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**HLT GLOBAL BERHAD**  
(Company No: 1163324-H)  
(Incorporated in Malaysia under the Companies Act, 1965)

**PROSPECTUS**



**HLT GLOBAL BERHAD**

(Company No: 1163324-H)  
(Incorporated in Malaysia under the Companies Act, 1965)

- (I) PUBLIC ISSUE OF 39,591,000 NEW ORDINARY SHARES OF RM0.10 EACH IN HLT GLOBAL BERHAD ("PUBLIC ISSUE SHARES") COMPRISING:-
- 13,199,000 PUBLIC ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC; AND
  - 26,392,000 PUBLIC ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY VIA PRIVATE PLACEMENT
- (II) OFFER FOR SALE OF 34,309,000 ORDINARY SHARES OF RM0.10 EACH IN HLT GLOBAL BERHAD ("OFFER SHARES") COMPRISING:-
- 2,000,000 OFFER SHARES MADE AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF HLT GLOBAL BERHAD AND ITS SUBSIDIARY; AND
  - 32,309,000 OFFER SHARES MADE AVAILABLE FOR APPLICATION BY SELECTED INVESTORS VIA PRIVATE PLACEMENT

AT AN ISSUE/OFFER PRICE OF RM0.45 PER PUBLIC ISSUE SHARE/OFFER SHARE PAYABLE IN FULL UPON APPLICATION IN CONJUNCTION WITH THE LISTING OF HLT GLOBAL BERHAD ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Principal Adviser, Sponsor, Underwriter and Placement Agent



**INVESTMENT BANK BERHAD (20657-W)**

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

**INVESTORS 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 PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE TURN TO PAGE 25 FOR "RISK FACTORS".**

**THIS PROSPECTUS IS DATED 20 DECEMBER 2016**

**PROSPECTUS**

## **RESPONSIBILITY STATEMENTS**

The Directors and Promoters (as defined herein) of HLT Global Berhad (“**HLT Global**” or the “**Company**”) and the Offerors (as defined herein) 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.

KAF Investment Bank Berhad, being the 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 our 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 our IPO 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 the part of our Company 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 offered. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our securities.

Bursa Securities is not liable for any non-disclosure on the part of our Company 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 Application Form (as defined herein), has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

## **ADDITIONAL STATEMENTS**

Companies listed on the ACE Market may have a 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, among others, this Prospectus, our latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional and/or adviser.

Our IPO is an exempt transaction under Section 212(8) 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 our IPO for which any of the persons set out in Section 236 of the CMSA, e.g. directors and advisers, are responsible.

This Prospectus is prepared and published solely in connection with our IPO under the laws of Malaysia. Our securities are offered in Malaysia solely based on the contents of this Prospectus. Our Company, the Promoters, the Offerors and the Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

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.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. Our Company, the Promoters, the Offerors and the Principal Adviser, Sponsor, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. No action has been taken to permit a public offering of the securities of our Company based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used for the purpose of and does not constitute an offer to sell or an invitation to buy the securities offered under our IPO in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy the securities offered under our IPO to any person to whom it is unlawful to do so. Our Company, the Promoters, the Offerors and the Principal Adviser require you to inform yourselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our 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 any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus 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 have accepted our 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.

### **ELECTRONIC PROSPECTUS**

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

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

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 of problems occurring during 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 Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an electronic Prospectus, you should immediately request from us, the Principal Adviser or the Issuing House (as defined herein), a paper/printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC, shall prevail.

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 do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we 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 are also not responsible for any loss or damage or costs 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, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

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

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of an electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institution which may be viewed via web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of an electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institution, 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 Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or cost you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults 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.

