system;
- (b) in-house facilities for secondary processes such as chlorination and polymer coating;
- (c) in-house facilities for compounding and formulation of natural rubber, QC area for testing of gloves and wastewater treatment; and
- (d) cleanroom facilities for our cleanroom gloves.

Our annual production capacity, production output and utilisation level for the FYE 31 January 2010 are set out as follows:

	<b>Annual production capacity (‘000 pieces)*</b>	<b>Production output (‘000 pieces)</b>	<b>Utilisation level (%)</b>
Latex gloves	420,000	400,329	95.3

*Note:*

\* Based on 24 hours a day and 28 days per month.

Presently, we only focus on the manufacturing of latex examination gloves. Orders for nitrile and other gloves from our customers are outsourced to third party manufacturers. This is mainly due to our six (6) production lines are running at almost full capacity. As such, we are looking into expanding our current premises, installing additional production lines as well as increasing workforce to meet the demand.

We have not entered into any formal written manufacturing agreements with the third-party manufacturers to produce nitrile and/or other gloves. However, it is a common practice in the rubber gloves manufacturing industry to work from confirmed purchase orders after agreeing on the products specification (through obtaining samples for evaluation and approval prior to the purchase), price and delivery date.

Please refer to Section 6.23 of this Prospectus for further information on our future plans and strategies.

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## 6. OUR BUSINESS (Cont'd)

### 6.9 Raw Materials

The principal raw materials (including finished products) used by our Group are set out as follows:

Type of raw materials	FYE 31 January 2009		FYE 31 January 2010		Six (6)-month FPE 31 July 2010	
	Value of purchases (RM'000)	% of total purchases	Value of purchases (RM'000)	% of total purchases	Value of purchases (RM'000)	% of total purchases
<b>For manufacturing operations</b>						
Natural rubber latex	16,316	62.6	13,991	56.5	10,085	65.0
Polymer/Chemicals <sup>(1)</sup>	2,938	11.3	3,265	13.2	1,587	10.2
Gloves (for chlorination and/or cleanroom)	1,809	6.9	1,878	7.6	486	3.1
<b>Energy fuel</b>						
Natural gas	2,411	9.2	2,328	9.4	1,131	7.3
<b>Finished products for trading</b>						
Gloves	1,166	4.5	1,450	5.8	1,361	8.8
Non-gloves	326	1.3	607	2.4	253	1.6
Others	1,091	4.2	1,262	5.1	624	4.0
<b>Total purchases</b>	<b>26,057</b>	<b>100.0</b>	<b>24,781</b>	<b>100.0</b>	<b>15,527</b>	<b>100.0</b>

Note:

(1) Includes sulphur, calcium carbonate, calcium nitrate, polymer, nitric acid, pigment, accelerators and other direct chemicals.

All of our raw materials are sourced locally and from Thailand. Our traded nitrile gloves are sourced locally, while we source our traded vinyl gloves and other non-gloves items locally and/or from the PRC. We have established an extensive network for sourcing quality raw materials at competitive prices. With our good working relationships with our suppliers and established track record for purchase and payment commitment, we have access to a regular supply of materials at competitive prices. Thus far, we have not experienced any significant shortage in sourcing the above products for our operations.

As both natural rubber latex and nitrile latex are commodities, the cost of sourcing these commodities as raw materials for the production of our gloves are subject to the fluctuations in world prices. In addition, the price of nitrile latex is also dependent on the price of petroleum. However, we are of the opinion that we are generally able to pass any cost increases to our customers.

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## 6. OUR BUSINESS (Cont'd)

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### 6.10 Our Technology

We use the following technologies in our manufacturing operations:

#### (a) Dipping technology

Dipping technology is a manufacturing process whereby a series of formers are dipped into the latex (whether natural or synthetic) for coating.

During this process, a former is dipped into a compounded latex bath, causing a liquid thin film of the material to be deposited onto the former when raised from the bath. This film is subsequently put through a drying process, and is then removed from the former. This dipping process is a common technology used in the manufacturing of latex dipped products such as gloves, condoms and balloons.

Generally, there are two (2) types of dipping lines as follows:

##### (i) Batch dipping system

As the name implies, a set of formers is dipped into a compounded latex bath at a time. In this system, the formers are mounted onto pallets which move on a batch system between various dipping stations. At each dipping station, the pallets move over the tank and the formers on the pallets are dipped in. Hence, this system produces multiple dipped products on a single operation.

##### (ii) Conveyor chain dipping system

In this system, the formers are mounted on racks which are attached to a continuous moving conveyor chain. These racks may be of either individual or multiple formers, and they move continuously at a constant speed throughout the entire process, as well as through dip tanks and other relevant process stations including ovens.

We utilise the conveyor chain dipping system for our manufacturing operations.

The main latex dip is only one of the steps in the entire manufacturing process. There are other steps needed to produce the finished products. These include former cleaning zone, coagulant zone, dipping zone, pre-leaching, polymer dipping, beading, drying and curing ovens, post-leaching, powder application and gloves stripping zone.

#### (b) Latex compounding technology

The main ingredients used in this process include sulphur, zinc oxide, accelerators, pigments and solid antioxidant dispersions which are mixed uniformly with natural rubber latex or nitrile latex to generate its desired physical and mechanical properties and characteristics before being utilised for subsequent processes.

Accelerators are generally used to reduce the time set and increase the rate of cure or strength development of the gloves.

We adopt the process of compounding latex with the vulcanising ingredients instead of using ready-mixed compound. This provides us with greater freedom of formulating to our customers' specifications. After several hours, the compounded latex as it is then called, will be ready to use in the dipping process of gloves making.

## 6. OUR BUSINESS (Cont'd)

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### (c) Leaching technology

The process of leaching is performed on most latex dipped products which include manufacturing of latex gloves. The purpose is to remove the proteins as well as the chemicals both at the semi-finished stage and finished products. The leaching process has become more important in recent years as a result of concern with allergic reactions associated with latex proteins. This step is essential to reduce residual extractable latex protein and the effectiveness is based on the amount of clean hot water used and dwell time.

Generally, there are two (2) ways to carry out the leaching process as follows:

#### (i) Wet-gel leaching (a.k.a. pre-leaching)

Wet-gel leaching can only be carried out on-line and therefore requires the leaching facility to be built into the dipping line. It generally uses hot water to remove extractable latex protein and chemical residue from the latex gel.

The effectiveness of this process is dependent on the temperature of the water, the duration of the process and the rate of water exchange. The amount of hot water flow per minute in the leaching tanks must also be optimised to take away as much chemicals and protein from the latex gel as possible. The leaching bath must be kept at a pre-determined temperature range.

#### (ii) Dry-film leaching (a.k.a. post-leaching)

The process of dry-film leaching is similar to the wet-film leaching, except that it is carried out on a dried and vulcanised latex film, and the leaching bath must be kept at a pre-determined temperature range. After vulcanisation, the formers pass through a series of post-leaching tanks to remove more latex protein and chemical residue that has bloomed to the glove surface.

We currently utilise both wet-gel leaching and dry-film leaching.

### (d) Vulcanisation (a.k.a. curing process)

The process of vulcanisation is a vital step in glove processing. Just as raw rubber cannot be made into tyres without vulcanising it with sulphur, natural rubber latex also cannot be made into gloves until it is vulcanised.

Vulcanisation is a chemical process, discovered by Charles Goodyear, by which the physical properties of natural or synthetic rubber are improved. It consists principally of heating rubber with sulphur and other substances, such as accelerators and activators. The sulphur does not simply dissolve or disperse in the rubber, but rather combines chemically, mostly in the form of cross-links (bridges) between rubber chain molecules and the sulphur atoms. On the other hand, accelerators and activators act as catalysts to initiate the process as well as boost the reaction at room temperatures.

Cross-linking is analogous to net building using strings that are knotted together. The sulphur atoms reside in the nodes that link the rubber molecule chains. Just as a net provides strength and a network to catch fishes, cross-linked rubber in latex provides the base upon which gloves are moulded.

**6. OUR BUSINESS (Cont'd)**

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Vulcanised rubber has higher tensile strength and resistance to swelling and abrasion, and is elastic over a greater range of temperatures. In other words, natural rubber without undergoing vulcanisation will eventually become too brittle in cold weather or become sticky in hot weather.

**(e) Powder-free technology**

Traditionally, powder was used to facilitate the release of gloves from formers during gloves forming in the manufacturing process and also to aid the donning of the gloves. However, it was found that powdered gloves posed a potential health risk to users who are sensitive to latex protein by way of powder being carrier of latex protein or contamination of surgical wounds.

As a result, powder-free technology has been developed involving either chlorination or polymer coating, or a combination of both.

**(i) Chlorination**

Chlorination has been one of the most popular methods of manufacturing gloves that don easily for the user without the addition of powder. It is a process whereby the rubber surface is exposed to chlorine solution with low ppm and rinsed with ammonia, water and other chemicals in order to reduce surface tackiness and remove most of the powder deposited on the glove surfaces.

As gloves are made from natural rubber or synthetic materials with a relatively high degree of surface friction that make them difficult to don, the chlorination process improves donability by decreasing the surface friction of the gloves.

**(ii) Polymer coating**

Polymer coating on the glove surfaces eases the donning and removal of gloves. Polymer coatings are applied either to the outer surface of the glove or to both outer and inner surfaces.

Polymer coating is engineered to meet the following requirements:

- adhere to the underlying natural rubber latex substrate and offer durability and good donning characteristics; and
- resistant to chlorination and the other post-forming processes including rinsing, extraction and drying.

We mainly use acrylic polymer in our polymer coating process to coat the inner and outer surface of the gloves. Acrylic coatings are based on acrylate polymers that have elastic properties. Acrylic monomers with a wide range of property variations can provide excellent adhesion to different glove substrates and change the polarity of the polymer to facilitate wet and dry hand donning.

We also use composite coating such as polyurethane and polymer blends as and when required to aid donability of the gloves.



## 6. OUR BUSINESS (Cont'd)

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We use the chlorination process to attain desired properties and characteristics in gloves such as powder-free and low protein content. We also employ polymer coating technology to manufacture our powder-free latex gloves. Nonetheless, we also employ a combination of both chlorination process and polymer coating technology to manufacture certain types of powder-free gloves.

### (f) Automated glove stripping system

Once the latex gloves are ready, they must be removed from the formers. Conventionally, this was done by manual labour in which improperly removing the latex gloves may damage the gloves. Glove manufacturers therefore sought automated modes of stripping or removing the gloves from the formers. Presently, most glove manufacturers use an air-jet system where a jet of air of the appropriate strength is shot onto the formers and thus removing the gloves.

### 6.11 QC and QA

As rubber gloves are mission-critical in terms of offering protection against infections in healthcare establishments, they must be thoroughly tested for properties such as pinholes, dimensions, physical properties, powder level, powder-free residues, and total antigenic protein contents. Tolerable defects in terms of AQL are used to identify the maximum number of allowable defects (e.g. pinholes) per sampling size. All rubber gloves must be statistically sampled to verify the attainment of specific AQL.

*(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*

As such, we are committed to ensure consistency and reliability of our product quality. Our entire manufacturing process for our gloves goes through a stringent QA programme, from the acceptance of incoming raw materials to the various stages of the manufacturing process, and the delivery of our quality finished goods to our customers.

Generally, our QA programme is classified into the following four (4) critical stages of production:

- **Raw material control:** This involves testing and evaluation of the properties and quality of incoming raw materials received;
- **Processing control:** A tight control of the production process is crucial to ensure that consistent quality gloves are produced. This includes closely monitoring the temperature and chemical concentration;
- **Product QC:** We have established and implemented a quality system covering all levels of employees to ensure that our employees pay particular emphasis towards the quality of our products. Each batch of gloves produced is subject to stringent quality test, such as air pump or watertight tests, and physical properties checks prior to packing; and

## 6. OUR BUSINESS (Cont'd)

- **Pre-shipment inspection:** This process is important to ensure that our finished products conform to the respective standards of our customers' home countries. Before our gloves are shipped out, our QA personnel will carry out watertight test, physical properties such as dimension, tensile strength, force at break, powder content and protein analysis tests on our gloves, as well as to ensure that our gloves meet the following international standards:

Countries	Standards	Description
US	▪ ASTM D3578	▪ This specification covers certain requirements for natural rubber gloves used in conducting medical examinations, diagnostic and therapeutic procedures, as well as handling of contaminated medical materials
	▪ ASTM D3577	▪ This specification covers certain requirements for packaged sterile rubber surgical gloves of the natural rubber latex type and of the synthetic rubber latex type
	▪ ASTM D6319	▪ This specification contains test procedures for evaluating the performance and safety of nitrile rubber gloves for use in conducting medical examinations and diagnostic and therapeutic procedures
	▪ ASTM D5712	▪ This specification specifies the test method used for the determination of protein level in natural rubber
European community	EN 455	This standard is issued by the European Committee for Standardisation (CEN) for medical gloves which specifies the requirements and testing for the following: <ul style="list-style-type: none"> <li>▪ Part 1: freedom from holes</li> <li>▪ Part 2: physical properties</li> <li>▪ Part 3: biological evaluation</li> </ul>
International	ISO 13485	This standard specifies requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet customer requirements and regulatory requirements applicable to medical devices and related services
	ISO 9001	This standard specifies requirements for a quality management system where an organisation: <ul style="list-style-type: none"> <li>▪ needs to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements; and</li> <li>▪ aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.</li> </ul>

## 6. OUR BUSINESS (Cont'd)

Our adoption of stringent QA programme, which is undertaken by our experienced QA team, is also evidenced by the following accreditations received by PPG:

Name of accreditations	Accreditation body	Purpose/product	Certificate validity period
▪ ISO 9001:2000	DQS	Quality management system for manufacture of non-sterile, natural rubber latex powdered and powder-free medical gloves for healthcare industry	09.05.2008 to 08.05.2011
▪ ISO 13485:2003	DQS	Quality management system for manufacture of non-sterile, natural rubber latex powdered and powder-free medical gloves for healthcare industry	19.04.2006 to 18.04.2011
▪ ISO 9001:2008	DQS	Quality management system for manufacture of non-sterile, natural rubber latex powdered and powder-free medical gloves for healthcare industry	28.12.2009 to 08.05.2011
▪ SMG Certification	MRB	Manufacture of powdered latex examination gloves	01.12.2004 to 31.12.2010
▪ SMG Certification	MRB	Manufacture of powder-free latex examination gloves	22.01.2003 to 21.01.2011

Our gloves also carry a **CE Mark**, certifying that our glove products have met the European Union (EU) consumer safety, health or environmental requirements. Our manufacturing facilities are also registered with the FDA of US and has obtained 510(k) approvals for our range of glove products exported to US market. 510(k) is a requirement whereby medical device manufacturers are obligated to submit a pre-market notification upon introducing or reintroducing a device or a significantly modified device into commercial distribution in US.

### 6.12 Marketing and Distribution

#### Our marketing strategies

We adopt the following marketing strategies to sustain and expand our business:

- position ourselves as a long-term player in the rubber gloves industry by manufacturing quality gloves that meet or even exceed our customers' needs and specifications;
- provide excellent customer service by ensuring our customers are always satisfied and thereby ensuring our relationships with our key customers are of a long-term nature;
- ensure that we keep abreast with technology and innovation developments in the rubber gloves industry to remain competitive and at the same time to ensure our customers' needs are satisfied;
- continually expand our market presence. This encompasses both markets where we already have a presence as well as new markets for our Group. This expansion may take place via a direct presence in those new markets, by appointment of new intermediaries or even by leveraging on existing intermediaries in neighbouring countries; and

## 6. OUR BUSINESS (Cont'd)

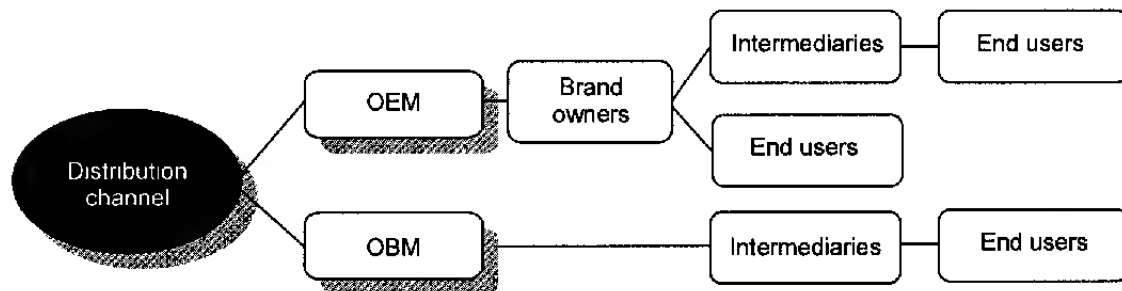
- ensure that we remain a progressive and pro-active corporate citizen and are conscious of our social responsibilities at all times. This is especially crucial as some of our customers in more developed markets place strong emphasis on engaging only suppliers who are environmentally-conscious.

Our “Careplus” and “Rubbercare®” brand names further signify that we are committed to be a responsible corporate citizen who “cares” about our customers’ expectation and needs as well as other stakeholder and our environment. We practise a culture of integrity and honesty in all our dealings.

We create awareness on our products and promote ourselves as an established OEM primarily through our websites on the internet. We also participate in several trade shows and exhibitions, namely Medica, an international trade fair, and International Rubber Gloves Conference and Exhibition.

### Our distribution channel

Depending on the products that we sell, our distribution channel can be generally depicted as follows:



As an OEM, we manufacture gloves for our customers under their own brands based on their specifications. Our customers will then distribute the products either to the intermediaries or to the end users. On the other hand, we also manufacture and sell gloves under our own brand names to the intermediaries. These intermediaries will then distribute the products to the end users.

Our distribution channel strategy is solely based on indirect distribution as we have minimal interaction with our end users. This strategy enables us to utilise the existing network of our intermediaries to expand our market coverage without incurring high capital investment in developing and maintaining retail infrastructure, including the setting up of sales and marketing offices in other countries. This also allows us to concentrate our efforts on manufacturing and R&D.

Our customer base currently consists of 27 active customers across more than 20 countries worldwide, including Malaysia. Our active customers are customers who generate more than RM180,000 of our Group’s revenue in a year and are still actively transacting with us, whilst our non-active customers are customers who generate less than RM180,000 of our Group’s revenue and do not have frequent transactions with us. Our Group’s non-active customers had collectively contributed approximately 3.29%, 4.02% and 4.62% of our Group’s revenue for the FYE 31 January 2009, FYE 31 January 2010 and the six (6)-month FPE 31 July 2010 respectively.

## **6. OUR BUSINESS (Cont'd)**

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Among the 27 active customers, 12 are brand owners. On the other hand, our remaining 11 OBM intermediaries and 4 OEM intermediaries are primarily major trading houses, major distributors and importers of gloves, which are categorised based on countries, each representing a particular country. These intermediaries will not only promote our products through their own distribution network, but will also act as market research agents to obtain feedback from their customers and relay the feedback to us which is critical to our product development process. We currently engage a wide network of distribution partners in key countries to market our products.

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**6. OUR BUSINESS (Cont'd)****6.13 Approvals, Major Licences and Permits**

Details of the approvals that we have obtained for the Listing from the relevant authorities, together with the conditions imposed by these authorities and status of compliance, are set out in Section 9.5 of this Prospectus.

We are currently operating under the following approvals, licences and permits:

Name of subsidiary	Authority	Date of issue	Validity period	Licences/permits/approvals	Equity conditions and other major conditions attached	Status of compliance
PPG	Majlis Perbandaran Seremban, Negeri Sembilan	13.12.2009	Until 31.12.2010	Business and signboard licence Account no.: 02/002294/30 (Reference no.: UP8264)	Nil	Not applicable
PPG	MITI	30.08.1988	Effective from 29.06.1988	Manufacturing licence A 005286	Nil	Not applicable
PPG	DOE, Negeri Sembilan	09.07.1996	Effective from 09.07.1996	Approval to construct a factory and an effluent treatment system on Lot 110, Lorong Senawang 4/3, Off Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus ASNS (B) 35/599/101/015(14)	Nil	Not applicable
PPG	DOE, Negeri Sembilan	04.08.1999	Effective from 04.08.1999	Approval to upgrade the effluent treatment system and to increase production capacity for the industrial factory on Lot 110, Lorong Senawang 4/3, Off Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus ASNS (B) 35/599/101/015(24)	Nil	Not applicable

## 6. OUR BUSINESS (Cont'd)

Name of subsidiary	Authority	Date of issue	Validity period	Licences/permits/approvals	Equity conditions and other major conditions attached	Status of compliance
PPG	DOE, Negeri Sembilan	02.04.1999	Effective from 02.04.1999	Certificate of written approval to upgrade the capacity of the existing effluent treatment system on Lot 104, Lorong Senawang 4/2, Off Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus ASNS (B) 35/599/101/015 (Certificate no: SPE/04/2009)	Nil	Not applicable
PPG	Royal Customs and Excise Malaysia	26.09.1988	Effective from 26.09.1988	Sales tax licence A 019862	Nil	Not applicable
PPG	Negeri Sembilan State Health Department	01.01.2010	01.01.2010/ (31.12.2010)	Permit to purchase up to a maximum of 25,000 kilogramme of sodium hydroxide (liquid) for the purpose of "Neutralisation Process" NP028/2010	Nil	Not applicable
PPG	Department of Factories and Machineries, Negeri Sembilan	15.09.1988	Effective from 15.09.1988	Licence to install machinery at Lot 110, Lorong Senawang 4/3, Off Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus (Reference no.: JKJ/NS/PIM/8819/3NSK.1361)	Nil	Not applicable
PPG	Department of Occupational Safety and Health	01.03.2010	Until 10.04.2011	<ul style="list-style-type: none"> <li>Permit for oil separator PMT 48415</li> <li>Permit for vertical air receiver PMT 95341</li> <li>Permit for oil separator tank NS PMT 704</li> </ul>	Nil	Not applicable



## 6. OUR BUSINESS (Cont'd)

Name of subsidiary	Authority	Date of issue	Validity period	Licences/permits/approvals	Equity conditions and other major conditions attached	Status of compliance
PPG	MRB	21.12.2009	01.01.2010/ (31.12.2010)	Licence for disposal of vulcanised rubber waste N05-10878-001-1	Nil	Not applicable
PPG	MRB	05.04.2010	01.02.2010/ (31.01.2011)	Licence to export gloves manufactured at Lot 110, Lorong Senawang 4/3, Off Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus EE 071 (Certificate serial no.: 02414)	The extractable protein content of all natural rubber medical gloves and general purpose gloves to be exported should not exceed 400 microgram/gram as determined by ASTM D5712:99 test method. This licence is issued under the Malaysian Rubber Board (Incorporation) Act, 1996 and Malaysian Rubber Board (Licensing) Regulations, 1997	In compliance
Careplus (M)	MRB	05.04.2010	01.02.2010/ (31.01.2011)	Licence to export gloves manufactured at Lot 110, Lorong Senawang 4/3, Off Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus EE 070 (Certificate serial no.: 02413)	The extractable protein content of all natural rubber medical gloves and general purpose gloves to be exported should not exceed 400 microgram/gram as determined by ASTM D5712:99 test method. This licence is issued under the Malaysian Rubber Board (Incorporation) Act, 1996 and Malaysian Rubber Board (Licensing) Regulations, 1997	In compliance

**6. OUR BUSINESS (Cont'd)****6.14 Our Brand Names, Patents, Trademarks, Technical Assistant Agreement, Franchisees and Intellectual Property Rights**

Our gloves and other disposable protection products are marketed under the following brand names:

Brand name	Type of products
Rubbercare®	Latex examination gloves, nitrile, vinyl and surgical gloves, and other disposable protection products
Guardian	Latex examination gloves
Sunshine	Latex gloves and other disposable protection products
Careplus	Vinyl gloves and other disposable protection products
MasterClean Comfort	Cleanroom gloves
MasterClean Protection	Cleanroom gloves

As at LPD, we have registered our "Rubbercare®" brand name with the relevant authorities in Malaysia and US:

Brand name	Trademark registration no.	Registration date/ (Expiry date)	Country of registration	Authority/ Regulatory guidelines	Description of trademark
Rubbercare	03003449	27.03.2003/ (27.03.2013)	Malaysia	Perbadanan Harta Intelek Malaysia	Disposable rubber gloves for medical use included in Class 10
Rubbercare	2,813,160	10.02.2004/ (10.02.2014)	US	The United States Patent and Trademark Office	Disposable rubber gloves for medical use included in Class 10 (US Class, 26, 39 and 44)

In view that our Group is not having large volume of sales on our other brands, it does not warrant us to pay for the registration of the remaining brands, as registration is relatively costly, i.e. generally ranging from RM10,000 to RM15,000 for each brand at each country. Save as disclosed above, we do not have any other brand names, patents, trademarks, technical assistant agreements, franchisees and other intellectual property rights.

**6.15 Dependency on any Contract, Arrangement, Document or Other Matter**

Save for the major licences and trademarks as disclosed in Sections 6.13 and 6.14 of this Prospectus respectively and the Gas Supply Agreement entered into between PPG and Gas Malaysia Sdn Bhd ("Gas Malaysia") dated 6 September 2010 ("Gas Supply Agreement"), we are not highly dependent on any contract, arrangement, document or other matter.

**6. OUR BUSINESS (Cont'd)**

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The Gas Supply Agreement is entered into in connection with the supply of natural gas by Gas Malaysia to our new plant at Lot 17479, Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus. The natural gas supplies shall conform to agreed typical specifications and shall be in agreed annual contract quantities as stipulated under the said Gas Supply Agreement, and charges levied for the supply of such natural gas shall be computed in accordance with Gas Malaysia's stipulated tariff. The Gas Supply Agreement is effective from September 2010 and is for a contract period up to 31 December 2011 ("**Contract Period**"), and it is stipulated therein that not earlier than three (3) months from the expiry of the Contract Period, the gas on a long-term basis on such terms and conditions then prevailing, provided that if there are disagreements in respect thereto, the disagreements shall be referred for the determination of the Energy Commission where applicable pursuant to the Gas Supply Act, 1993.

The salient terms of the said licences are set out in Section 6.13 of this Prospectus. However, there are no salient terms imposed to the trademarks granted to us by the relevant authorities.

**6.16 Regulatory Requirements and Environmental Issue**

Save as disclosed in the Executive Summary of the Independent Market Research Report under Section 7 of this Prospectus, our Directors are not aware of any other regulatory requirements or environmental regulations that are relevant to and which may materially affect our operations.

**6.17 Our R&D**

We are committed to continuously engage in R&D and aim to:

- continuously improve our existing products to ensure customer satisfaction and high quality standards of our products;
- develop new products to address new areas of growth and opportunities;
- continuously seek improvement in our manufacturing processes to increase production output and efficiency, that will lower our costs of production; and
- continuously seek improvement and new technologies to ensure environment impact are reduced and sustainable.

Our constant improvement and enhancement of our products and manufacturing processes are critical in such a competitive marketplace to sustain our Group's business growth and success in the long-term. These will also create opportunities for new business development.

Our Group did not incur any expenditure or capitalise any development cost that was specific to R&D activities for the past three (3) financial years up to FYE 31 January 2010 and six (6)-month FPE 31 July 2010.

**6.18 Business Interruption**

Our business has not experienced any interruption which may have had a significant effect on our operations during the twelve (12) months preceding the LPD.

**6. OUR BUSINESS (Cont'd)****6.19 Our Key Achievements/Milestones/Awards**

Our key milestones over the years are as follows:

Year	Key milestones
1988	<ul style="list-style-type: none"> <li>PPG, our manufacturing arm for gloves, was established and commenced its operation</li> <li>Penetrated into the US market with our glove products</li> </ul>
1991	Careplus (M), our trading and sourcing arm for gloves and other products, was established and commenced its operations. Subsequently in November 2001, Careplus (M) became the holding company of PPG and acts as a marketing arm for our Group to support PPG in the industry
1995	Penetrated into the Europe and South America markets by exporting our glove products to those regions
1997	Acquisition of our first manufacturing plant which also serves as our head office with a built-up area of 24,920 square feet located at Senawang Industrial Estate, Seremban, Negeri Sembilan Darul Khusus
1998	PPG became a member of MARGMA, the trade association representing rubber /latex glove manufacturers in Malaysia, and other suppliers/supporting companies related to the industry, both local and overseas. The main mission of MARGMA is to promote the interests of all stakeholders in the rubber gloves manufacturing industry through active participation, educating end-users, cooperating with regulatory and technical bodies to develop and maintain responsible sustainable standards and tapping into available government and institutional support
1999	Acquisition of our chlorination plant cum warehouse with a built-up area of 9,000 square feet located at Senawang Industrial Estate, Seremban, Negeri Sembilan Darul Khusus
2000	<ul style="list-style-type: none"> <li>Penetrated into the powder-free gloves market by setting up additional manufacturing processes</li> <li>Penetrated into the Hong Kong market with our glove products</li> </ul>
2001	Penetrated into the Middle East market by exporting our glove products to those region
2002	<ul style="list-style-type: none"> <li>Penetrated into the cleanroom gloves market by manufacturing and trading cleanroom gloves through the acquisition of Masterclean Tech</li> <li>Penetrated into Japan, Indonesia and Africa by exporting our glove products to those regions</li> </ul>
2003	Penetrated into the Philippines market with our products
2004	Penetrated into the Korea market with our glove products
2005	Penetrated into the Central America market by exporting our glove products to those region

**6. OUR BUSINESS (Cont'd)**

<b>Year</b>	<b>Key milestones</b>
2009	Acquisition of a piece of 9-acre land located at Senawang Industrial Estate, Seremban, Negeri Sembilan Darul Khusus for the expansion of our production facilities to address the limitation on our existing production capacity

Over the years, we have attained the following awards for our efforts and accomplishments within the industry:

<b>Year</b>	<b>Key achievements / awards</b>	<b>Awarded by</b>
1999	PPG was certified to be in conformance with EN 46002:1996/ISO 9002:1994 Certification on its quality management system for the scope of manufacture of powdered and powder-free medical gloves for healthcare industry	Bureau Veritas Certification (Malaysia) Sdn Bhd (formerly known as BVQi (Malaysia) Sdn Bhd)
2003	<ul style="list-style-type: none"> <li>Obtained SMG certification for our powder-free gloves</li> <li>Registered our "Rubbercare®" brand name in Malaysia</li> </ul>	MRB Perbadanan Harta Intelek Malaysia
2004	<ul style="list-style-type: none"> <li>Obtained SMG certification for our powdered gloves</li> <li>Registered our "Rubbercare®" brand name in US</li> <li>PPG was certified to be in conformance with ISO 13488:2001 Certification on its quality management system for the scope of manufacture of powdered and powder-free medical gloves for healthcare industry</li> </ul>	MRB The United States Patent and Trademark Office Bureau Veritas Certification (Malaysia) Sdn Bhd (formerly known as BVQi (Malaysia) Sdn Bhd)
2006	PPG was certified to be in conformance with ISO 13485:2003 Certification on its quality management system for the scope of manufacture of non-sterile, natural rubber latex powdered and powder-free medical gloves for healthcare industry	DQS
2008	PPG was certified to be in conformance with ISO 9001:2000 Certification on its quality management system for the scope of manufacture of non-sterile, natural rubber latex powdered and powder-free medical gloves for healthcare industry	DQS
2009	PPG was certified to be in conformance with ISO 9001:2008 Certification on its quality management system for the scope of manufacture of non-sterile natural rubber latex powdered and powder-free medical gloves for healthcare industry	DQS

## **6. OUR BUSINESS (Cont'd)**

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### **6.20 Corporate Social Responsibility**

Our Group believes in being a progressive and pro-active corporate citizen and places strong emphasis on environmental preservation. This is evidenced by our efforts toward the following:

**(a) Wastewater treatment and water conservation**

We have significantly invested in wastewater treatment plants. This is to ensure that the water discharged from our production facilities are well within the acceptable environmental standards. Furthermore, we regularly undertake in-house as well as external testing to ensure that discharged water is adequately treated and is within the acceptable standards.

We have also instituted measures to aid in water conservation. These include clear guidelines on the recycling and reusing of water for purposes of general cleaning to our employees. In addition, we have also designed a rain water collection system which will be incorporated into our new production plant. This system will provide us an additional source of water supply for our production processes.

**(b) Solid waste disposal**

All solid waste generated at our facilities (including sludge) are properly and responsibly dumped at authorised dumping grounds by our subcontractors. In addition, we undertake proper waste segregation to ensure the solid waste will be properly treated. Where possible, our waste products are recycled either internally or become raw materials for other products which are sold/paid to recyclers.

In line with the increasing global awareness for environment conservation, we will continue to conduct research to improve our waste management system and work closely with the authorities in meeting their required environmental standards. As part of our solid waste reduction programme, we plan to set up a plant to process our coagulum, which is coagulated rubber into recycled compound rubber for further use by other industries.

We also intend to build biomass heater as an alternative source of energy. This biomass plant will use biological waste primarily from the oil palm sector and/or wood chips or saw dust from timber industry to generate the required energy for heating purposes. These biomass plants will have emissions, which will fully comply with the DOE standards or requirements. However, since these sources are renewable, this biomass plant is considered to be environmentally-friendly.

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## 6. OUR BUSINESS (Cont'd)

### 6.21 Major Customers

Our major customers to whom we have sold ten percent (10%) or more of our Group's total revenue, for the past three (3) financial years up to the FYE 31 January 2010 and for the six (6)-month FPE 31 July 2010 are set out below:

Customers	Country of origin	Principal activities	Year(s) of relationship	% of total revenue			
				<-- FYE 31 January -->			Six (6)-month FPE 31 July 2010
				2008	2009	2010	
A.R. Medicom Inc. (Asia) Limited ("Medicom") <sup>(1)</sup>	Hong Kong	Manufacturing and distribution of high quality dental and medical disposable supplies, and other oral healthcare products	10	14.21	15.82	15.97	19.02
Dynarex Corporation ("Dynarex") <sup>(2)</sup>	US	Manufacturing and distribution of disposable medical products	3	11.62	8.84	7.68	4.02
USE Electronics (M) Sdn Bhd ("USE") <sup>(2)</sup>	Malaysia	Manufacturing, distribution and trading of latex gloves and dental disposable products	6	9.60	12.70	13.15	15.93
Value-RX Inc. ("Value") <sup>(2)</sup>	The Philippines	Distribution of medical supplies	7	6.65	6.95	7.22	11.09

Notes:

(1) Represents brand owner.

(2) Represents intermediaries.

We are fairly dependent on Medicom, USE and Value as our sales to these customers comprise more than ten percent (10%) of our Group's total revenue for the past three (3) financial years up to FYE 31 January 2010 and for the six (6)-month FPE 31 July 2010. The items sold to these customers were mainly our latex glove products.

The following factors help to mitigate our dependency on these customers:

- we have been the OEM for Medicom, USE and Value for more than five (5) years, which indicates a long-term and stable business relationship. As part of our strategy to establish a strong market reputation, we have been focusing on building long-term business relationship with our customers. 15 of our top 20 customers have been dealing with us for more than five (5) years. Out of the top 20 customers, four (4) of them have been dealing with us for more than ten (10) years;
- despite our increase in revenue of 7.04% and 10.03% for the FYE 31 January 2009 and FYE 31 January 2010 respectively, as well as our proportionately higher revenue for the six (6)-month FPE 31 July 2010, the revenue contribution of one (1) of our major customers, Dynarex, has reduced from 11.62% to 4.02% between FYE 31 January 2008 to the six (6)-month FPE 31 July 2010. This justified that we are not overly dependent on them; and



**6. OUR BUSINESS (Cont'd)**

- our customer base currently consists of 27 active customers across more than 20 countries worldwide, including Malaysia, all of them are brand owners and/or intermediaries.

Our Group has dealt with a total of 51 customers for the FYE 31 January 2008, 43 customers for each of the FYE 31 January 2009 and FYE 31 January 2010 and 38 customers for the six (6)-month FPE 31 July 2010. The decrease in the number of customers was due to our focus to meet the demand for customers with significant volume of purchases, while forgoing some customers who made smaller orders due to our limited production capacity. However, despite the decrease in the number of customers in the FYE 31 January 2009 to the six (6)-month FPE 31 July 2010, our Group's revenue was on an increasing trend from the FYE 31 January 2008 to FYE 31 January 2010 and was proportionately higher for the six (6)-month FPE 31 July 2010.

By supplying to intermediaries, we are able to utilise their existing network to expand our market coverage without incurring high capital investment in developing and maintaining retail infrastructure, including the setting up of sales and marketing offices in other countries. This also allows us to concentrate our efforts on manufacturing and R&D.

Premised on the above, our Directors are of the opinion that our Group is not heavily dependent on any particular customer.

**6.22 Major Suppliers**

Our major suppliers from whom we have purchased ten percent (10%) or more of our Group's total purchases, all of whom are Malaysian-incorporated companies (except for E-Hup Huat Co. Ltd which is incorporated in Thailand) which supplied natural rubber latex to us, for the past three (3) financial years up to the FYE 31 January 2010 and for the six (6)-month FPE 31 July 2010 are set out below:

Suppliers	Principal activities	Year(s) of relationship	% of total purchases			
			<-- FYE 31 January -->			Six (6)-month FPE 31 July 2010
			2008	2009	2010	
Chip Lam Seng Berhad ("CLS")	Manufacturing and trading in rubber	12	11.77	7.89	-	-
ED & F Man Malaysia Sdn Bhd ("ED&F")	Trading and distribution of tropical oils, fish oils, rubber, latex and feed fat	10	8.71	23.92	16.28	24.13
R1 International Malaysia Sdn Bhd ("R1 Int")	Trading in rubber and latex	2	-	2.40	11.89	5.79
Titi Latex Sdn Bhd ("Titi")	Manufacturing and trading in rubber	22	27.46	25.06	18.50	13.49
E-Hup Huat Co. Ltd ("EHH")	Manufacturing and trading in rubber and latex	<1	-	-	-	20.14

We are fairly dependent on ED&F, R1 Int and Titi for the supply of natural rubber latex, as our purchases from these suppliers comprise more than ten percent (10%) of our Group's total purchases for the past three (3) financial years up to FYE 31 January 2010. For the six (6)-month FPE 31 July 2010, we are fairly dependent on ED&F, Titi and EHH for the supply of natural rubber latex.