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**INDICATIVE TIMETABLE**

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities is set out below:-

<b>Events</b>	<b>Tentative Dates</b>
Opening date of application for the IPO Shares (as defined herein)	20 December 2016
Closing date of application for the IPO Shares	28 December 2016
Date for balloting of applications	30 December 2016
Date for allotment of the IPO Shares to successful applicants	5 January 2017
Listing date	10 January 2017

The above timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. Applications will be accepted from 10.00 a.m. on 20 December 2016 and will remain open until 5.00 p.m. on 28 December 2016 or for such further period or periods as our Directors, the Promoters and the Offerors together with the Underwriter in their absolute discretion may mutually decide.

In the event that the closing date of our IPO is extended, the dates for the balloting and allotment of our IPO Shares and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities will be extended accordingly. Any extension of the abovementioned dates will be announced via an advertisement in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia.

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**DEFINITIONS**

Unless the context otherwise requires, the following abbreviations shall apply throughout this Prospectus:-

“1 <sup>st</sup> Tranche ESOS Options”	: 2,000,000 ESOS Options granted to the eligible Directors and employees of our Group under the ESOS in conjunction with our Listing
“Acquisition”	: Acquisition by HLT Global of the entire issued and paid-up share capital of HL Advance from the Vendors for a total purchase consideration of RM22,432,990, satisfied entirely via the issuance of 224,329,900 new Shares, credited as fully paid-up at an issue price of RM0.10 per Share, to the Vendors
“Act”	: Companies Act, 1965, as amended from time to time, and any re-enactment thereof
“ADA”	: Authorised Depository Agent
“AGM”	: Annual General Meeting
“Application Form”	: Printed application form for the application of the IPO Shares
“Application”	: Application for the IPO Shares by way of Application Form, the Electronic Share Application or the Internet Share Application
“ATM”	: Automated teller machine
“Authorised Financial Institution”	: Authorised financial institution participating in the Internet Share Application, with respect to payments for our IPO Shares made available for application under the Public Issue
“Balloting Shares”	: 13,199,000 Public Issue Shares made available for application by the Malaysian Public via balloting
“Board”	: Board of Directors of HLT Global
“Bumiputera Placement Shares”	: 26,392,000 Public Issue Shares made available for application by Bumiputera investors approved by the MITI via private placement
“Bursa Depository” or “Depository”	: Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“CAGR”	: Compound annual growth rate
“CDS”	: Central Depository System
“CEO”	: Chief Executive Officer
“China”	: People’s Republic of China
“CMSA”	: Capital Markets and Services Act 2007, as amended from time to time, and any re-enactment thereof
“DOSH”	: Department of Occupational Safety and Health
“EBITDA”	: Earnings before finance costs and interest income, taxation, depreciation and amortisation
“Electronic Share Application”	: Application for the IPO Shares through a Participating Financial Institution’s ATM

**DEFINITIONS (Cont'd)**

“Eligible Parties”	: Eligible Directors and employees of our Group
“EPS”	: Earnings per Share
“ESOS”	: Employee share option scheme of our Company
“ESOS By-Laws	: By-laws governing the ESOS
“ESOS Options”	: Options granted/to be granted under the ESOS which are exercisable into new Shares
“FAMA”	: Factories and Machinery Act 1967
“FPE”	: Seven (7)-month financial period ended 31 July
“FYE”	: Financial year ended/ending 31 December
“GP”	: Gross profit
“HL Advance”	: HL Advance Technologies (M) Sdn Bhd (743473-W)
“HL Advance Premises”	: The one (1)-storey detached factory with a three (3)-storey annexed office building of HL Advance bearing the postal address of No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor, which is our Group’s head office cum factory premises
“HLT Global” or “Company”	: HLT Global Berhad (1163324-H)
“HLT Global Group” or “Group”	: HLT Global and HL Advance, collectively
“HLT Global Shares” or “Shares”	: Ordinary shares of RM0.10 each in HLT Global
“Hup Lek Engineering”	: Hup Lek Engineering & Trading Sdn Bhd (461997-U)
“Hup Lek (Partnership)”	: Hup Lek Engineering & Trading (000844405-V)
“IMR Report”	: Independent Market Research Report prepared by Smith Zander
“Internet Participating Financial Institutions”	: Participating financial institutions for the Internet Share Application, as listed in Section 17.6.2 of this Prospectus
“Internet Share Application”	: Application for the IPO Shares through an Internet Participating Financial Institution
“IPO”	: Our initial public offering comprising the Public Issue and the Offer for Sale, collectively
“IPO Price”	: RM0.45 per IPO Share, being the price payable by investors under the Public Issue and/or the Offer for Sale
“IPO Shares”	: The Public Issue Shares and the Offer Shares, collectively
“KAF IB” or “Principal Adviser” or “Sponsor” or “Underwriter” or “Placement Agent”	: KAF Investment Bank Berhad (20657-W)
“Listing”	: Listing of and quotation for the entire enlarged issued and paid-up share capital of HLT Global of RM26,392,100 comprising 263,921,000 Shares on the ACE Market of Bursa Securities
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities

**DEFINITIONS (Cont'd)**

“Listing Scheme”	: The Acquisition, Public Issue, Offer for Sale, ESOS and Listing, collectively
“LPD”	: 21 November 2016, being the latest practicable date prior to the registration of this Prospectus with the SC
“Malaysian Public”	: Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia but exclude Directors of our Group, our substantial shareholders and persons connected with either of them
“Market Day”	: Any day on which the stock market of Bursa Securities is open for trading in securities
“MATRADE”	: Malaysia External Trade Development Corporation
“MIDA”	: Malaysian Investment Development Authority
“MIH” or “Issuing House”	: Malaysian Issuing House Sdn Bhd (258345-X)
“MITI”	: Ministry of International Trade and Industry of Malaysia
“MPS”	: Majlis Perbandaran Sepang
“NA”	: Net assets
“Offer for Sale”	: Offer for sale by the Offerors of the Offer Shares to the Eligible Parties and selected investors via private placement at the IPO Price, subject to the terms and conditions of this Prospectus
“Offer Shares”	: 34,309,000 existing Shares, representing approximately 13.00% of the enlarged issued and paid-up share capital of HLT Global upon our Listing, which are the subject of the Offer for Sale
“Offerors”	: Chan Yoke Chun and Wong Kok Wah, being the offerors of the Offer for Sale
“Official List”	: A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
“Participating Financial Institutions”	: Participating financial institutions for the Electronic Share Application, as listed in Section 17.5.2 of this Prospectus
“PAT”	: Profit after tax attributable to owners
“PBT”	: Profit before tax
“PE Multiple”	: Price-to-earnings multiple
“Period Under Review”	: FYE 2013, FYE 2014, FYE 2015 and FPE 2016, collectively
“Pink Form Shares”	: 2,000,000 Offer Shares made available for application by the Eligible Parties
“Placement Shares”	: 32,309,000 Offer Shares made available for application by selected investors via private placement
“Promoters”	: The promoters of HLT Global, namely Chan Yoke Chun and Wong Kok Wah, collectively
“Prospectus”	: This Prospectus dated 20 December 2016 in relation to our IPO



**DEFINITIONS (Cont'd)**

“Public Issue”	: Public issue of the Public Issue Shares for application by the Malaysian Public via balloting and by Bumiputera investors approved by the MITI via private placement at the IPO Price, subject to the terms and conditions of this Prospectus
“Public Issue Shares”	: 39,591,000 new Shares, representing approximately 15.00% of the enlarged issued and paid-up share capital of HLT Global upon our Listing, which are to be issued pursuant to the Public Issue
“R&D”	: Research and development
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“SC”	: Securities Commission Malaysia
“Smith Zander” or “IMR”	: Smith Zander International Sdn Bhd (1058128-V), our Independent Market Researcher
“SSA”	: Share sale agreement dated 28 December 2015 entered into between HLT Global and the Vendors pursuant to the Acquisition
“Underwriting Agreement”	: The underwriting agreement entered into between our Company and the Underwriter on 22 November 2016 for the underwriting of the Balloting Shares upon the terms and subject to the conditions contained therein
“USD”	: United States Dollar
“Vendors” or “Founders”	: Chan Yoke Chun and Wong Kok Wah, collectively
“WEDP”	: Women Exporters Development Programme of MATRADE