## 6. OUR BUSINESS (Cont'd)

The following factors help to mitigate our dependency on these suppliers:

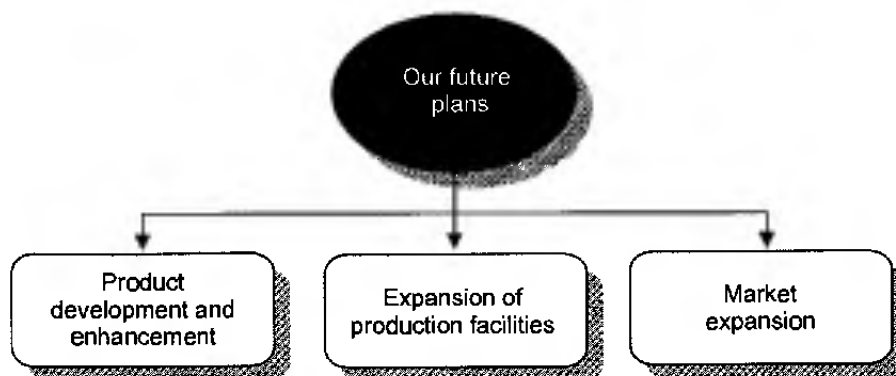
- ED&F and Titi have been our suppliers for natural rubber latex for the last ten (10) years and 22 years respectively, which indicates a stable business relationship;
- natural rubber latex is a commodity. As such, we are able to easily source this raw material through local suppliers and/or imports from overseas sources, if the need arises. In 2009, Malaysia produced approximately 857,000 tons of natural rubber latex, and out of this amount, the downstream rubber products industry consumed less than half a million tons; with the rest being exported. *(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B); and*
- we also source natural rubber latex from three (3) other alternative suppliers within our top 20 suppliers list, indicating that there are alternative suppliers that are currently able to meet our Group's requirements. This helps us to reduce our dependency on any single supplier of natural rubber latex.

For the FYE 31 January 2008, we purchased more than ten percent (10%) of our Group's total purchases from CLS. Subsequent thereto, we have sourced our natural rubber latex from other suppliers, and reduced our dependency on CLS. It should also be highlighted that we have only dealt with EHH for less than a year. However, EHH is currently one (1) of our major suppliers. This further indicates that we are able to easily source natural rubber latex from other suppliers.

We have established and have maintained good rapport and reputation with our suppliers and have not experienced any difficulty in obtaining their material supplies. 11 of our top 20 suppliers have been dealing with us for more than five (5) years. Of this, seven (7) of our top 20 suppliers have been dealing with us for more than ten (10) years. Hence, our Directors are of the opinion that our Group is not heavily dependent on any particular supplier.

### 6.23 Our Future Plans and Strategies

In view of our competitive strengths as detailed in Section 6.5 of this Prospectus as well as the outlook of the rubber gloves manufacturing industry as set out in the Executive Summary of the Independent Market Research Report under Section 7 of this Prospectus, we are optimistic about our business prospects in the long-term and shall continue to strive to be at the forefront of the industry that we are involved in. We aim to capitalise on market opportunities and trends through the roll-out of the following plans:



**6. OUR BUSINESS (Cont'd)**

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**(a) Product development and enhancement**

In order to maintain and increase our competitiveness in the industry that we are involved in, we will strive to constantly find new and improved products to meet changing customer needs over time. We also strive to be a one-stop centre to our customers for the purchase of an extensive range of natural rubber and synthetic gloves.

Nonetheless, our Group will continue to focus on the manufacturing of latex gloves while the production of nitrile gloves will be our secondary manufacturing product, depending on the future market needs. This is in line with the higher market demand for latex gloves as opposed to nitrile gloves. *(Source: Independent Market Research Report of the Rubber Gloves Manufacturing Industry prepared by D&B)*. On the other hand, we will continue in the trading of vinyl gloves. It should also be highlighted that the new production lines will be used inter-changeably for the production of latex and nitrile gloves, as the main difference between the manufacturing of latex and nitrile gloves is the formulation of the raw materials and chemicals used.

Due to the limitation on our existing production capacity, we currently outsource the production of nitrile and vinyl gloves as well as surgical gloves to third party manufacturers. We will then process these gloves when needed to meet our customers' quality requirements and specifications. We also source latex examination gloves from other suppliers to meet our customers' demand. As such, we are in the midst of expanding our production capacity with our recent acquisition of nine (9) acres of leasehold land situated in Lot 17479, Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus to enable us to venture into the production of synthetic gloves and increase our production of latex gloves to meet our customers' demand. We are also looking forward to manufacture coloured gloves with high quality standards which will require different approvals from the relevant authorities in which the coloured gloves will be exported to, to vary our product range and to meet the increasing demand of coloured gloves in the market.

We will also continue to engage in R&D to enhance product efficacy, cost effectiveness and environmental-friendliness through the development of new products and improving our manufacturing processes.

**(b) Expansion of production facilities**

In anticipation of the continued expansion of our operations, on 29 June 2009, we purchased a piece of leasehold land situated in Lot 17479, Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus to address areas of growth and opportunities in the expansion of export markets and the production of existing and new products.

The buildings erected on this leasehold land will include a double-storey office block and a factory that will eventually house up to twenty (20) new production lines, a chlorination plant, a double-storey warehouse with cleanroom facilities and other ancillary facilities.

## 6. OUR BUSINESS (Cont'd)

In December 2009, we have commenced the construction of part of the said factory, which is able to house ten (10) production lines, a chlorination plant and a double-storey warehouse, which will have an estimated production floor area of approximately 76,880 square feet. This part of the factory is expected to be completed by the first quarter of 2011, whilst these ten (10) production lines are expected to be commissioned in three (3) phases with the aim to increase our production capacity as follows:

	No. of production lines	Expected date of commissioning	Estimated annual capacity increased* ('000 pieces)	Total estimated cumulative annual capacity increased ('000 pieces)
Existing	6	-	420,000	420,000
Phase 1	2	First quarter of 2011	245,200	665,200
Phase 2	3	Third quarter of 2011	367,800	1,033,000
Phase 3 <sup>^</sup>	5	Third quarter of 2013	613,000	1,646,000

Notes:

\* Assuming each production line is expected to product approximately 122.6 million gloves per annum. These new production lines will have more formers to produce more gloves per hour and will run more efficiently as compared to our existing six (6) production lines.

<sup>^</sup> After completion of commissioning of the production lines in Phase 2, we would require additional six (6) months to evaluate and improve our then production system efficiency before we embark on the next level of expansion, i.e. Phase 3. It will then take another 18 months to complete the commissioning of five (5) additional production lines.

The new production lines will be used inter-changeably for the production of latex and nitrile gloves, depending on the future market demand, as the main difference between the manufacturing of latex and nitrile gloves is the formulation of the raw materials and chemicals used.

We expect to commence the installation of the remaining ten (10) production lines in stages after the completion of Phase 3, based on market needs.

Each production line will consist of formers to form the gloves, various tanks for the dipping of formers into different chemicals and drying and gelling ovens to facilitate the drying of the gloves. We will further automate our production processes to reduce the number of workers required.

On the other hand, the budgeted costs of the land and the construction of the buildings is expected to be approximately RM10 million, which are/will be financed through internally-generated funds and borrowings. As at LPD, we have incurred approximately RM6.0 million for the said construction.

On the same piece of leasehold land, we will also construct biomass plant, which is expected to be operational by the third quarter of 2011, to serve as an alternative source of energy for our production heating process. Using biomass as a source of energy also provides us a natural hedge against the movement of natural gas prices and any shortage of supply in natural gas.

## 6. OUR BUSINESS (Cont'd)

### (c) Market expansion

To broaden our customer base, we aim to strengthen and widen our distribution network locally and abroad by actively participating in more international trade exhibitions, by appointing new intermediaries and leveraging on existing intermediaries in the neighbouring countries.

Although we are already making small inroads to many of these countries, we intend to focus our marketing effort in these markets with the aim to increase our revenue generated from the exports of our gloves to these countries. We will continue to utilise indirect distribution strategies through our intermediaries or appointing new intermediaries, such as trading houses, distributors and importers of gloves. This strategy will enable us to utilise the existing network of the intermediaries to expand our market coverage without incurring high capital investment in developing and maintaining retail infrastructure. If needed, we will also make a direct presence in those overseas markets.

In October 2010, we entered into an arrangement with a potential customer to manufacture and supply 30 million pieces of medical gloves per month with the following conditions:

- supply to commence only after completion of the construction of our new plant currently undertaken at Lot 17479, Jalan Senawang Empat, Senawang Industrial Estate, 70450 Seremban, Negeri Sembilan Darul Khusus;
- obtaining and maintaining all necessary and mandatory regulatory approvals required for the import and marketing of our gloves by the said potential customer; and
- mutual agreement between us and the said potential customer on the selling price of the gloves for each subsequent order made via purchase orders.

We wish to highlight that despite the fact that we have entered into such an agreement, our ability to procure any sales from this potential customer is subject to the conditions as set out above, in particular the mutual agreement between us on the selling prices of the gloves. Once the selling price has been agreed, the customer will then issue a purchase order to determine the quantity and duration of supply for the order.

### Future plan milestones

The following table indicates the expected timing for the completion of our future plans:

Future plans	2010	2011	2012	2013	After 2013
▪ Product development and enhancement	← ongoing →				
▪ Expansion of production facilities					
➢ Phase 1 – additional two (2) production lines		√			
➢ Phase 2 – additional three (3) production lines		√			
➢ Phase 3 – additional five (5) production lines				√	
➢ Phase 4 onwards – the remaining of up to ten (10) production lines					√
▪ Market expansion	← ongoing →				

## 6. OUR BUSINESS (Cont'd)

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### 6.24 Our Prospects

Our Group is small compared to the other glove manufacturers listed on Bursa Securities. However, we strongly believe that our ability to survive and even thrive in this industry lies in our ability to carve a niche for ourselves, which we have done successfully in the last twenty (20) years. Over the last twenty (20) years, we have grown rather gradually with all our expansion being funded mainly through our internally-generated fund accumulated over time. Furthermore, our long track record gives us confidence that we will be able to withstand the challenges ahead for our Group.

We are of the opinion that the prospects of our Group are favourable in light of the following factors:

#### (a) Good business performance

Our business performance is supported by the following financial achievements over the past three (3) financial years up to FYE 31 January 2010 and the six (6)-month FPE 31 July 2010:

- our revenue grew at a compounded annual growth rate (CAGR) of 8.52% over the past three (3) financial years up to FYE 31 January 2010. Our revenue was also proportionately higher for the six (6)-month FPE 31 July 2010;
- our PBT grew by approximately 70.27% amounting to approximately RM2.41 million for the FYE 31 January 2009 as compared to the FYE 31 January 2008. This translates to a PBT margin of 6.34% for the FYE 31 January 2009, which has improved from 3.98% for the FYE 31 January 2008. These were mainly due to the improvement in our gross profit margin from 10.34% for the FYE 31 January 2008 to 10.41% for the FYE 31 January 2009 and the improvement in the loss on foreign exchange by approximately RM515,000;
- for the FYE 31 January 2010, our PBT and PBT margin increased substantially to approximately RM8.29 million and 19.81% on the back of higher demand for gloves due to the onset of H1N1 in April 2009 and insufficient supply of gloves to meet the demand. However, for the six (6)-month FPE 31 July 2010, we recorded proportionately lower PBT and PBT margin of approximately RM2.39 million and 10.22% respectively. This was mainly due to the normalising of rubber gloves demand due to H1N1 pandemic, being no longer a factor driving the demand growth. As a result, this had affected our ability to pass on entirely all the negative effects associated with high latex prices, unfavourable exchange rate and other costs to our customers; and
- strong working capital and current ratio of approximately RM6.30 million and 1.78 times as at 31 July 2010, with debt to equity ratio of 0.35 times that gives us room to obtain further financing in the future, if needed.

We believe that the strength of our financial performance over the last three (3) financial years as well as the six (6)-month FPE 31 July 2010, details of which are set out in Section 12.2.1 of this Prospectus, will provide us with a platform for the continued growth and success of our business.



**6. OUR BUSINESS (Cont'd)**

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**(b) Competitive advantages**

Our competitive advantages will also provide a platform for our continued growth and success. They include but are not limited to the following:

- our ability to produce quality gloves;
- our ability to conform to various local and international standards and requirements as well as to obtain numerous quality accreditations;
- our inroads made into more than 20 overseas countries;
- our established track record and market reputation;
- our capabilities to manufacture both natural rubber and nitrile gloves;
- our capabilities to improve our products and the efficiency of our manufacturing and processing activities; and
- our ability to manage our costs efficiently.

Further details of our competitive advantages are set out in Section 6.5 of this Prospectus.

**(c) Future plans to provide sustainable growth**

We have in place a sound business plan moving forward, and are focused in the following areas:

- to constantly improve our gloves and develop new products, with the aim to be a one-stop centre to our customers for the purchase of an extensive range of natural rubber and synthetic gloves;
- expansion of our production facilities to address areas of growth and opportunities in the expansion of export markets and the production of existing and new products; and
- market expansion with the aim to widen our distribution network locally and abroad, and strengthen our presence in the markets where we are already making inroads to, with the aim to increase our revenue generated from the export of our gloves to these countries.

We believe that our future plans would provide us with a platform for the continued growth and success of our business. Further details of our future plans and strategies are set out in Section 6.23 of this Prospectus.

**(d) Favourable industry outlook**

The outlook for the rubber gloves manufacturing industry is favourable in light of, amongst others, Malaysia retains its position as one of the more efficient rubber glove manufacturer in the world, and hence, it is expected to dominate the world market over the next few years, strong demand for examination gloves due to its wider range of applications, increase in population, higher demand for improved hygiene and standards of living, as well as growing health awareness after the recent avian influenza pandemic. Further details on the prospects and outlook of the rubber gloves manufacturing industry are set out in the Executive Summary of the Independent Market Research Report under Section 7 of this Prospectus.



## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

*(Prepared for inclusion in this Prospectus)*



**Decide with Confidence**

27 October 2010

The Board of Directors  
**CAREPLUS GROUP BERHAD**  
Third Floor, No. 79 (Room A)  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs

### **EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (“EXECUTIVE SUMMARY”) FOR CAREPLUS GROUP BHD (“CAREPLUS” OR THE “COMPANY”)**

This Executive Summary has been prepared for inclusion in the Prospectus to be dated 16 November 2010 pursuant to the listing of Careplus on the ACE market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of The Rubber Gloves Manufacturing Industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, government literatures, in-house databases, Internet research and online databases.

Dun & Bradstreet (D&B) Malaysia Sdn Bhd (“D&B Malaysia”) has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, D&B Malaysia acknowledges that if there are significant changes affecting the contents of the Executive Summary after the issue of the Prospectus and before the issue of securities, then D&B Malaysia has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

Yours faithfully,  
for and on behalf of

**DUN & BRADSTREET (D&B) MALAYSIA SDN BHD**

  
**TAN SZE CHONG**  
Managing Director

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

## **EXECUTIVE SUMMARY**

Careplus is principally involved in the manufacturing of NR examination gloves. Based on our research, the US, Euro area and Japan are the biggest markets for examination gloves.

### **1.1 THE GLOBAL ECONOMY**

The global economic recovery continued to strengthen at varying paces across regions in 2010, largely attributed to sustained fiscal stimulus and accommodative monetary policies worldwide. This was further supported by better economic performance in emerging economies, particularly China and India. In the first half of 2010, emerging and developing economies posted strong growth, supported by consumption and investment activities. Meanwhile, the major advanced economies grew at a moderate pace, despite large public debts and high unemployment.

Lower consumer spending in the US and fiscal austerity measures in the Euro areas affected by the sovereign debt crisis are likely to impact growth. However, strong growth in Asia, particularly China, India and the Association of South East Asian Nations' ("ASEAN") economies as well as oil producing countries will provide the impetus for global growth. For 2010, world GDP growth is envisaged at 4.8%.

Global trade volume rebounded quickly and is expected to record robust growth of 11.4% in 2010, after suffering a significant decline of 11% in 2009. The improved performance is due to a pick up in demand worldwide since the second half of 2009, supported by strong fiscal and monetary responses to mitigate the recession and stimulate growth as well as strong consensus to refrain from trade protectionism.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

Prospects for the global economy remain favourable in 2011 with continued improvements in global trade and investment, particularly in emerging and developing countries. In addition, enhanced post-crisis policy coordination, ongoing regulatory reform of the international financial system and efforts to further liberalise trade and investment are expected to facilitate private sector driven growth. However, challenges to the global growth momentum remain. These include the high level of public debt and unemployment rate as well as constrained bank lending in developed economies and tightening of monetary policies in several emerging Asian economies to contain inflationary pressures. Global growth is projected at 4.2% while world trade is expected to expand by 7.0%.

**Table 1: Global Real GDP Growth, 2002-2011<sup>f</sup>**

<b>Growth (%)</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010<sup>e</sup></b>	<b>2011<sup>f</sup></b>
World GDP	3.1	4.0	5.3	4.8	4.9	5.2	3.0	-0.6	4.8	4.2
US	1.6	2.5	3.9	3.1	2.9	2.0	0.4	-2.6	3.0-3.5	3.5-4.2
Japan	0.3	1.4	2.7	1.9	2.2	2.4	-1.2	-5.2	2.6	2.0
Euro area *	0.9	0.8	2.0	1.5	2.8	2.4	0.6	-4.1	1.7	1.5

*Notes:*

\* = Indicates member countries of the Euro area (Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, Spain)

<sup>e</sup> = estimate

<sup>f</sup> = forecast

Source: Bank Negara Malaysia, Ministry of Finance

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****1.2 THE US ECONOMY**

The US economy is recovering, thanks to unprecedented macroeconomic policy stimulus, emergency financial stabilisation measures, and a modest cyclical upswing. However, the rate of expansion is beginning to moderate. Much of the weakness of this recovery is due to sluggish personal consumption, which is by far the biggest component of GDP in the country. There are several reasons for this weakness. First, household net worth has deteriorated sharply. Second, unemployment is high. A weak labour market hits incomes and the ability to obtain credit, and it raises job uncertainty for those currently employed. Third, banks are still reluctant to lend to consumers, restricting credit for larger purchases, as they struggle to reduce leverage and restore balance sheets. Overall, given the unusually low savings levels before the crisis and the steep decline in personal net worth since, the desire to save is more likely to stay elevated relative to the pre-crisis levels.

The most likely prospect for the US economy is for a continued but slow recovery, with growth far weaker than in previous recoveries, considering the depth of the recession. Risks to the outlook remain elevated and are tilted to the downside. Residential and commercial real estate markets are still fragile. Further loan write-downs at small and medium-size banks could inhibit the recovery of normal credit conditions.

**1.3 THE EURO AREA ECONOMY**

In Europe, the road to recovery has been bumpy. Largely caused by unsustainable policies in some member countries, the sovereign debt crisis in the spring erupted before the Euro area's recovery could gain traction. The crisis spread internationally, threatening the financial system as well as regional and global recovery. A strong and far-reaching policy response contained the situation. Unprecedented liquidity and credit support, new European financing instruments, and substantial fiscal action in the affected countries arrested the financial turmoil, moderating its adverse impact on Europe's economic activity.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

European banking systems are still heavily reliant on government support and are highly vulnerable to deterioration in the real economy, sovereign shocks, and funding strains. Hence, if unaddressed, renewed financial sector stress could spread via trade and cross-border bank flows, and could have significant adverse effects on real activity. In the medium term, the main risk is that fiscal and competitiveness imbalances in peripheral economies and insufficient action to tackle weak banks could lead to a protracted period of sub par growth and occasional crises.

Establishing public debt sustainability remains a top priority for many European economies. Across Europe, current fiscal consolidation plans are going in the right direction. In addition, the crisis has shown how financial sector problems in specific countries can very quickly have pan-European consequences. The crisis exposed long-standing problems in existing fiscal, structural, and financial stability policies.

#### **1.4 THE JAPANESE ECONOMY**

In Japan, an export-led recovery since the second quarter of 2009 strengthened in early 2010, thanks to a stronger-than-anticipated recovery in the Western advanced economies and rising demand for capital goods from China. However, sporadic appreciation of the yen (for example, in May 2010, when financial volatility in Europe triggered safe haven inflows) and the recent cooling of the US economy will continue to affect exports. With the appreciation of the yen and declining equity prices, financial conditions have tightened and deflation remains a threat. Further monetary easing may thus be needed. Although investment activity is projected to pick up, sparked by export-oriented businesses, the unwinding of fiscal stimulus and sluggish labour market are likely to weigh on near-term growth. Japan's economic prospects remain weak, given lacklustre domestic demand and a lack of fiscal room to further boost the economy.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****1.5 THE MALAYSIAN ECONOMY**

The Malaysian economy is projected to expand between 5% and 6% in 2011, mainly driven by domestic demand and supported by a favourable external sector. The strong economic fundamentals will continue to propel the growth momentum of domestic demand. Private investment activity, which turned positive in 2010, is envisaged to contribute significantly to economic growth. Private consumption is expected to strengthen in view of low unemployment and increasing disposable household income. Growth prospects are also premised on firm prices of major commodities, which will spur rural household spending in 2011. With the private sector spearheading growth, public expenditure is expected to moderate, reflecting the government's commitment towards prudent fiscal management.

On the supply side, growth is expected to be broad-based with positive contribution from all sectors in the economy, with the services sector remaining the major contributor to GDP. The manufacturing sector is expected to expand in line with strong investment and consumption activities. The agriculture sector is projected to increase, supported by higher output and firm prices of commodities. In addition, the mining sector is envisaged to grow, on account of higher natural gas production. The construction sector is also expected to grow stronger with the expansion of non-residential properties and the revival of residential construction activities as well as acceleration of major civil engineering projects.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****Table 2: Annual Change in Real GDP by Sector, 2002-2011<sup>f</sup> (2000 prices)**

Growth (%)	2002	2003	2004	2005	2006	2007	2008	2009	2010 <sup>e</sup>	2011 <sup>f</sup>
GDP	5.4	5.8	6.8	5.0	5.8	6.2	4.6	-1.7	7.0	5.0-6.0
Agriculture	2.9	6.0	4.7	2.6	5.4	1.4	4.0	0.4	3.4	4.5
Manufacturing	4.1	9.2	9.6	5.3	7.1	3.1	1.3	-9.4	10.8	6.7
Mining	4.4	6.1	4.1	-1.3	-2.7	2.0	-0.8	-3.8	1.0	2.9
Construction	2.3	1.8	-0.9	-1.8	-0.5	4.7	2.1	5.8	4.9	4.4
Services	5.8	4.2	6.4	6.7	7.3	9.6	7.2	2.6	6.5	5.3

*Notes:**e = estimate**f = forecast**Source: Bank Negara Malaysia, Ministry of Finance***1.5.1 The Manufacturing Sector In Malaysia**

Value added of the manufacturing sector is expected to expand further by 6.7% in 2011, in tandem with better economic conditions. The export-oriented industries are projected to grow at a steady pace, supported by strong intra-regional trade. The E&E and machinery and equipment industries are envisaged to lead growth. Domestic-oriented industries are expected to expand in line with resilient consumer spending and sustained business confidence. The outlook for the construction-related materials industry is encouraging with the civil engineering segment expected to benefit from various infrastructure projects outlined in the Tenth Malaysia Plan 2011-2015.

The rubber gloves manufacturing industry was supported by demand from the healthcare industry. Despite rising input cost, which resulted in higher prices, demand for rubber gloves is expected to remain resilient, supported by rising hygiene awareness, enforcement of more stringent healthcare regulations and increasing population. Given these positive developments and high capacity utilisation rate, rubber gloves manufacturers are expanding production capacities aggressively to meet future demand.



**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****1.6 INTRODUCTION TO RUBBER PRODUCTS INDUSTRY**

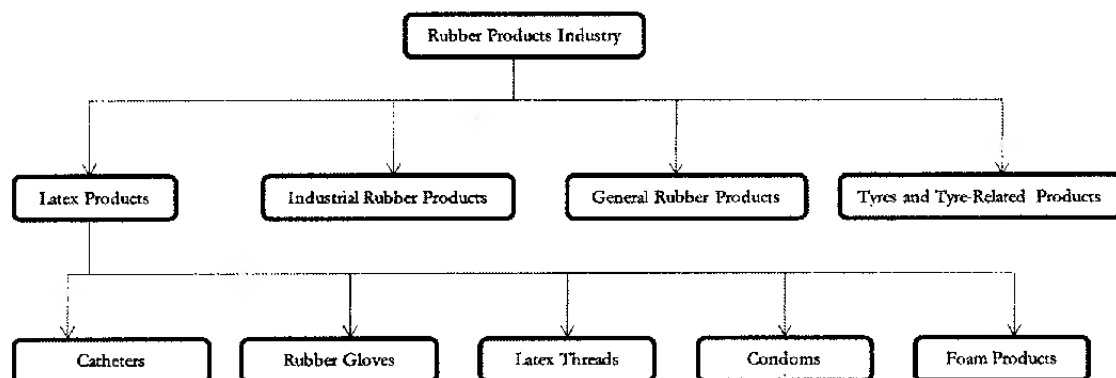
Rubber trees were first introduced into the country as a result of Britain's efforts to introduce cash crops in its selected colonies in the early 20<sup>th</sup> century. It had been a significant contributor to the economic development of Malaysia since it was first planted commercially. However, the natural rubber industry was eclipsed by rising industrialisation and both the manufacturing and services sectors became more attractive to job seekers, due to their attractive wages. In addition, natural rubber smallholdings may be subdivided into smaller pieces of land with each successive generation, causing low productivity. There has also been the conversion of rubber plantations into more lucrative crops such as oil palm and cocoa, as well as the diversification of rubber plantation companies into the property development industry. Malaysia is currently the third largest producer of natural rubber ("NR") in the world after Thailand and Indonesia.

Rubber products manufacturing are the processes that convert NR and synthetic rubber ("SR") into finished products for intermediate and final consumption. The rubber products industry in Malaysia is dominated by SMEs and can be categorised into latex products, industrial rubber products, general rubber products and tyres and tyre-related products.

NR latex is broadly superior in making dipped products, owing to its high uncured gel strength, rapid vulcanisation and excellent physical properties, such as the ability to make thin articles with high tensile strength. Dipped products are made from either NR or SR in a liquid process, as opposed to dry rubber manufacturing processes such as compression moulding and continuous extrusion. The main application for this process is the production of thin wall parts where moulding would be difficult to control. Examples of dipped products are gloves, catheters and balloons. The latex dipping machine can be designed to produce many different products by different types of equipment with particular types of moulds and/or formers.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

Malaysia is a major producer and exporter of latex products, consisting mainly of catheters, rubber gloves and latex threads, with about 165 companies in operation. In the industrial and general rubber products categories, there are currently about 184 companies in operation. They manufacture a wide range of rubber products such as anti-vibration mountings, beltings, hoses, tubing, seals and sheeting for the automotive, electronics, machinery and equipment, and construction industries. Lastly, there are approximately 120 companies in tyres and tyre-related products, with ten tyre manufacturers while the remaining companies produce retreaded tyres, inner tubes and other accessories.

**Figure 1: Segmentation of Rubber Products Industry in Malaysia***Source: D&B Malaysia***1.7 PRODUCT DEFINITION**

Examination gloves are disposable gloves used during medical procedures and are ambidextrous, that is, they fit on either the left or the right hand when wearing them. They are disposable devices intended for medical purposes that are worn on the examiner's hand to prevent contamination between the patient and examiner. They are made of either NR or nitrile.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

The single most important criterion in the function of an examination glove is its ability to provide protection against blood pathogens and harmful infections. Pathogen refers to infectious organisms such as bacteria, viruses and fungi. Most medical procedures may expose workers to infectious body fluids such as blood and saliva. Examination gloves are also used in scientific and clinical laboratories. Both powdered and powder-free gloves are available.

**1.8 DIFFERING SEGMENTS**

NR latex is the traditional material used for disposable examination gloves. These are utilised by healthcare professionals for protection against the risks of infection and transmittable diseases. NR gloves are generally considered to be stronger and possess more elasticity than other types of gloves. NR latex has properties that no other glove materials can match. It provides superb barrier protection against biological hazards, offers optimum dexterity and because it stretches so well, ensures minimum wearer fatigue. The surface also provides excellent grip, particularly for holding wet objects.

Nitrile gloves are SR disposable gloves which do not contain proteins that may be sensitive to some users. These gloves are marketed as being durable and providing protection against tears, punctures and harmful chemicals. Other types of SR gloves are made from polychloroprene and polyisoprene; however they account for a very small proportion of SR gloves manufactured in Malaysia. In addition, they are much more expensive.

Powder-free NR gloves have low protein content due to extensive washing and chlorine treatment during the processing stage in the factory. Powdered NR gloves can also have a low protein content using modern technologies in processing. Nitrile gloves are available in both powdered and powder-free versions; with the latter being more popular.

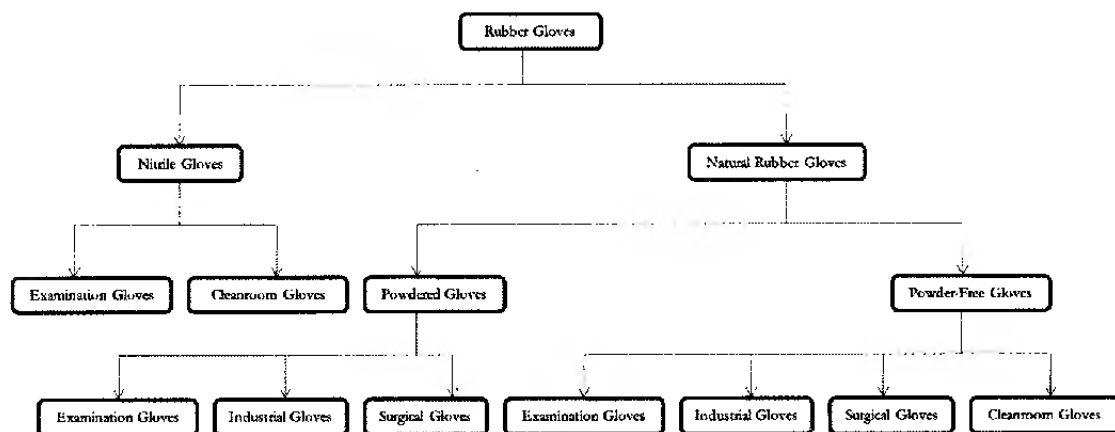
## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

Examination gloves, industrial gloves and surgical gloves are available in both powdered and powder-free versions. Examination gloves are principally used in hospitals, medical clinics, dental clinics, clinical laboratories, nursing homes, veterinary clinics and laboratories. As the name implies, surgical gloves are used by surgeons and operating room staff. Meanwhile, industrial gloves are mainly used in the food processing industry. Cleanroom gloves are only available in the powder-free version. They are used in the electronics industry that fabricates microchips, wafers and hard disk drives.

**Figure 2: Segmentation of Rubber Gloves Manufacturing Industry in Malaysia**



Source: D&B Malaysia

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****1.9 SUBSTITUTE PRODUCTS**

There are no substitutes for gloves. NR latex was the original material used in gloves to protect against both biological and chemical hazards. It was used for many years in the healthcare industry with very low allergy incidences as glove usage was not a mandatory requirement by the health authorities. Universal barrier precautions were put in place by the healthcare authorities due to the threat from HIV in the late 1980s. This resulted in a massive increase in demand such that the existing rubber gloves manufacturers at the time could not cope. As a result, the number of companies manufacturing rubber gloves increased rapidly. Unfortunately, not all the new manufacturers possessed the expertise to produce quality gloves and also, some of them did not place sufficient emphasis on quality. Pressure on healthcare budgets also meant that the buyers were constantly seeking cheaper alternatives. The rubber gloves produced were of lower quality; thus giving rise to the latex protein allergy issue.

Modified corn starch powder is the recommended donning powder. Unfortunately, latex proteins tend to bind to the powder, which when become airborne during donning and removal, may affect certain individuals who are sensitive to them.

However, modified corn starch powder by itself, is not an allergen. Certain users who wear powdered gloves for a prolonged period may develop allergic reactions to such proteins. Since the mid 1990s onwards, most NR gloves manufacturers have undertaken plant modifications and incorporated additional processing steps to remove as much water soluble proteins as possible, as well as to reduce powder usage. These steps have contributed to significant reductions in the number of reported cases of protein allergy attributed to the usage of NR gloves.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

Nitrile gloves are more expensive than powder-free NR gloves, which in return, are more costly than powdered NR gloves. The manufacturing of powder-free NR gloves as compared to NR powdered gloves is more expensive as it needs to undergo additional processing steps to remove the powder. According to the Malaysian Rubber Export Promotion Council ("MREPC"), gloves with low protein content can be manufactured using modern technologies, such as the use of low protein latex concentrates, proper leaching protocols, chemical or enzymatic deproteinisation, chlorination and polymer coating.

Hence, examination gloves made from NR (powdered and powder-free) and SR (most are powder-free) are indirect substitutes and complementary to each other. Different processes are used in their manufacturing. Within NR examination gloves, powdered and powder-free gloves utilise slightly different materials in their production processes. It all depends on the requirements of the end-user and the budget. The choice of gloves also depends on the type of barrier protection and level of protection required.

**Table 3: Comparison of Glove Materials**

<b>Reference</b>	<b>NR</b>	<b>Nitrile</b>
Barrier protection	Excellent	Excellent
Strength and durability	Excellent	Excellent
Elasticity	Excellent	Good
Puncture resistance	Good	Excellent
Chemical resistance	Good	Excellent
Fit and comfort	Excellent	Good
Protein allergy	Low to none	None
Cost	Low to moderate	Moderate to high

*Source: D&B Malaysia*

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****1.10 INDUSTRY PLAYERS, COMPETITION AND POSITIONING**

There are about 45 rubber gloves manufacturing companies registered under MARGMA at present. However, not all rubber gloves manufacturing companies are registered under MARGMA, as membership in the trade association is voluntary. The main mission of MARGMA is to promote the interests of all stakeholders in the rubber gloves manufacturing industry through active participation, educating end-users, cooperating with regulatory and technical bodies to develop and maintain responsible sustainable standards and tapping into available government and institutional support. There are about 11 rubber gloves manufacturing companies in Malaysia, which are not members of MARGMA, based on an analysis of publicly available information.

Careplus is a contract manufacturer / OEM of NR gloves in Malaysia. Its principal activity is in the production of medical examination gloves using NR, which is readily available.

For the purpose of this report, and due to the relatively large number of NR glove manufacturers in Malaysia, D&B Malaysia has developed a double tiering system, solely based on the revenues generated by companies which are principally involved in the production of NR examination gloves, so as to generate a suitable comparison of the closest comparable competitors. The financial information is based on the latest publicly available audited financial statements.

**Tier I**

The tier I companies are NR gloves manufacturers that generate annual revenues of more than RM100 million in Malaysia. Based on an analysis of publicly available information, there are only seven (7) NR gloves manufacturers in Malaysia that generate revenues of more than RM100 million. With the exception of WRP Asia Pacific Sdn Bhd and Comfort Rubber Gloves Industries Sdn Bhd, all the companies in tier I are listed on Bursa Malaysia. Top Glove Corporation Bhd generated the highest revenue among the tier I companies. It also generated the highest PBT and PAT. However, in terms of PBT margin, Supermax Corporation Bhd is the leading company.



**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****Tier II**

The tier II companies are manufacturers that generate annual revenues of less than RM100 million. These companies are small and medium-sized NR glove manufacturers and there are approximately 45 companies in this category. Out of these 45 NR examination gloves manufacturing companies, four (4) companies have been identified as the closest competitors to the Careplus group of companies. These companies have the closest revenue figures in comparison with the Careplus group of companies, based on the latest FYE. NR examination gloves comprise the majority of their products. They are also the top players in tier II.

Among the tier II companies, Oon Corp Resources (M) Sdn Bhd generated the highest revenues. However, the Careplus group of companies is the leading company in terms of gross profit, PBT, PBT margin and PAT. In the case of Koon Seng Sdn Bhd, gross profit figures for FYE 31/12/09 are not available.

## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Decide with Confidence

Table 4: Ranking of Major NR Glove Manufacturers by Revenue (RM '000)

<b>TIER I</b>						
Company	FYE	Revenue	Gross Profit	PBT	PBT Margin (%)	PAT
Top Glove Corporation Bhd	31/08/09	1,529,077.0	373,102.0	221,992.0	14.5	168,070.0
Kossan Rubber Industries Bhd	31/12/09	842,135.0	N. A.	85,828.1	10.2	67,334.2
Supermax Corporation Bhd	31/12/09	803,632.6	N. A.	151,470.4	18.9	126,584.6
WRP Asia Pacific Sdn Bhd	30/06/09	562,796.8	N. A.	46,905.5	8.3	47,683.3
Latexx Partners Bhd	31/12/09	328,473.2	80,563.0	51,780.7	15.8	51,317.2
Rubberex Corporation (M) Bhd	31/12/09	317,627.7	N. A.	23,295.1	7.3	22,567.8
Comfort Rubber Gloves Industries Sdn Bhd	31/01/10	147,216.0	N. A.	2,699.9	1.8	2,699.9
<b>TIER II</b>						
Company	FYE	Revenue	Gross Profit	PBT	PBT Margin (%)	PAT
Oon Corp Resources (M) Sdn Bhd	31/03/09	71,992.7	8,657.4	3,357.9	4.7	2,670.9
Koon Seng Sdn Bhd	31/12/09	45,357.2	N. A.	2,943.1	6.5	1,984.2
Careplus group of companies	31/01/10	41,866.0	10,814.0	8,293.0	19.8	6,179.0
Tekmedic (M) Sdn Bhd	31/07/09	35,562.8	7,234.6	5,455.9	15.3	5,455.9
Cranberry (M) Sdn Bhd	31/12/09	28,637.5	799.4	-139.2	N. A.	-219.9

Note:

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence***N. A. = Not Applicable / Not Available**Source: D&B Malaysia, Companies Commission of Malaysia, Bursa Malaysia, Management of Careplus*

Although the Careplus group of companies is ranked number three (3) among the five (5) tier II companies in terms of revenue, it managed to rank number one (1) in terms of PBT margin, on a group pro forma basis, based on its financial figures for FYE 2010. In this financial year, NR examination gloves accounted for 93.3% of its revenue, with the remaining revenue accounted by other types of gloves and other disposal protection products.