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**GLOSSARY OF TECHNICAL TERMS**


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This glossary contains explanation of certain terms used throughout this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

“Acceptable Quality Level”	: The minimum level of quality of rubber gloves produced, in percentage or ratio, that is still considered acceptable
“beading”	: The process of rolling the cuff of rubber glove to form a bead for added strength to prevent tearing and to ease removal of rubber glove from the former
“blower fan”	: A blower fan, which will be installed in an oven, serves to circulate hot air in the oven to facilitate even distribution of heat
“chlorination”	: A chemical process where chlorine reacts with the surface of rubber glove to reduce stickiness of rubber glove for ease of donning of rubber glove
“coagulant”	: A substance that causes another liquid to change to a solid state
“compounded solution”	: Aqueous or solvent based mixture of chemicals such as coagulant solution and compounded latex
“dipping profile”	: The overall dipping parameters of a former when passing through a dipping tank, which include dipping angle, immersion speed, withdrawal speed, viscosity of compounded solution and dipping time
“Ebola”	: An infectious and generally fatal disease marked by fever and severe internal bleeding, spread through contact with infected body fluids
“fibreglass”	: A type of fiber reinforced plastic where the reinforcement fiber is specifically glass fiber
“former”	: A former is a hand-shaped mould that is used to form rubber gloves
“glove-dipping line”	: A production line that manufactures rubber gloves as depicted and more particularly discussed in Section 6.1.1 of this Prospectus
“H1N1”	: A subtype of influenza viruses, which is a highly contagious viral infection of the respiratory passages causing fever and severe aching, and often occurring in epidemics
“H7N9”	: A subtype of influenza viruses, which is a highly contagious viral infection of the respiratory passages causing fever and severe aching, and often occurring in epidemics
“heat exchanger”	: A device that transfers heat from hot fluid or steam to cold air without mixing the two mediums
“heating system”	: A system that generates and supplies heat to glove-dipping lines, which consists of the following:- <ol style="list-style-type: none"> <li>(i) boiler, which generates heated steam or fluid from combustion of fuel in the air. It can either be fuelled by natural gas, biomass, coal or fuel oil;</li> <li>(ii) heating coil, which acts as heat exchanger inside a dipping tank or hot water rinse tank for the purpose of heating up the compounded solution or water contained therein; and</li> <li>(iii) heat exchanger, which transfers thermo energy from boiler into heated air for continuous circulation inside an oven.</li> </ol>

**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

“insulant”	: An insulating material that reduces or prevents the transmission of heat
“leaching”	: A process to remove residual chemicals and/or protein to improve physical properties of rubber gloves
“m”	: Metre
“MERS”	: A viral respiratory illness caused by a coronavirus, the same family of viruses that cause common cold
“natural rubber gloves”	: Gloves that are made from natural rubber latex
“physical properties”	: The critical performance characteristic of rubber gloves, such as strength, stretchability and thickness
“Pioneer Status”	: A Pioneer Status Certification granted by the MITI to HL Advance under the Promotion of Investment Act, 1986 for pioneer activity in machinery for dipped latex products and parts thereof, where the statutory business income of HL Advance from the said pioneer activity will be fully exempted from income tax for a period of five (5) years from November 2009 to November 2014. In December 2014, HL Advance received Pioneer Status with regard to the same pioneer activity for the second five (5)-year period from November 2014 to November 2019.
“polymer”	: Any natural or synthetic compound of large molecules which consists of a chain of repeating molecules
“rubber gloves”	: Protective garments made of natural rubber (i.e. natural rubber gloves) or synthetic rubber (i.e. synthetic rubber gloves) designed to be worn over the hands to protect the wearer from physical, biological, chemical or mechanical hazards
“SARS”	: A severe respiratory illness that is caused by a coronavirus and is characterised by fever, headache, body aches, a dry cough, hypoxia, and usually pneumonia
“Six Sigma Black Belt”	: A certification to accredit professionals that can lead, train and coach teams in undertaking problem-solving projects involving business process improvement to reduce defects and improve profits, employee morale and quality of products and services
“shop drawing”	: A drawing or set of drawings produced by fabricators, which are typically required for prefabricated components
“slurry”	: A watery mixture such as solution of corn-starch
“sq. ft.”	: Square feet
“synthetic rubber gloves”	: Gloves that are made from synthetic rubber such as nitrile gloves, polyurethane gloves, polyisoprene gloves and polychloroprene gloves
“turnkey”	: Provision of activities involving the manufacturing, installation and/or commissioning of a complete product or service
“vulcanisation”	: A chemical process to increase tensile strength for rubber product using chemicals and heat
“Zika virus disease”	: A disease caused by the Zika virus, which is transmitted to humans primarily through the bite of an infected Aedes species mosquito