It should be noted that the Group's PBT margin was based on FYE 31/01/10, and the other comparable companies' latest financial results are one (1) year behind, except for Koon Seng Sdn Bhd and Cranberry (M) Sdn Bhd. For a more meaningful comparison, the Group's PBT margin for FYE 31/01/09 and both Koon Seng Sdn Bhd's PBT margin and Cranberry (M) Sdn Bhd's PBT margin for FYE 31/12/08 should be used, which in this case were 6.3%, 1.7%, and 1.5% respectively. If this was the case, the Group's PBT margin would rank number two (2) among the five (5) comparable tier II companies. It should also be noted that Tekmedic (M) Sdn Bhd's PBT margin of 15.3%, which is ranked number one (1) among the five (5) comparable tier II companies, is based on FYE 31/07/09.

However, for a more meaningful comparison if the Group's PBT margin for FYE 31/01/10 was used, then tier I companies such as Kossan Rubber Industries Bhd (FYE 31/12/09), Supermax Corporation Bhd (FYE 31/12/09), Latexx Partners Bhd (FYE 31/12/09) and Rubberex Corporation (M) Bhd (FYE 31/12/09) and tier II company such as Koon Seng Sdn Bhd (FYE 31/12/09) and Cranberry (M) Sdn Bhd (FYE 31/12/09) should be used, as these companies' FYEs are only one (1) month behind the Group's FYE. In this case, the Group's PBT margin (19.8%) would rank slightly ahead of Supermax Corporation Bhd (18.9%).

More detailed explanations for the major factors that account for the Group's PBT margin are explained below.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

The main reason for the higher PBT margin for that particular year was that the entire industry enjoyed very strong selling prices, with raw material prices remaining stable. If compared to the tier I companies, the Group is considerably smaller, with limited production capacity. Shortages in the supply of rubber gloves at that point in time had caused the Group to be unable to supply to its lower price buyers from its pool of potential buyers. This also resulted in a better PBT margin for the Group. It should be noted that there are various factors which have resulted in a company making lower PBT margins, some of which are company specific which may not be within D&B Malaysia's knowledge or publicly available.

The Group strives to keep abreast of developments in technology and process improvements so as to attain certain desired properties and characteristics, such as minimum protein content, low antigenic protein content, low chemical residue level as well as tactility, comfort and sensitivity aspects. Indirectly, these efforts also contribute to relatively lower reject rates, thus saving costs.

Through a careful selection of key ingredients and process conditions, the latex compounding process is able to maximise the physical strength of the product, widen manufacturing tolerances, minimise harmful residual chemicals and reduce energy usage and cost. Latex compounding is a difficult process, and the step-up from laboratory compounding of a few litres to a plant batch of several thousand litres is a large endeavour.

The Group undertakes various levels of QA in its operations: raw material control, processing control and product QC. In combination with the continuous product development mentioned above, the Group is able to achieve better product efficacy as well as cost effectiveness.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

The anaerobic waste water treatment is a process that is environmentally-friendly. Some of the treated waste water can also be recycled for use within the factory while the rest discharged into the drains. Water is an increasing scarce resource and the Group is contributing towards water conservation in this way. Most rubber gloves manufacturing companies use the chemical treatment method to treat their waste water. However, this method requires a high amount of chemicals which is costly, and will also generate a high amount of sludge, which is also costly to dispose as it is classified as scheduled wastes under the Environmental Quality (Scheduled Wastes) Regulations 2005. Anaerobic treatment is an alternative way of waste water treatment where although the start-up cost is higher, it is offset by lower running costs. In addition, the treated water can be re-used in the Group's production processes. Hence, this contributes to managing costs and a higher PBT margin.

**Table 5: Ranking of Tier-II NR Glove Manufacturers by PBT Margin**

<b>Company</b>	<b>FYE</b>	<b>Revenue</b>	<b>PBT</b>	<b>PBT Margin (%)</b>
Careplus group of companies	31/01/10	41,866.0	8,293.0	19.8
Tekmedic (M) Sdn Bhd	31/07/09	35,562.8	5,455.9	15.3
Koon Seng Sdn Bhd	31/12/09	45,357.2	2,943.1	6.5
Oon Corp Resources (M) Sdn Bhd	31/03/09	71,992.7	3,357.9	4.7
Cranberry (M) Sdn Bhd	31/12/09	28,637.5	-139.2	N. A.

*Note:**N. A. = Not Applicable / Not Available**Source: D&B Malaysia, Companies Commission of Malaysia, Management of Careplus*

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

The rubber gloves manufacturing industry is a fairly competitive industry. Hence, industry players need to differentiate themselves in terms of service, pricing, track record, technical knowhow and value added services. The market for examination gloves is not saturated at present. There is constant demand generated by the various end-user industries. There is also the discovery of newer and more virulent diseases as time passes by. As the world undergoes further expansion in healthcare spending and experiences population growth, demand for examination gloves is anticipated to increase in tandem, both on a per capita basis and on an absolute value basis. Market saturation occurs when the market is no longer generating demand for an industry's products. Due to strong demand, some rubber gloves manufacturers involved in examination gloves have to decline accepting new orders as they were already operating at full capacity.

**1.11 MARKET SHARE**

Although Careplus accounted for a market share of 0.6% in terms of sales of rubber gloves in Malaysia in 2009, it managed to register a higher percentage in export market share in terms of export of NR examination gloves from Malaysia in the same year, at 1.0%.

**Table 6: Market Share of Careplus in 2009**

	<b>Revenue in terms of sales (Rubber gloves)</b>	<b>Revenue in terms of exports (NR examination gloves)</b>
Careplus	RM40.8 million	RM39.1 million
Industry	RM6,461.9 million	RM3,772.0 million
Market Share (%)	0.6	1.0

*Notes:*

*Rubber gloves refer to all types of NR and SR gloves*

*The revenue for Careplus is based on its FYE 31" January 2010, and not on a calendar year basis*

*It is assumed that all the examination gloves of Careplus are exported, either directly or indirectly*

*Source: D&B Malaysia, Management of Careplus*

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****1.12 LEGISLATIONS, INCENTIVES AND POLICIES****1.12.1 Legislations**

Under the Malaysian Rubber Board (Licensing) Regulations 1997, any person who wishes to buy, sell or treat NR needs to hold a valid licence from the MRB. For both NR and nitrile gloves, an export licence is also needed from the MRB.

At present, all sludge generated from the industrial waste water treatment system is classified as scheduled wastes in Malaysia. It does not differentiate whether the scheduled wastes are generated from the anaerobic treatment system or the chemical treatment system. Scheduled wastes generated from the manufacturing of rubber gloves fall under Environmental Quality (Scheduled Wastes) Regulations 2005. The sludge has to be disposed of at the central treatment facilities of Kualiti Alam Sdn Bhd.

The rubber gloves manufacturing industry also comes under the jurisdiction of the Factories and Machineries Act, 1967, which establishes various regulations for registering equipment with the Department of Occupational Safety and Health ("DOSH"). The Act provides for the control of factories relating to the safety, health and welfare of the persons therein, the registration and inspection of machinery and for matters connected therewith. For example, the foundations and floors shall be of sufficient strength to sustain the loads for which they are designed, and no foundation or floor shall be overloaded. Under the Act, any employees in the factory exposed to wet or dusty processes, to heat or any poisonous, corrosive or other injurious substance which is likely to cause bodily injury to them, may be provided with suitable and adequate personal protective clothing and appliances. These include goggles, gloves, leggings, caps, foot wear and protective ointment or lotion.

Rubber gloves manufacturers are also subjected to the Occupational Safety and Health Act, 1994. This Act is enforced by the Ministry of Human Resources under the DOSH. Under this Act, the employer has a duty to protect the safety, health and welfare of all his employees. The Act requires the employer to:



**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

- provide and maintain plant or equipment and systems of work that are safe and without risks to health;
- make arrangements for ensuring safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant;
- provide information, instruction, training and supervision as is necessary to ensure the safety and health of the workers; and
- maintain the place of work to ensure it is safe and without risks to health.

The employer shall also ensure that no worker shall be employed at any machine or in any process, being a machine or any process liable to cause bodily injury, unless he has been fully instructed as to the dangers likely to arise in connection therewith and the precautions to be observed. The worker must receive sufficient instruction in work at the machine or process; or is under adequate supervision by a person who has the knowledge and experience of the machine or process.

Lastly, both effective and suitable provision shall be made for securing and maintaining adequate ventilation by the circulation of fresh air in every part of the factory and for rendering harmless, so far as practicable, all gases, fumes, dust and other impurities that may be injurious to health arising in the course of any process or work carried on in the factory.

**1.12.2 Incentives**

While the local rubber gloves manufacturers possess the inherent entrepreneurial qualities enabling them to achieve excellence in production processes, government agencies such as the MRB, MREPC, SIRIM, MITI, Malaysian Industrial Development Authority (“MIDA”) and Malaysia External Trade Development Corporation (“MATRADE”) have also championed the cause of the rubber gloves manufacturing industry via incentives, R&D assistance, seminars, trade missions and road shows abroad.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

Generally, a reinvestment allowance ("RA") is given to companies engaged in manufacturing and selected agricultural activities that reinvest for the purposes of expansion, automation, modernisation or diversification of their existing businesses into any related products within the same industry, on condition that such companies have been in operation for at least 12 months. This condition has been revised to at least 36 months, effective from the year of assessment 2009.

The RA is given at the rate of 60% on the qualifying capital expenditure incurred by the company, and can be offset against 70% of its statutory income for the year of assessment. Any unutilised allowance can be carried forward to subsequent years until it is fully utilised.

The RA will be given for a period of 15 consecutive years beginning from the year the first reinvestment is made. Companies can only claim the RA upon the completion of the qualifying project, i.e. after the building is completed or when the plant/machinery is put to operational use. With effect from the year of assessment 2009, a company purchasing an asset from a related company within the same group where RA has been claimed on that asset is not allowed to claim RA on the same asset. Assets acquired for the reinvestment cannot be disposed off within a period of two (2) years from the time of the reinvestment and with effect from the year of assessment 2009, this provision is extended to five (5) years.

The manufacturing of surgical gloves is a promoted activity and product which is eligible for consideration of pioneer status and investment tax allowance under the Promotion of Investments Act 1986. The government continues to promote the development of Malaysia's resource-based industries to diversify the country's sources of growth, away from the traditional industries like electronics.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****1.12.3 Policies**

The Standard Malaysian Glove ("SMG") certification scheme for examination gloves (both powdered and powder-free) was launched in 1998. The MREPC has been promoting the SMG certified gloves, which was developed in consultation with the FDA in the US to ensure that local rubber glove manufacturers produce high quality, low protein, low powder or powder-free examination gloves. Technical specifications of the scheme comply with the standards of the ASTM, as well as the FDA. The government will undertake greater promotion of SMG, to make it recognised and accepted internationally. At the same time, more companies will be encouraged to obtain the certification under SMG to ensure the quality and reliability of their products. Malaysia has embarked on much R&D to address the latex protein allergy problem. SMG-certified gloves have to meet very stringent technical requirements, including strictly controlled low limits for residual extractable proteins and powder.

The government recognises that resource-based industries such as rubber gloves manufacturing would assist in increasing the value added and demand for primary commodities, due to their comparative advantages. This is supported by the rich resource base of the country and policy makers' natural preference for harnessing these resources. In contrast, it is recognised that the non-resource based industries such as electronics have a high input of imported parts, leading to lower net export earnings.

During the period of the Third Industrial Master Plan 2006-2020 ("IMP3"), six (6) strategic thrusts have been set to achieve the targets for the rubber products industry, including rubber gloves:

- Strengthening and enhancing the country's position as the leading producer and exporter of latex products, including rubber gloves. This will involve, among others, building and safeguarding the country's image as a supplier of quality and reliable rubber products. The government will undertake greater promotion of SMG, to make it recognised and accepted internationally. At the same time, more rubber gloves companies will be encouraged to obtain the certification under the SMG to ensure the quality and reliability of their products;

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

- Expanding the export market for Malaysian rubber products, including rubber gloves. This will involve greater coordinated and comprehensive trade promotion activities, involving the Ministry of Agriculture and Agro-Based Industry, MATRADE and MREPC;
- MIDA will undertake efforts to promote and encourage outward investments, especially in activities which complement the operations of existing companies in Malaysia and within other ASEAN countries, which have raw materials and lower costs of production;
- Diversifying the product range through the intensification of R&D activities, and to ensure that Malaysian latex products meet international standards in health and safety;
- Developing Malaysia as a regional centre for the testing and certification of rubber products, especially for use within the countries of the Association of South East Asian Nations ("ASEAN"). The testing facilities of the MRB will be upgraded; and
- Upgrading the existing technology, especially in process automation, and improving the skills of workforce. Training in polymer technology will also be enhanced. This is through greater collaboration among institutions of higher learning, research institutes and the private sector to develop the required expertise. There is also a need to extend R&D activities into further downstream and new products.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****1.13 DEMAND AND SUPPLY CONDITIONS**

The rubber gloves manufacturing industry is one of very few world class industries to have emerged from Malaysia. This industry has been experiencing aggressive expansion in recent years due to strong global demand on the back of stringent regulatory standards on occupational safety and the growing world population. Presently, the rubber gloves manufacturing industry in Malaysia is the largest producer and exporter of both NR and nitrile gloves. Malaysia accounts for approximately 60% of the world's rubber gloves and about half of the world's nitrile gloves market.

Due to the strong global demand, the rubber gloves manufacturing industry has been operating at full capacity. The situation is such that most rubber gloves manufacturers have been able to operate on a cost plus strategy. The sterling sales over the last five (5) years testify to the resilient nature of the industry. In 2009, sales were rising faster than unit shipment (number of pairs), and this indicated that prices of rubber gloves were on an uptrend, which was mainly cost-pushed and were also due to strong demand. Most of these gloves are exported.

**Table 7: Production Statistics on Rubber Gloves**

<b>Year</b>	<b>Sales (RM '000)</b>	<b>% Growth</b>	<b>Pairs ('000)</b>	<b>% Growth</b>
2009	6,461,893	7.5	23,128,321	2.4
2008	6,011,216	5.8	22,585,554	6.9
2007	5,679,834	2.8	21,118,889	2.8
2006	5,526,929	18.5	20,553,950	10.4
2005	4,664,883	-	18,624,814	-

*Notes:**Annual survey for 2009 was conducted based on companies with more than 200 employees**Rubber gloves refer to all types of NR and SR gloves**Source: Department of Statistics*

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

The global market for examination gloves amounted to about US\$1.9 billion in 2009. The US was the biggest market for examination gloves in 2009, accounting for 56.3% of the global market. This was followed by Europe, at 25.4% and Japan, at 10.6%, in the same year. Collectively, these countries accounted for 92.3% of the global market in 2009.

**Table 8: Market Size for Examination Gloves in the US (US\$ Million)**

Total examination gloves	2009		2013	
	Value	Share	Value	Share
Powdered NR gloves	57	5.2%	42	3.5%
Powder-free NR gloves	505	45.7%	534	44.4%
Nitrile	252	22.8%	323	26.9%
Vinyl	292	26.4%	304	25.3%
Total	1,106	100.0%	1,203	100.0%

*Source: D&B Malaysia*

The market for examination gloves amounted to about US\$1.1 billion in the US in 2009. This is anticipated to increase to approximately US\$1.2 billion in 2013. The market size for powder-free NR gloves is anticipated to increase at the expense of powdered NR gloves. In addition, it is expected to remain the biggest market among all the examination glove segments.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence****Table 9: Market Size for Examination Gloves in Europe (US\$ Million)**

Total examination gloves	2009		2013	
	Value	Share	Value	Share
Powdered NR gloves	41	8.2%	36	6.5%
Powder-free NR gloves	213	42.7%	228	41.1%
Nitrile	108	21.7%	134	24.1%
Vinyl	137	27.5%	157	28.3%
Total	499	100.0%	555	100.0%

*Source: D&B Malaysia*

The market for examination gloves was recorded at about US\$499 million in Europe in 2009 and is expected to increase to approximately US\$555 million in 2013. Similarly, the market size for powder-free NR gloves is projected to increase at the expense of powdered NR gloves. Also, it is expected to remain the biggest market among all the examination glove segments.

**Table 10: Market Size for Examination Gloves in Japan (US\$ Million)**

Total examination gloves	2009		2013	
	Value	Share	Value	Share
Powdered NR gloves	13	6.3%	11	4.7%
Powder-free NR gloves	93	44.7%	99	42.5%
Nitrile	46	22.1%	61	26.2%
Vinyl	56	26.9%	62	26.7%
Total	208	100.0%	233	100.0%

*Source: D&B Malaysia*



**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

The market for examination gloves was registered at about US\$208 million in Japan in 2009, and is projected to increase to approximately US\$233 million in 2013. The market size for powder-free NR gloves is expected to increase at the expense of powdered NR gloves. It is also anticipated to remain the largest market among all the different segments of the examination gloves market.

**1.14 INDUSTRY RELIANCE AND VULNERABILITY TO IMPORTS**

The NR latex required by rubber glove manufacturers in Malaysia is sourced both locally as well as imported from Thailand. Similarly, SR is also sourced domestically from local factories as well as imported from Taiwan and Singapore. As both NR and SR are viewed as commodities in the market, they are easily obtainable from suppliers.

In general, rubber gloves manufacturing companies have been able to pass on higher costs associated with increasing costs of raw materials, to their customers. When raw material and energy costs are moving up, they are passed on to the customers and it is acceptable as long as the rubber gloves manufacturers are able to justify them. Conversely, when raw material prices and energy costs are decreasing, the cost declines are also passed back to the customers. This is all subject to negotiations between the rubber gloves manufacturing companies and their customers. In general, a three-month lag is expected for increases in costs to be passed on. Other raw materials are accelerators, activators, stabilisers, anti-foaming agents, anti-webbing agents, anti-oxidants, pigments etc. These materials can be sourced from local agents which import them from manufacturers based overseas.

**1.15 PROSPECTS AND OUTLOOK OF THE INDUSTRY**

The rubber gloves manufacturing industry is more resilient to an economic slowdown as compared to other major manufacturing industries. As the cost structure of both Thai and Indonesian rubber gloves manufacturers is less efficient than Malaysia, and hence, the rubber gloves manufacturing industry in Malaysia is expected to continue to dominate the global market over the next few years. Rubber gloves are expected to be the main contributor to Malaysia's export of rubber products over the corresponding period.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Decide with Confidence**

The overall market is set to grow, with highest opportunities for examination gloves since they have the widest range of applications. People are looking for better healthcare and hygiene protection, despite increases in costs and prices. In particular, both examination and surgical gloves are necessities in the healthcare industry. The same may not apply for cleanroom and industrial gloves.

The public agencies involved in the promotion of rubber products such as rubber gloves need to strengthen R&D efforts to assist the industry to stay ahead. An in-depth understanding of the science and technology of the process such as surface and colloidal properties of NR latex dispersions and of the dipped film formed, is essential in providing the necessary foundation for future advances to be made.

There are constraints to new capacity expansion among the existing players since limited additional natural gas is being made available for the rubber gloves manufacturing industry in Malaysia and the alternative in using biomass to generate power entails taking between 12 months and 15 months to construct a biomass boiler for use. Hence, any expansion would mostly be limited to the scrapping of old production lines and adding new lines to their existing facilities to utilise the available natural gas. On top of this, growing health awareness after the avian influenza pandemic is also estimated to boost global demand by another few billion pieces a year.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

### 8.1 Promoters and Substantial Shareholders

#### 8.1.1 Shareholdings

Based on our Register of Substantial Shareholders and Register of Members as at LPD, the table below sets out the direct and indirect interests of our Promoters and substantial shareholders before and after the IPO:

Name	Nationality/ Place of Incorporation	Before the IPO			After the IPO*		
		Direct	Indirect	%	Direct	Indirect	%
		Number of Shares	Number of Shares	%	Number of Shares	Number of Shares	%
Lim Kwee Shyan <sup>(1), (2)</sup>	Malaysian	65,981,200	(3)15,002,300	45.52	65,981,200	(3)15,002,300	7.14
Thinking Cap Sdn Bhd <sup>(1), (2)</sup>	Malaysia	30,280,000	-	20.89	30,280,000	-	0.00
Ng Shu Si <sup>(1), (2)</sup>	Malaysian	15,002,300	(3)65,981,200	10.35	15,002,300	(3)65,981,200	31.42
Chan Pek Harn @ Chan Wai Har <sup>(1), (2)</sup>	Malaysian	14,190,600	(4)41,557,200	9.79	14,190,600	(4)42,057,200	20.03
Yew Nieng Choon <sup>(1), (2)</sup>	Malaysian	7,711,400	(4)48,036,400	5.32	7,711,400	(4)48,536,400	23.12
Yew Yee Peng <sup>(2)</sup>	Malaysian	3,565,800	-	2.46	4,065,800	-	0.00

Notes:

(1) Represents substantial shareholder.

(2) Represents Promoter.

(3) Deemed interested through his/her spouse's direct shareholdings in our Company.

(4) Deemed interested through his/her spouse's and his/her daughter's direct shareholdings in our Company and his/her shareholdings of more than fifteen percent (15%) in Thinking Cap Sdn Bhd.

\* Assuming full subscription of their respective entitlements pursuant to the allocation to eligible Directors as set out in Section 3.3 of this Prospectus.

Save as disclosed above, our Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises control over our Company.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.1.2 Profile of our Promoters and substantial shareholders

**Lim Kwee Shyan**, aged 47, is our Executive Director cum Group CEO and was appointed to our Board on 30 March 2010. He graduated in 1987 with a Bachelor of Science (Honours), majoring in Chemistry and Economics from University Kebangsaan Malaysia. He joined PPG in 1988 as a Production Executive and was subsequently promoted to Factory Manager, and eventually the General Manager. In 1991, Mr. Lim and Mr. Yew Nieng Choon, a common director and shareholder of PPG, had incorporated Careplus (M) as a trading company by buying gloves in bulk, improving the quality and thereafter selling the gloves to its customers. Subsequently in November 2001, Careplus (M) bought over PPG and became the holding company of PPG, in which then Mr. Lim was promoted as Managing Director of PPG and Careplus (M) in 2006. Mr. Lim is primarily responsible for the overall business, strategic planning and the entire operations of our Group. His overall management has contributed significantly to the success and growth of our Group. He has thus far accumulated approximately 22 years of experience in the rubber gloves industry.

Mr. Lim presently holds the position of Vice President of MARGMA. With his experience and expertise in the rubber gloves industry, he has thus far written, co-written and/or presented a number of technical papers for seminars. Presently, Mr. Lim is also a shareholder and director of Terra Sands Sdn Bhd, a former subsidiary of Careplus (M) which is involved in the investment of oil palm plantation and Liberty Crest Sdn Bhd, a former holding company of Careplus (M) which is currently an investment holding company.

**Thinking Cap Sdn Bhd** was incorporated in Malaysia on 6 April 1994 under the Act as a private limited company. It is principally an investment holding company, which has interests in Careplus (M) since 2001. The company has no other investment in other companies.

As at LPD, Thinking Cap Sdn Bhd's authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM5,002 comprising 5,002 ordinary shares of RM1.00 each have been issued and fully paid-up.

The shareholders of Thinking Cap Sdn Bhd and their respective shareholdings in the company as at LPD are set out below:

Director	Direct		Indirect	
	No. of shares	%	No. of shares	%
Yew Nieng Choon	2,501	50.00	<sup>(1)</sup> 2,501	50.00
Chan Pek Ham @ Chan Wai Har	1,001	20.00	<sup>(1)</sup> 4,001	80.00
Yew Yee Peng	500	10.00	-	0.00
Yew Tze Leong	500	10.00	-	0.00
Yew Mei Sze	500	10.00	-	0.00

Note:

(1) Deemed interested through his/her spouse's and his/her children's direct shareholdings in the company.

The directors of Thinking Cap Sdn Bhd are Yew Nieng Choon and Chan Pek Ham @ Chan Wai Har.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

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**Ng Shu Si**, aged 44, graduated in 1991 with a Bachelor of Economics (Honours), majoring in Analysis Economics and Public Policy from University Kebangsaan Malaysia. She started her career in Public Bank Berhad as a Graduate Trainee in 1991. In 1992, she was promoted to a Senior Operation Officer where she was responsible for the credit operations in one of Public Bank Berhad's branches located at Kamunting, Taiping, Perak Darul Ridzuan. Subsequently in 1995, she resigned from Public Bank Berhad to help her spouse in handling the day-to-day operations in Power Link Enterprise, Mr. Lim Kwee Shyan's sole-proprietorship business before the cessation of operation on 22 April 2010.

**Chan Pek Harn @ Chan Wai Har**, aged 62, obtained her qualification as a State Registered Nurse from Universiti Hospital, Kuala Lumpur in 1971. She was servicing as a nurse at Universiti Hospital for 13 years. Subsequently, she joined Subang Jaya Medical Centre and shortly after that, she joined Negeri Sembilan Chinese Maternity Hospital and Medical Centre, servicing as a nurse for 15 years. She retired as a nurse in 2005.

**Yew Nleng Choon**, aged 62, is our Non-Independent Non-Executive Chairman and was appointed to our Board on 30 March 2010. Mr. Yew is also a member of our Audit Committee, Remuneration Committee and Nomination Committee. He brings with him invaluable industry experience having accumulated over 35 years of experience in the latex industry. In 1971, he graduated with a Bachelor of Science with Second Class Upper Honours in Chemistry from University of Malaya. He started his career as a Quality Control Chemist with Lembaga Kemajuan Tanah Persatuan (FELDA) in 1972, where he was involved in setting up the QC laboratory in FELDA's first latex concentrate factory in Gemas, Negeri Sembilan. In 1975, he joined H&C Latex Sdn Bhd ("H&C") as a Chemist. H&C, a producer of latex concentrate, is a subsidiary of Harrisons and Crosfield Inc.. Throughout his 13 years employment with H&C, he held various positions. His last position held was a Factory Manager.

In 1988, he recognised the potential of the rubber gloves industry and brought his experience and knowledge to form PPG. Subsequently, in 1991, he founded Careplus (M), a marketing arm of our Group to support PPG in the rubber gloves industry. He has been instrumental in the growth and development of our Group and has been the key driving force in the expansion of the operations of our Group. Currently, Mr. Yew holds a non-executive position in our Group and serves as an adviser to our Group. With his experience and knowledge in the rubber gloves industry, Mr. Yew is able to assist our Group in troubleshooting as well as providing advice to our management, to further enhance our business development.

Mr. Yew is also actively involved in social, cultural and charitable activities. He is presently a member of the Wesley Methodist Church in Seremban, Negeri Sembilan. In addition, he presently holds the Chairman position in Persatuan Berdikari Seremban, Negeri Sembilan, an association that provides job skills training to people with learning disabilities in Seremban, Negeri Sembilan to help them to acquire jobs.

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

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**Yew Yee Peng**, aged 36, is our Non-Independent Executive Director and was appointed to our Board on 3 July 2010. She is also currently our Marketing Manager. She graduated with a Bachelor of Business Administration, International Business and Marketing from University of Oklahoma, US in 1996. She started her career in United Overseas Bank Malaysia Berhad ("**UOB**") as an Executive in the Merchant Services, Credit Card Centre. She was responsible for the recruitment of new credit card merchants by presenting proposals to potential clients and conducting site visits to selected credit card merchants. Subsequently, she was promoted to hold the position of Customer Relationship Manager in the Privilege Banking of UOB. Her experience includes marketing a range of bank products and handling a portfolio of high net worth customers. In 1999, she joined Careplus (M) as a Marketing Executive and was promoted to a Marketing Manager in 2004, where she holds the position to-date. She is responsible in handling our Group's marketing, shipping and purchasing activities while maintaining and building relationships with key customers for continuous sales growth.

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## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.1.3 Changes in substantial shareholders' shareholdings

The changes in the shareholdings of our substantial shareholders since our incorporation are as follows:

Name	Date	Shareholdings in Careplus prior to changes		Shares acquired/ (disposed)		Shareholdings in Careplus after changes		% Indirect	
		Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Lim Kwee Shyan	30.03.2010	-	-	55	-	55	-	55.00	0.00
	01.07.2010	55	-	65,981,140	(1)15,002,300	65,981,195	(1)15,002,300	45.52	(1)10.35
	02.07.2010	65,981,195	(1)15,002,300	5	-	65,981,200	(1)15,002,300	45.52	(1)10.35
Thinking Cap Sdn Bhd	01.07.2010	-	-	30,280,000	-	30,280,000	-	20.89	0.00
Ng Shu Si	30.03.2010	-	-	-	55	-	55	0.00	(1)55.00
	01.07.2010	-	55	15,002,300	(1)65,981,140	15,002,300	(1)85,981,195	10.35	(1)45.52
	02.07.2010	15,002,300	(1)65,981,195	-	5	15,002,300	(1)65,981,200	10.35	(1)45.52
Chan Pek Harn @ Chan Wai Har	30.03.2010	-	-	-	40	-	40	0.00	(2)40.00
	01.07.2010	-	40	14,190,600	(2)41,557,160	14,190,600	(2)41,557,200	9.79	(2)28.67
Yew Nieng Choon	30.03.2010	-	-	40	-	40	-	40.00	0.00
	01.07.2010	40	-	7,711,360	(2)48,036,400	7,711,400	(2)48,036,400	5.32	(2)33.14
Chuah Lay Leng	30.03.2010	-	-	5	-	5	-	5.00	0.00
	02.07.2010	5	-	(5)	-	-	-	0.00	0.00

Notes:

(1) Deemed interested through his/her spouse's direct shareholdings in our Company.

(2) Deemed interested through his/her spouse's and his/her daughter's direct shareholdings in our Company and his/her shareholdings of more than fifteen percent (15%) in Thinking Cap Sdn Bhd.



## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.2 Directors

Our Board comprises the following members:

Name	Designation	Date of appointment	Date of expiration of current term of office
Yew Nieng Choon	Non-Independent Non-Executive Chairman	30.03.2010	31.07.2011*
Lim Kwee Shyan	Executive Director cum Group CEO	30.03.2010	31.07.2011*
Yew Yee Peng	Non-Independent Executive Director	03.07.2010	31.07.2011*
Loo Teck Looi	Non-Independent Executive Director	03.07.2010	31.07.2011*
Tan Chuan Hock	Independent Non-Executive Director	03.07.2010	31.07.2011*
Foong Kuan Ming	Independent Non-Executive Director	14.09.2010	31.07.2011*

Note:

\* Not later than 31 July 2011, being the last date of holding the first annual general meeting of the Company as required under the Act.

In accordance with our Articles of Association, one third (1/3) of our Board will retire by rotation at every annual general meeting of our Company. Each Director shall retire at least once in every three (3) years and shall be eligible for re-election. Any Director appointed within the year shall hold office only until the next annual general meeting and shall then be eligible for re-election. None of the Directors has been appointed for a fixed term.

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## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.2.1 Shareholdings

Based on our Register of Directors' Shareholdings as at LPD, the table below sets out the direct and indirect interests of our Directors before and after the IPO:

Name	Nationality / Country of incorporation	Before the IPO			After the IPO*		
		Direct	Indirect		Direct	Indirect	
		Number of Shares	%	Number of Shares	Number of Shares	(%)	Number of Shares (%)
Yew Nieng Choon	Malaysian	7,711,400	5.32	(1) 48,036,400	33.14	7,711,400	3.67
Lim Kwee Shyan	Malaysian	65,981,200	45.52	(2) 15,002,300	10.35	65,981,200	31.42
Yew Yee Peng	Malaysian	3,565,800	2.46	-	0.00	4,065,800	1.94
Loo Teck Looi	Malaysian	2,855,500	1.97	-	0.00	3,855,500	1.84
Tan Chuan Hock	Malaysian	-	0.00	-	0.00	2,000,000	0.95
Foong Kuan Ming	Malaysian	-	0.00	-	0.00	100,000	0.05

Notes:

(1) Deemed interested through his spouse's and his daughter's direct shareholdings in our Company and his/her shareholdings of more than fifteen percent (15%) in Thinking Cap Sdn Bhd.

(2) Deemed interested through his spouse's direct shareholdings in our Company.

\* Assuming full subscription of their respective entitlements pursuant to the allocation to eligible Directors as set out in Section 3.3 of this Prospectus.

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## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

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### 8.2.2 Profile of our Board

The profiles of Yew Nieng Choon, Lim Kwee Shyan and Yew Yee Peng have been set out in Section 8.1.2 of this Prospectus.

**Loo Teck Looi**, aged 36, is our Non-Independent Executive Director and was appointed to our Board on 3 July 2010. He is also currently our Factory Manager. He graduated in 1998 with a Bachelor of Development Science with Second Class Upper Honours in Development and General Management Studies from University Kebangsaan Malaysia. He started his career in 1998 with PPG as a Production Executive. Due to his dedicated services and commitment to PPG, he was promoted to a Factory Manager in 2002 and was later made a director of PPG in 2008. Presently, Mr. Loo is responsible for overseeing the operations of PPG's factory from the production process until the QC stage.

**Tan Chuan Hock**, aged 49, is our Independent Non-Executive Director and was appointed to our Board on 3 July 2010. Mr. Tan is the Chairman of our Audit Committee, Remuneration Committee and Nomination Committee. He is the executive proprietor and also the founder of William C.H. Tan & Associates, a chartered accountants firm. He is a member of the Malaysian Institute of Accountants and Malaysian Institute of Taxation, as well as a fellow member of the Association of Chartered Certified Accountants ("ACCA").

After obtaining his professional qualification, ACCA in 1983, Mr. Tan joined a chartered accounts firm as an Audit Assistant. He then advanced to the position of an Audit Manager in 1988. After gaining six (6) years of experience from the firm, with his leadership and dedication towards the profession, he took the challenge to establish his own professional practice, namely William C.H. Tan & Associates, a chartered accountants firm. He has over 20 years of experience particularly in financial reporting, auditing, taxation and planning, company secretarial as well as corporate management and advisory services.

He holds several directorships in various public companies such as PCCS Group Berhad, Grand-Flo Solution Berhad and EITA Resources Berhad. He also sits on the Board of Simat Technologies Public Company Limited, a public company listed on the Stock Exchange of Thailand. In addition, he also sits on the board of various private limited companies.

**Foong Kuan Ming**, aged 55, is our Independent Non-Executive Director and was appointed to our Board on 14 September 2010. Mr. Foong is a member of our Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Foong is an advocate and solicitor by profession. He graduated with a Bachelor of Arts (Honours) in Law from University of Central Lancashire, England in 1980. He subsequently post-graduated from The Council of Legal Education, London and was called to Utter Barrister-at-Law of Lincoln's Inn, London. He was called to the Malaysian Bar in 1982 and has been in legal practice since then. He is also an Accredited Mediator with the Malaysian Mediation Centre of the Bar Council of Malaysia.

Mr. Foong is the founder and senior partner of the law firm, Messrs Foong & Co., which the firm is principally engaged in banking, corporate and property legal matters. He presently holds an independent directorship in Fajarbaru Builder Group Bhd, a public company listed on the Main Market of Bursa Securities.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.2.3 Representative of corporate shareholders

Save for Yew Nieng Choon and Yew Yee Peng who are the shareholders of Thinking Cap Sdn Bhd and who are our Non-Independent Non-Executive Chairman and Non-Independent Executive Director respectively, none of our Directors represent any corporate shareholders.

### 8.2.4 Directors' remuneration and benefits

The aggregate remuneration and benefits paid or to be paid/accrued or to be accrued to our Directors for services rendered in all their capabilities within our Group according to bands of RM50,000 for the financial years ended/ending 31 January 2010 and 2011 are as follows:

Director	Remuneration band of our Directors for the financial years ended/ending 31 January	
	2010 (RM)	2011 (RM)
Yew Nieng Choon	150,000 – 200,000	150,000 – 200,000
Lim Kwee Shyan	300,000 – 350,000	300,000 – 350,000
Yew Yee Peng	100,000 – 150,000	100,000 – 150,000
Loo Teck Looi	150,000 – 200,000	150,000 – 200,000
Tan Chuan Hock	-	25,000 – 50,000
Foong Kuan Ming	-	25,000 – 50,000

The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits to our Directors, must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

## 8.3 Committee

### 8.3.1 Audit Committee

Our Audit Committee comprises the following members:

Name	Designation	Directorship
Tan Chuan Hock	Chairman	Independent Non-Executive Director
Foong Kuan Ming	Member	Independent Non-Executive Director
Yew Nieng Choon	Member	Non-Independent Non-Executive Chairman

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

The major terms of reference for our Audit Committee include reviewing the financial statements of our Group and audit plans as well as reviewing the results and scope of the audit and other services provided by our external auditors. In addition, our Audit Committee reviews and evaluates our Group's internal audit and control functions and review any related party transactions and conflict of interest situations that may arise within our Company or Group.

### 8.3.2 Remuneration Committee

Our Remuneration Committee comprises the following members:

Name	Designation	Directorship
Tan Chuan Hock	Chairman	Independent Non-Executive Director
Foong Kuan Ming	Member	Independent Non-Executive Director
Yew Nieng Choon	Member	Non-Independent Non-Executive Chairman

Our Remuneration Committee is principally responsible for establishing performance criteria to evaluate the performance of each member of our Board, developing our Group's remuneration policy for our Directors and recommending the remuneration packages and terms of employment of our Directors.

### 8.3.3 Nomination Committee

Our Nomination Committee comprises the following members:

Name	Designation	Directorship
Tan Chuan Hock	Chairman	Independent Non-Executive Director
Foong Kuan Ming	Member	Independent Non-Executive Director
Yew Nieng Choon	Member	Non-Independent Non-Executive Chairman

Our Nomination Committee is responsible for identifying and recommending candidates for appointments to our Board, members of board committees and key management positions. Our Nomination Committee will assess the effectiveness of the Board as a whole, our board committees and each individual Director on an annual basis.

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## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.4 Key Management and Key Technical Personnel

Our management is headed by Lim Kwee Shyan, our Executive Director cum Group CEO. He is supported by a team of experienced qualified management and technical personnel, who are responsible for our Group's day-to-day management and operations.