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**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation. Any reference to words such as “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “HLT Global” and “our Company” in this Prospectus are to HLT Global Berhad, references to “our Group” are to our Company and our subsidiary taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Any reference in this Prospectus, the Application Form, Electronic Share Application or Internet Share Application to any legislation, statute or statutory provision shall be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

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 Smith Zander International Sdn Bhd. 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 Smith Zander International Sdn Bhd, 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.

Certain numbers presented in this Prospectus have been rounded off to the nearest thousandth or two (2) decimal places, hence may not be exact. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail. Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated. 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, which include all statements other than those of historical facts including, among others, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these 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. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Prospectus will be realised.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. 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 11.3 - Management’s Discussion and Analysis of Financial Condition and Results of Operations of this Prospectus.

These forward-looking statements are based on information available to us as at the date of this Prospectus. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name / Designation</b>	<b>Address</b>	<b>Nationality</b>	<b>Occupation</b>
Wong Wai Tzing <i>(Independent Non-Executive Chairman)</i>	2, Jalan Shahbandar 22/6 Seksyen 6 Bandar Mahkota Cheras 43200 Batu 9 Cheras Selangor	Malaysian	Lawyer
Wong Kok Wah <i>(Deputy Chairman / Executive Director)</i>	15, Jalan Equine 4 Taman Equine 43300 Seri Kembangan Selangor	Malaysian	Company Director
Chan Yoke Chun <i>(Executive Director / CEO)</i>	15, Jalan Equine 4 Taman Equine 43300 Seri Kembangan Selangor	Malaysian	Company Director
Yau Ming Teck <i>(Senior Independent Non-Executive Director)</i>	52, Jalan 1/149K Seri Petaling 57000 Kuala Lumpur	Malaysian	Company Director
Wong Koon Wai <i>(Independent Non-Executive Director)</i>	2A, Jalan Perdana 2/10 Pandan Perdana 55300 Kuala Lumpur	Malaysian	Chief Operating Officer

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Yau Ming Teck	Chairman	Senior Independent Non-Executive Director
Wong Wai Tzing	Member	Independent Non-Executive Chairman
Wong Koon Wai	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Wong Koon Wai	Chairman	Independent Non-Executive Director
Yau Ming Teck	Member	Senior Independent Non-Executive Director
Chan Yoke Chun	Member	Executive Director / CEO

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Yau Ming Teck	Chairman	Senior Independent Non-Executive Director
Wong Wai Tzing	Member	Independent Non-Executive Chairman
Wong Koon Wai	Member	Independent Non-Executive Director

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**1. CORPORATE DIRECTORY (Cont'd)**

- COMPANY SECRETARIES** : Tea Sor Hua (MACS 01324)  
Yong Yen Ling (MAICSA 7044771)  
77C, Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor  
  
Telephone No: 03-7725 1777
- REGISTERED OFFICE** : Third Floor, No. 79 (Room A)  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor  
  
Telephone No: 03-7725 1777
- HEAD OFFICE** : No. 6, Jalan Industri Mas 7  
Taman Mas  
47130 Puchong  
Selangor  
  