#### 8.4.1 Shareholdings

Based on our Register of Members as at LPD, the table below sets out the direct and indirect interests of our key management and key technical personnel before and after the IPO:

Name	Designation	Before the IPO			After the IPO*		
		Number of Shares	%	Indirect Number of Shares	Number of Shares	%	Indirect Number of Shares
Yew Yee Peng	Marketing Manager	3,565,800	2.46	-	4,065,800	1.94	-
Loo Teck Looi	Factory Manager	2,855,500	1.97	-	3,855,500	1.84	-
Khoo Bee Suan	QA Manager	-	0.00	-	500,000	0.24	-
A Ley Lim	Financial Controller	-	0.00	-	100,000	0.05	-
Chuah Lay Leng	Administrative and Accounts Manager	-	0.00	-	700,000	0.33	-

Note:

\* Assuming full subscription of their respective entitlements pursuant to the allocation to eligible employees as set out in Section 3.3 of this Prospectus.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.4.2 Profile of our key management and key technical personnel

The profiles of Yew Yee Peng, our Marketing Manager and Loo Teck Looi, our Factory Manager have been set out in Sections 8.1.2 and 8.2.2 of this Prospectus respectively.

**Khoo Bee Suan**, aged 36, is our QA Manager. She graduated with a Bachelor of Science from Campbell University of US in 1998. She began her career as a QC Executive with South-South Nation Gloves (M) Sdn Bhd ("**SSNG**") in 1998. SSNG was then a newly set-up company involved in the production of chlorinated gloves. Subsequently, she joined Hualon Corporation (M) Sdn Bhd as a QC Officer. Her responsibilities include ensuring the quality of the products and involved in production planning. In 2000, she joined PPG as a QA/Packing Executive and was promoted to be the QA Manager in 2006.

**A Ley Lim**, aged 43, is our Financial Controller. She graduated with a Bachelor of Accountancy (Honours) from University Kebangsaan Malaysia in 1990. She is a fellow member of the Malaysian Institute of Accountant (MIA). After graduating, she started her career as a Credit Control Officer with Inter Pacific Securities Sdn Bhd. In 1991, she joined KPMG Peat Marwick (now known as KPMG), Kuala Lumpur as an Audit Assistant and rose to the rank of Audit Semi-Senior. She left KPMG in 1994 to be the Assistant Accountant of INTI Universal Holdings Berhad ("**INTI**"), and was subsequently promoted to the Group Accountant in 1995, where she was responsible in overseeing all accounting activities and financial operations of the INTI group. In 1999, she was promoted to the Finance Manager, and in 2005, she was promoted as the Finance Director. Subsequently, in 2008, she was promoted as the Director of Group Accounting and Consolidations. She has accumulated approximately 19 years of experience in the areas of accounting and finance, and has attained vast experience in undertaking various corporate exercises while she was attached with the INTI group. In 2010, she joined our Group in her current position and is primarily responsible in overseeing the accounting and finance functions of our Group.

**Chuah Lay Leng**, aged 55, is our Administrative and Accounts Manager. She obtained her Malaysian Certificate of Education-Overseas Cambridge School Certificate (MCE) in 1986. She also graduated with a London Cambridge of Commerce (LCCI) Diploma in Accounting in 1989. After graduating, she joined PPG as an Administrative and Accounts Clerk. She was promoted to be our Administrative and Accounts Manager in 1996 and holds her current position to-date. She is responsible for our Group's administrative matters which include, amongst others, book-keeping, the monthly staff payroll, payments to creditors as well as renewals of regulatory licences and insurances.

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## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.5 Involvement in Other Businesses/Corporations

Save as disclosed below, neither our Executive Directors nor key management and key technical personnel is involved in the activities or operations of any other businesses or corporations as at LPD:

Name	Company	Principal activities
Lim Kwee Shyan	<ul style="list-style-type: none"> <li>Terra Sands Sdn Bhd</li> <li>Liberty Crest Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Investment in oil palm plantation</li> <li>Property investment holding</li> </ul>
Loo Teck Looi	<ul style="list-style-type: none"> <li>Terra Sands Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Investment in oil palm plantation</li> </ul>

Lim Kwee Shyan and Loo Teck Looi devote almost all of their time and effort to their executive functions in our Group. As such, their involvements in other businesses and corporations are not expected to have any material effect on their capacity within our Group.

Besides, our Executive Directors are of the view that their involvement in other business activities outside our Group do not affect their contributions to our Group and would not be expected to affect the operations of our Group.

### 8.6 Principal Business Activities Outside Our Group and Principal Directorships

Save as disclosed in Section 8.5 above, which sets out our Executive Directors' involvement in other business/corporations as at LPD and below, none of our Directors has had any other directorships outside our Group during the past five (5) years up to LPD:

#### (a) Non-independent directors

Name	Directorships	Principal activities	Directorship position	Involvement in business activities other than as a Director
Yew Nieng Choon	Present directorship: <ul style="list-style-type: none"> <li>Thinking Cap Sdn Bhd</li> </ul> Past directorships: <ul style="list-style-type: none"> <li>Anacare Sdn Bhd</li> <li>Sawah Testing Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding</li> <li>Dormant (<i>struck off on 14.08.2008</i>)</li> <li>Trading of low quality gloves</li> </ul>	Executive  Executive Executive	Shareholder  None None
Lim Kwee Shyan	Present directorships: <ul style="list-style-type: none"> <li>Terra Sands Sdn Bhd</li> <li>Liberty Crest Sdn Bhd</li> </ul> Past directorships: <ul style="list-style-type: none"> <li>Anacare Sdn Bhd</li> <li>Sawah Testing Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Investment in oil palm plantation</li> <li>Property investment holding</li> <li>Dormant (<i>struck off on 14.08.2008</i>)</li> <li>Trading of low quality gloves</li> </ul>	Executive  Executive  Executive Executive	Shareholder  Shareholder  None None

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

Name	Directorships	Principal activities	Directorship position	Involvement in business activities other than as a Director
Loo Teck Looi	Present directorship: ▪ Terra Sands Sdn Bhd	▪ Investment in oil palm plantation	Non-executive	Shareholder

**(b) Independent directors**

Name	Directorships	Involvement in business activities other than as a Director
Tan Chuan Hock	Present directorships: ▪ PCCS Group Berhad ▪ Grand-Flo Solution Berhad ▪ EITA Resources Berhad ▪ Simat Technologies Public Company Limited ▪ AI Capital Sdn Bhd ▪ Venus Victory Sdn Bhd ▪ Techbond (Thailand) Limited ▪ William C.H. Tan Consultancy Sdn Bhd ▪ William C.H. Tan & Associates Sdn Bhd ▪ William C.H. Tan Properties Sdn Bhd  Past directorships: ▪ Orisoft Technology Sdn Bhd ▪ Forward Mould Resources Berhad ▪ Supportive Resources Berhad ▪ Data Centrix Sdn Bhd, a wholly-owned subsidiary of Grand-Flo Solution Berhad ▪ Grand-Flo Spritvest Sdn Bhd, a wholly-owned subsidiary of Grand-Flo Solution Berhad	None Shareholder None None  Shareholder Shareholder None Shareholder  Shareholder  Shareholder Shareholder Shareholder None  None
Foong Kuan Ming	Present directorship: ▪ Fajarbaru Builder Group Bhd	Shareholder

Involvement in other business activities outside our Group held by our Directors may give rise to a conflict of interest situation with our businesses. On matters or transactions requiring the approval of our Board, Directors who are deemed interested or conflicted in such matters shall be required to abstain from deliberations and voting on the resolutions relating to these matters or transactions.

## **8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

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### **8.7 Declaration**

None of our Promoters, Directors, key management and key technical personnel, is or has been involved in the following events, whether in or outside Malaysia:

- (a) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he/she was a partner or any corporation of which he/she was a director or key personnel;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) charged on/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) a judgment entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) an order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity.

### **8.8 Family Relationships and Associations**

Save for the following, there are no other family relationships between our Promoters, substantial shareholders, Directors key management and key technical personnel:

- (a) Ng Shu Si is the spouse of Lim Kwee Shyan;
- (b) Chan Pek Harn @ Chan Wai Har is the spouse of Yew Nieng Choon;
- (c) Yew Yee Peng is the daughter of Yew Nieng Choon and Chan Pek Harn @ Chan Wai Har; and
- (d) A Ley Lim is the sister of Lim Kwee Shyan.

### **8.9 Amounts/Benefits Paid or Intended to be Paid or Given to any Promoter, Director and/or Substantial Shareholder**

Save for dividends amounting to approximately RM5.50 million, and remuneration and benefits paid/accrued to Promoters and Directors of our Company for services rendered in all their capacities within our Group amounting to approximately RM1.35 million during the two (2) financial years up to the FYE 31 January 2010 and the six (6)-month FPE 31 July 2010 preceding the date of this Prospectus, there is no other amount or benefit paid or intended to be paid or given to any of our Promoter, Director or substantial shareholder, within the two (2) years preceding the date of this Prospectus.

### **8.10 Service Agreements**

All our employees have standard employment contracts. There is no other existing or proposed service agreement between our Company or any other company within our Group and our Directors, key management and key technical personnel.

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

### 8.11 Our Employees

As at LPD, we have total of 271 employees, of which 150 are contractual employees. The table below sets forth the number of employees by category as at the end of each of the past three (3) financial years and as at LPD:

By categories	<----- No. of employees as at -----> <----- 31 January ----->			
	2008	2009	2010	LPD
Managerial and executives *	12	11	13	23
Technical professionals	5	6	7	14
Clerical and administrative	13	12	11	7
Factory workers	245	199	220	227
	<b>275</b>	<b>228</b>	<b>251</b>	<b>271</b>

Note:

\* Includes sales and marketing personnel.

The table below sets forth the number of employees categorised by location as at end of each of the past three (3) financial years and as at LPD:

Location	<----- No. of employees as at -----> <----- 31 January ----->			
	2008	2009	2010	LPD
Malaysia	101	89	105	105
Bangladesh	5	4	3	3
Myanmar	-	-	32	78
Nepal	169	135	111	85
	<b>275</b>	<b>228</b>	<b>251</b>	<b>271</b>

All of our foreign employees have valid working permits and are not in breach of any immigration laws. Our employees are not members of any labour union and there has not been any industrial dispute in the past between our employees and the management. We maintain a close and cordial relationship with our employees.

### Training and development

We believe that our ability to retain a team of highly skilled and knowledgeable workforce is instrumental to our success. It is our policy to encourage the development and training of employees for the improvement of overall skills set out and professionalism for the enhancement of productivity. Hence, we emphasise on the importance of providing training and development programmes for our employees.

We have been consistently sending our personnel to various courses, both in-house and externally-conducted, covering courses on technical updates, current best practices, continuous improvement, people management, team-building and personal development.

Our training programmes are in line with our objective to equip our employees with the necessary operational knowledge and skill, and to ensure that our employees are proficient in performing their respective job responsibilities.

**8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

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**Management succession plans**

Our business is organised along functional lines where functional/department managers are responsible for the execution of their duties. Our Group practices management empowerment whereby functional/department managers are relatively autonomous and have significant decision-making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on our Executive Directors to be involved in all the details and aspects of the operational and functional areas. This allows our Executive Directors to focus on strategic matters and on further developing the business for growth and success.

Nevertheless, to ensure business continuity, our Group has put in place a management succession plan which includes:

- (a) identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management positions in line with the business goals, strategies and culture of our Group; and
- (b) taking a proactive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management in our key functional departments (such as our marketing, production, QA, finance and administrative departments), are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision-making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

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## 9. FLOTATION EXERCISE

In conjunction with and as an integral part of our Listing, we undertook the Flotation Exercise which entails the following:

### 9.1 Acquisition

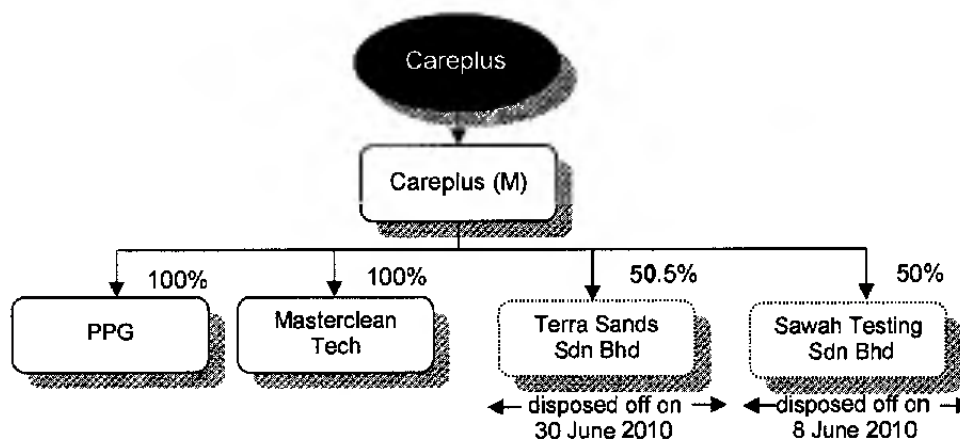
On 1 July 2010, our Company had entered into a conditional share purchase agreement with the Vendors of Careplus (M) for the acquisition of 1,595,339 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Careplus (M), for a total consideration of RM14,495,838 based on the audited consolidated NA of Careplus (M) as at 31 January 2010 of RM14,495,838. The purchase consideration was satisfied by the issuance of 144,949,900 new Shares in our Company to the following Vendors of Careplus (M) at an issue price of approximately RM0.10 per Share as follows:

Vendors	Shareholding in Careplus (M)		Total number of new Shares received from the Acquisition (No. of Shares)	Total consideration (RM)
	No. of shares of RM1.00 held	% held		
Lim Kwee Shyan	726,269	45.52	65,981,140	6,598,114
Thinking Cap Sdn Bhd	333,271	20.89	30,280,000	3,028,000
Ng Shu Si	165,091	10.35	15,002,300	1,500,230
Chan Pek Harn @ Chan Wai Har	156,112	9.79	14,190,600	1,419,060
Yew Nieng Choon	84,887	5.32	7,711,360	771,136
Lim Kau @ Lim Kwee Wu	41,967	2.63	3,812,200	381,220
Yew Yee Peng	39,262	2.46	3,565,800	356,580
Loo Teck Looi	31,457	1.97	2,855,500	285,550
Valentine Peter Jesudoss	17,023	1.07	1,551,000	155,100
	<b>1,595,339</b>	<b>100.00</b>	<b>144,949,900</b>	<b>14,494,990</b>

The Acquisition was completed on 1 July 2010. The new Shares issued pursuant to the Acquisition rank *pari passu* in all respects with our existing issued Shares including voting rights and rights to all dividends and distributions, the entitlement date of which are subsequent thereof.

### 9.2 Internal Reorganisation

Prior to the Internal Reorganisation, our Group's corporate structure was depicted as follows:

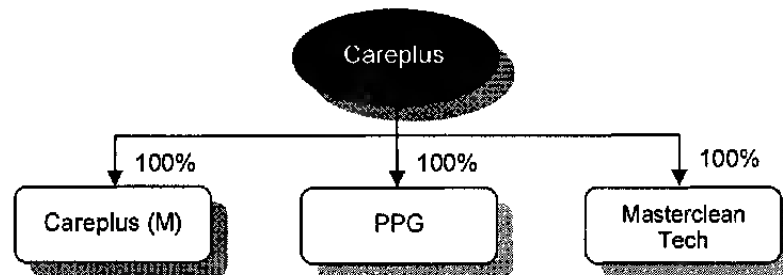


## 9. FLOTATION EXERCISE (Cont'd)

On 3 July 2010, our Company undertook an internal reorganisation, by entering into a share transfer agreement with Careplus (M) for the acquisitions of the following:

- 1,311,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of PPG, for a total consideration of RM7,326,750 based on the audited NA of PPG as at 31 January 2010 of RM7,326,750; and
- 100,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Masterclean Tech, for a total consideration of RM443,209 based on the audited NA of Masterclean Tech as at 31 January 2010 of RM443,209.

The Internal Reorganisation was completed on 3 July 2010. Upon completion of the Internal Reorganisation, our group corporate structure is depicted as follows:



### 9.3 Public Issue

Pursuant to the Public Issue, we shall issue 65,050,000 new Shares at an Issue Price of RM0.23 per Share to be allocated in the following manner:

- (a) 15,650,000 Public Issue Shares will be made available for application by our eligible Directors, employees and business associates who have contributed to our success and development;
- (b) 38,900,000 Public Issue Shares will be allocated by way of private placement to identified investors; and
- (c) 10,500,000 Public Issue Shares will be made available for application by the Malaysian public, to be allocated via ballot, of which at least 50% is to be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

The Public Issue Shares will rank *pari passu* in all respects with our existing issued Shares including voting rights and rights to all dividends and distributions, the entitlement date of which are subsequent thereof.

Upon completion of the Public Issue, our issued and paid-up share capital will increase from RM14,495,000 comprising 144,950,000 Shares to RM21,000,000 comprising 210,000,000 Shares.

### 9.4 Listing

We have obtained approval from Bursa Securities for our admission to the Official List and for the listing of and quotation for our entire enlarged issued and paid-up share capital of RM21,000,000 comprising 210,000,000 Shares on the ACE Market of Bursa Securities.



**9. FLOTATION EXERCISE (Cont'd)****9.5 Approvals and Conditions**

Bursa Securities had vide its letter dated 13 October 2010 approved our admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities.

The conditions imposed by Bursa Securities and the status of our compliance with the conditions are as follows:

No.	Details on conditions imposed	Status of compliance
(a)	Submission of the following information in respect to the moratorium on the shareholdings of promoters to Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares.	To be complied.
(b)	Approvals from other relevant authorities have been obtained for implementation of the listing proposals;	Complied.
(c)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements; and	To be complied.
(d)	Furnish Bursa Securities a copy of the distribution schedule showing compliance to the share spread requirements based on the entire issued and paid-up share capital of Careplus on the first day of listing.	To be complied.

The SC had vide its letter dated 21 September 2010 approved our resulting equity structure pursuant to the IPO under the equity requirements for public companies. The conditions imposed by the SC and the status of our compliance with the conditions are as follows:

No.	Details on conditions imposed	Status of compliance
(a)	Careplus is required to allocate to Bumiputera public investors recognised by the MITI a portion of interest in Careplus, which is the difference between the prescribed equity requirement of 12.5% of its enlarged issued and paid-up share capital and the actual equity interest allocated to Bumiputera investors from the public balloting, within one (1) year after the date Careplus achieved the profit track record requirement for a listing on the Main Market of Bursa Securities (" <b>Trigger Date</b> "), or five (5) years after being listed on the ACE Market of Bursa Securities, whichever is earlier; and	To be complied.
(b)	Careplus is required to submit a proposal to comply with the Bumiputera equity condition imposed on Careplus as stated in item (a) above, within six (6) months from the Trigger Date.	To be complied.

**9. FLOTATION EXERCISE (Cont'd)****9.6 Moratorium on our Shares**

In compliance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of shares held by our Promoters as follows:

- (a) the moratorium applies to the entire shareholdings of our Promoters for a period of six (6) months from the date of admission to the ACE Market of Bursa Securities ("**6-Month Moratorium**");
- (b) upon the expiry of the 6-Month Moratorium, our Promoters' aggregate shareholdings amounting to at least 45% of the nominal issued and paid-up ordinary share capital of our Company shall remain under moratorium, for another period of six (6) months; and
- (c) thereafter, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight-line basis) of the Shares held under moratorium.

Details of our shareholders whose shares are subject to moratorium are as follows:

	After the IPO and during the 6-Month Moratorium		After 6-Month Moratorium	
	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital
Lim Kwee Shyan	85,981,200	31.42	45,435,869	21.64
Thinking Cap Sdn Bhd	30,280,000	14.42	20,851,366	9.93
Ng Shu Si	15,002,300	7.14	10,330,860	4.92
Chan Pek Harn @ Chan Wai Har	14,190,600	6.76	9,771,908	4.65
Yew Nieng Choon	7,711,400	3.67	5,310,212	2.53
Yew Yee Peng	4,065,800	1.94	2,799,785	1.33
	<b>137,231,300</b>	<b>65.35</b>	<b>94,500,000</b>	<b>45.00</b>

Our Promoters have fully accepted the above moratorium restrictions. The restriction, which is fully acknowledged by the aforesaid Promoters, is specifically endorsed on the notice of allotment representing their shareholdings that are under moratorium. The Registrar and Bursa Depository have been informed in writing in relation to the moratorium of the aforesaid Promoters to ensure that they do not register any transfer not in compliance with the moratorium restrictions.

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**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST****10.1 Related Party Transactions and Conflicts of Interest**

Save as disclosed below, for the past three (3) financial years up to the FYE 31 January 2010 and the six (6)-month FPE 31 July 2010, none of our Directors, substantial shareholders, key management, key technical personnel and/or persons connected with them, were engaged in any existing and potential related party transaction which are material to our Group and the related party:

Related party	Nature of transaction	Value of transactions for the			
		<----- FYE 31 January ----->			Six (6)-month FPE 31 July 2010
		2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	(RM'000)
Sawah Testing Sdn Bhd ("Sawah Testing"), a former 50%-owned associate of Careplus (M) which is principally involved in trading of low quality gloves. On 8 June 2010, Careplus (M) disposed its entire interests in Sawah Testing to Lim Shu Hong, the sister of Lim Kwee Shyan	▪ Sales of gloves to our Group	23	20	21	10
	▪ Purchases of gloves from our Group	97	63	14	19
	▪ QC and packing services provided to our Group	160	122	64	5
	▪ QC services charged by our Group	-	-	54	11

Our Group has rented four (4) commercial and industrial lots from Lim Kwee Shyan, Loo Teck Looi and Ng Shu Si as our staff quarters and cleanroom facilities for a total monthly rental of RM6,100 over the past three (3) financial years up to FYE 31 January 2010 as well as the six (6)-month FPE 31 July 2010, and will continue to rent the same premises for the financial year ending 31 January 2011 at the same monthly rental rate.

On 8 June 2010, Careplus (M) disposed its entire interest in Sawah Testing to Lim Shu Hong, the sister of Lim Kwee Shyan at the total original cost of investment of RM6,501. Sawah Testing is principally involved in the trading of low quality gloves, which is not our Group's core business. The disposal consideration has been fully settled by cash.

On 30 June 2010, Careplus (M) disposed its entire interests in Terra Sands Sdn Bhd ("Terra Sands") to Yew Nieng Choon, Lim Kwee Shyan, Ng Shu Si, Lim Kau @ Lim Kwee Wu and Loo Teck Looi at the total original cost of investment of RM404,000. Terra Sands is principally involved in the investment of oil palm plantation, which is entirely different from our Group's business activities. The disposal consideration has been fully settled by cash.

Save for the disposal of Terra Sands, our Directors have confirmed that the transactions with related parties are of sale and expenditure in nature, which are required for day-to-day operations, and will continue to be transacted. All past, present and future transactions which involve the interests of the Directors, substantial shareholders, key management, key technical personnel and/or persons connected with them were and will be transacted at arm's length, on our normal commercial terms which are not more favourable to the related parties than those generally available to the public, and which are not detrimental to the minority shareholders. The Audit Committee will supervise the terms of all related party transactions, and our Directors will report such transactions, if any, in our annual reports.

**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)****10.2 Interests in Similar Trade and Interests in Businesses of our Customers or Suppliers**

None of our Directors or substantial shareholders have any interest, direct or indirect, in any business or corporation carrying on a similar trade as our Company or subsidiaries, or any business or corporation which are also our customers or suppliers.

**10.3 Transactions that are Unusual in their Nature or Conditions**

Our Directors have confirmed that to the best of their knowledge and belief, there has been no transaction that is unusual in its nature or conditions, involving goods, services, tangible or intangible assets to which our Company or any of our subsidiaries was a party over the past three (3) financial years up to the FYE 31 January 2010 and the six (6)-month FPE 31 July 2010.

**10.4 Outstanding Loans and Guarantees**

Save as disclosed below, our Directors have confirmed that to the best of their knowledge and belief, there has been no outstanding loan (including guarantees of any kind) made by our Company or any of our subsidiaries to or for the benefit of related parties as at each of the past three (3) FYE 31 January and as at LPD:

Nature of transaction	Related party	Balance as at			
		<----- FYE 31 January ----->			LPD
		2008	2009	2010	
		(RM'000)	(RM'000)	(RM'000)	
Balance due from related parties	<b>Long-term</b> Liberty Crest Sdn Bhd, a former holding company of Careplus (M), which is currently owned by Lim Kwee Shyan	2	2	-	-

The loans recorded for the FYE 31 January 2008 and 2009 above are local outstanding loans, which are interest free, unsecured and repayable on demand.

All future transactions which involve the interests of the Directors, substantial shareholders, key management, key technical personnel and/or persons connected with them will be transacted at arm's length, on our normal commercial terms which are not more favourable to the related parties than those generally available to the public, and which are not detrimental to the minority shareholders. The Audit Committee will supervise the terms of all related party transactions, and our Directors will report such transactions, if any, in our annual reports.

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**10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)**

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**10.5 Conflicts of Interest**

OSK has given its written confirmation on 29 October 2010 to our Board that there is no existing or potential conflict of interest in its capacity as our Principal Adviser, Sponsor, Underwriter and Placement Agent for the Flotation Exercise.

Messrs Crowe Horwath has given its written confirmation on 29 October 2010 to our Board that there is no existing or potential conflict of interest in its capacity vis-à-vis the Company or the Group as the Auditors and Reporting Accountants for the Flotation Exercise.

Messrs Enlil Loo has given its written confirmation on 29 October 2010 to our Board that there is no existing or potential conflict of interest in its capacity vis-à-vis the Company or the Group as the Solicitors for the Flotation Exercise.

D&B has given its written confirmation on 29 October 2010 to our Board that there is no existing or potential conflict of interest in its capacity vis-à-vis the Company or the Group as the Independent Market Researcher for the Flotation Exercise.

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**11. OTHER INFORMATION CONCERNING OUR GROUP****11.1 Land and Buildings****11.1.1 Land and buildings owned by our Group**

A summary of the land and buildings owned by our Group as at LPD is set out below:

Registered owner and postal address/identification	Approximate age of the building/Date of certificate of fitness	Tenure/Expiry date of lease	Description and existing use	Land area (Square feet)	Built-up area (Square feet)	Restrictions in Interest	Encumbrances	Net book value as at 31 July 2010 (RM)
<b>Careplus (M)</b>								
Lot 104, Lorong Senawang 4/2 Off Jalan Senawang Empat Senawang Industrial Estate 70450 Seremban Negeri Sembilan Darul Khusus	10 years/ 13.08.2010	Leasehold/ 99 years expiring on 12.09.2073	Single-storey factory for packing, warehouse and chlorination plant	41,947	9,000	Nil	Charged to RHB Bank Berhad	937,857
<b>Title identification:</b> No. Hakmilik PM 43, Lot No. 5619, Pekan Senawang, Daerah Seremban, Negeri Sembilan Darul Khusus								

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## 11. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner and postal address/identification	Approximate age of the building/Date of certificate of fitness	Tenure/ Expiry date of lease	Description and existing use	Land area (Square feet)	Built-up area (Square feet)	Restrictions in Interest	Encumbrances	Net book value as at 31 July 2010 (RM)
No. G-51, Ground Floor of Terminal One Shopping Complex 70000 Seremban Negeri Sembilan Darul Khusus*	11 years/ 12.02.1999	Freehold	Ground floor unit commercial lot in shopping complex, currently tenanted	689	689	Nil	Charged to Alliance Bank Malaysia Berhad	276,461
<i>Title identification:</i> Strata Title under Geran No. 60178M1/1/36, No. Petak 36, Lot No. 20321, Mukim Bandar Seremban, Daerah Seremban, Negeri Sembilan Darul Khusus								
<b>PPG</b>								
Lot 110, Lorong Senawang 4/3 Off Jalan Senawang Empat Senawang Industrial Estate 70450 Seremban Negeri Sembilan Darul Khusus	13 years/ 06.08.2010	Leasehold/ 99 years expiring on 28.06.2077	Single-storey detached factory with an annexed double-storey office building as our head office and our production factory	43,560	24,920	Nil	Charged to Alliance Bank Malaysia Berhad	1,330,000
<i>Title identification:</i> Lot No. PT 1345, H.S.(D) 133246 in Mukim Ampangan, Daerah Seremban, Negeri Sembilan Darul Khusus								



## 11. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner and postal address/identification	Approximate age of the building/Date of certificate of fitness	Tenure/ Expiry date of lease	Description and existing use	Land area (Square feet)	Built-up area (Square feet)	Restrictions in Interest	Encumbrances	Net book value as at 31 July 2010 (RM)
Lot 17479, Jalan Senawang Empat <sup>^</sup> Senawang Industrial Estate 70450 Seremban Negeri Sembilan Darul Khusus	Nil	Leasehold/ 99 years expiring on 27.05.2073	Vacant land (under construction)	392,040	Nil	Nil	Charged to Alliance Bank Malaysia Berhad	3,689,205
<b>Title identification:</b> No. Hakmilik PN 1290 Lot No. 17479, Kawasan Perindustrian Senawang, Mukim Ampangan, Daerah Seremban, Negeri Sembilan Darul Khusus								

## Notes:

\* The said commercial lot is jointly owned by Careplus (M) (50%), Ng Shu Si (25%) and Chan Pek Ham @ Chan Wai Har (25%).

<sup>^</sup> On 29 June 2009, PPG entered into a sale and purchase agreement with Sime Healthcare Sdn Bhd for the acquisition of the said land for the construction of a new factory. As at LPD, the construction is 54% completed and is expected to be completed by the first quarter of 2011. The building plan of the said construction was approved on 1 February 2010. The buildings to be erected on the said land will only be occupied upon the issuance of certificate of completion and compliance.

In respect of the land and buildings of our Group, our Directors have confirmed the following:

- (a) that save as disclosed above, there is no other restriction in interest or major encumbrances;
- (b) that the existing use of land is in accordance with the land use conditions;
- (c) that all our properties have been issued with certificates of fitness; and
- (d) that we are not in breach of any law, rules and building regulations in relation to the use of all land and buildings owned by us.

# 11. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

## 11.1.2 Land and buildings leased by our Group

A summary of the land and buildings leased by our Group as at LPD is set out below.

Tenant and postal address/identification	Landlord	Tenure of tenancy	Description and existing use	Built-up area (Square feet)	Monthly rental (RM)
<b>PPG</b>					
Lot 53, Jalan Andalas 1 Perusahaan Ringan Andalas Negeri Sembilan Darul Khusus	Ng Shu Si and Loo Teck Looi	01.04.2009 to 31.03.2011	1 ½ storey semi-detached factory as our cleanroom manufacturing plant	2,700	2,500
No. 2448, Jalan SJ2/2 Taman Seremban Jaya 70450 Seremban Negeri Sembilan Darul Khusus	Chiew Niew Chiow	01.06.2010 to 31.05.2012	Intermediate double- storey shophouse as staff quarters	1,500	330
PT 2168, 1 <sup>st</sup> and 2 <sup>nd</sup> Floor Jalan Tampin BT4 ½ 70450 Senawang Seremban Negeri Sembilan Darul Khusus	Lim Kwee Shyan and Loo Teck Looi	01.01.2010 to 31.12.2011	Intermediate 3-storey shophouse as staff quarters*	4,500	1,200
PT 2169, 1 <sup>st</sup> and 2 <sup>nd</sup> Floor Jalan Tampin BT4 ½ 70450 Senawang Seremban Negeri Sembilan Darul Khusus	Lim Kwee Shyan and Loo Teck Looi	01.01.2010 to 31.12.2011	Intermediate 3-storey shophouse as staff quarters*	4,500	1,200

**11. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**

Tenant and postal address/identification	Landlord	Tenure of tenancy	Description and existing use	Built-up area (Square feet)	Monthly rental (RM)
PT 2170, 1 <sup>st</sup> and 2 <sup>nd</sup> Floor Jalan Tampin BT4 ½ 70450 Senawang Seremban Negeri Sembilan Darul Khusus	Lim Kwee Shyan and Loo Teck Looi	01.01.2010 to 31.12.2011	Intermediate 3-storey shophouse as staff quarters*	4,500	1,200

*Note:*

\* Only the first and second floors of the respective shophouses are rented by our Group for staff quarters.

In respect of the land and buildings leased by our Group and to the best of knowledge of our Directors, we are not in breach of any law, rules and building regulations in relation to the use of all land and buildings leased by us.

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**11. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)****11.2 Material Plant and Equipment**

A summary of the material plant and equipment used and owned by our Group as at LPD is set out below:

Type of plant and equipment	Description / Function	Quantity (Units)
Glove dipping line	A machine which is used to produce gloves from natural rubber latex	6
Absorption chiller	A machine which is used in the production of gloves to produce chilled water	1
Pneumatic machines	For QC purposes to check on pinholes	2
Tumbler dryer	To remove the powder content from gloves and to dry the gloves	18
Chlorinator	To chlorinate gloves to produce chlorinated powder-free gloves	7
Cyclone dryer	A machine which is used to dry the gloves	3
Air compressor	For the production of compressed air to be used in stripping of gloves from formers, and pumping	5
Bio-digester	A device used for wastewater treatment	2
Bio-tower	A device used for wastewater treatment	2

As at 31 July 2010, the total audited net book value of our plant and equipment was approximately RM3.28 million.

Presently, our existing six (6) production lines are running at almost full capacity. As such, we are looking into, amongst others, expanding our current premises and installing additional production lines. Please refer to Section 6.8 of this Prospectus for our production capacities and output of our existing six (6) production lines.

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## 12. FINANCIAL INFORMATION

### 12.1 Pro Forma Consolidated Statements of Comprehensive Income

We have prepared our pro forma audited consolidated statements of comprehensive income for each of the past three (3) financial years up to the FYE 31 January 2010 and our audited consolidated statements of comprehensive income for the six (6)-month FPE 31 July 2010 below. We have also prepared our pro forma unaudited consolidated statements of comprehensive income for the six (6)-month FPE 31 July 2009 for comparison to our audited consolidated statements of comprehensive income for the six (6)-month FPE 31 July 2010, on the assumption that our current Group structure had been in existence throughout the six (6)-month FPE 31 July 2009. Our pro forma consolidated statements of comprehensive income for each of the past three (3) financial years up to the FYE 31 January 2010 were prepared for illustrative purposes only, based on our Company's and our subsidiaries' respective audited financial statements for the past three (3) financial years up to the FYE 31 January 2010, on the assumption that our current Group structure had been in existence throughout the past three (3) financial years up to the FYE 31 January 2010. Our pro forma consolidated statements of comprehensive income below have been prepared in accordance with the applicable approved accounting standards in Malaysia.

You should read the summary of our financial data regarding our business for the past three (3) financial years up to the FYE 31 January 2010 as well as the six (6)-month FPE 31 July 2009 and 2010 that we have presented below together with our Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 12.2 of this Prospectus, the Reporting Accountants' letter on our Pro forma Consolidated Financial Information enclosed in Section 12.3 of this Prospectus and the accompanying notes and assumptions included in the Reporting Accountants' Report enclosed in Section 13 of this Prospectus.

	Pro forma audited FYE 31 January			Pro forma unaudited Six (6)-month FPE 31 July	Audited Six (6)-month FPE 31 July
	2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	2009 (RM'000)	2010 (RM'000)
Revenue	35,547	38,050	41,866	20,472	23,326
Less: Cost of sales	(31,871)	(34,090)	(31,052)	(15,522)	(18,967)
Gross profit	3,676	3,980	10,814	4,950	4,359
Other operating income	79	532	277	324	393
Administrative expenses	(1,502)	(1,479)	(2,262)	(709)	(735)
Other expenses	(846)	(384)	(446)	(47)	(1,541)
Finance costs	(191)	(218)	(90)	(36)	(91)
PBT	1,416	2,411	8,293	4,482	2,385
Taxation	(192)	(439)	(2,114)	(1,107)	465
PAT/total comprehensive income	1,224	1,972	6,179	3,375	2,850
MI	-	-	-	-	-
Total comprehensive income attributable to owners of the Company	1,224	1,972	6,179	3,375	2,850
EBITDA	2,478	3,494	9,478	4,979	2,978
No. of ordinary shares of RM0.10 each in issue ('000) <sup>(1)</sup>	144,950	144,950	144,950	144,950	144,950

**12. FINANCIAL INFORMATION (Cont'd)**

	<b>&lt;----- Pro forma audited -----&gt;</b>			<b>Pro forma unaudited</b>	<b>Audited</b>
	<b>FYE 31 January</b>			<b>&lt;-----Six (6)-month -----&gt;</b>	
				<b>FPE 31 July</b>	
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>Profit margin</b>					
Gross profit margin (%)	10.34	10.41	25.83	24.18	18.69
PBT margin (%)	3.98	6.34	19.81	21.89	10.22
Net profit margin (%)	3.44	5.18	14.76	16.49	12.22
<b>Basic EPS</b>					
Gross EPS (sen) <sup>(2)</sup>	0.98	1.66	5.72	3.09	1.65
Net EPS (sen) <sup>(3)</sup>	0.84	1.36	4.26	2.33	1.97
Effective tax rate (%)	13.56	18.21	25.49	24.70	(19.50)

Notes:

- (1) The number of Shares assumed in issue is the number of issued and paid-up share capital of RM0.10 each immediately prior to the IPO.
- (2) The gross EPS is calculated based on the PBT attributable to our shareholders for the respective financial years/periods divided by the number of Shares in issue.
- (3) The net EPS is calculated based on the PAT attributable to our shareholders for the respective financial years/periods divided by the number of Shares in issue.

Inter-company transactions between the companies within our Group for each of the financial years/periods under review have been eliminated on consolidation.

No exceptional or extraordinary item was recorded during the financial years/periods under review.

Our pro forma and audited consolidated financial statements have been reported by our auditors without any qualification for the past three (3) financial years up to the FYE 31 January 2010 and six (6)-month FPE 31 July 2010.

**12.2 Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following is a discussion and analysis of our financial condition and results of operations for each of the three (3) financial years up to the FYE 31 January 2010, and the six (6)-month FPE 31 July 2009 and 2010. You should read the financial information presented below together with the Reporting Accountants' letter on our Pro forma Consolidated Financial Information and the Reporting Accountants' Report, together with the notes, assumptions and bases thereto, as set out in Sections 12.3 and 13 of this Prospectus respectively.

This discussion and analysis contains data derived from our Group's audited financial statements as well as forward-looking statements that involve risks and uncertainties and reflect our current views with respect to future events and financial performance. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those stated on the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the "Risk Factors" section as set out in Section 4 of this Prospectus.