Telephone No: 03-8068 3616  
Email: enquiry@hladvance.com  
Website: www.hladvance.com
- AUDITORS AND REPORTING ACCOUNTANTS** : **Crowe Horwath (AF1018)**  
Level 16 Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
  
Telephone No: 03-2788 9999
- SOLICITORS** : **Cheang & Ariff**  
39 Court @ Loke Mansion  
273A, Jalan Medan Tuanku  
50300 Kuala Lumpur  
  
Telephone No: 03-2691 0803
- PRINCIPAL BANKER** : **Public Bank Berhad (6463-H)**  
No. 1, Jalan Perusahaan 2  
43300 Seri Kembangan  
Selangor  
  
Telephone No: 03-8939 2000
- 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  
  
Telephone No: 03-7841 8000

**1. CORPORATE DIRECTORY (Cont'd)**

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**SHARE REGISTRAR** : **Insurban Corporate Services Sdn Bhd (76260-W)**  
149, Jalan Aminuddin Baki  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

Telephone No: 03-7729 5529

**INDEPENDENT MARKET RESEARCHER** : **Smith Zander International Sdn Bhd (1058128-V)**  
Suite 23-3, Level 23, Office Suite  
Menara 1MK  
1, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur

Telephone No: 03-6211 2121

**PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **KAF Investment Bank Berhad (20657-W)**  
Level 14, Chulan Tower  
No. 3, Jalan Conlay  
50450 Kuala Lumpur

Telephone No: 03-2171 0228

**LISTING SOUGHT** : ACE Market of Bursa Securities

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## 2. INFORMATION SUMMARY

**THIS INFORMATION SUMMARY CONTAINS ONLY A SUMMARY OF SOME SALIENT INFORMATION ABOUT US AND OUR IPO, AND THE INFORMATION CONCERNED IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE IPO SHARES.**

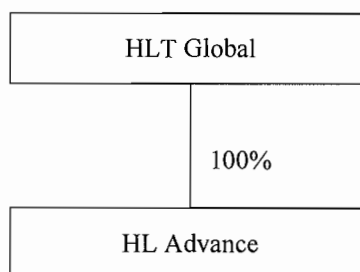
### 2.1 HISTORY AND BUSINESS

We were incorporated in Malaysia under the Act on 22 October 2015 as a private limited company under the name of HLT Global Sdn Bhd. Subsequently on 7 January 2016, our Company was converted to a public limited company under the name of HLT Global Berhad to embark on the Listing of our Group on the ACE Market of Bursa Securities.

We are an investment holding company. Through our sole subsidiary, namely HL Advance, we are principally involved in the following business activities:-

- (i) design, fabrication, installation, testing and commissioning of glove-dipping lines;
- (ii) provision of upgrading and modification works for glove-dipping lines; and
- (iii) supply and trading of associated parts and components.

Our Group's present corporate structure is as follows:-



Further information on our Group and our principal activities, products and services are set out in Section 5 and Section 6.1 of this Prospectus respectively.

### 2.2 COMPETITIVE STRENGTHS

Our Group's competitive strengths, which are further detailed in Section 6.5 of this Prospectus, are set out below:-

- provision of a comprehensive solution for glove-dipping lines;
- design and manufacturing capabilities;
- experienced management team;
- knowledge and experience of our technical team;
- track record; and
- ability to comply with the requirements set by our customers.

**2. INFORMATION SUMMARY (Cont'd)****2.3 SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT**

Our substantial shareholders, Promoters, Directors and key management, whose profiles are set out in Section 8 of this Prospectus, are as follows:-

Promoters and Substantial Shareholders	Nationality
Chan Yoke Chun	Malaysian
Wong Kok Wah	Malaysian

Directors	Designation	Nationality
Wong Wai Tzing	Independent Non-Executive Chairman	Malaysian
Wong Kok Wah	Deputy Chairman / Executive Director	Malaysian
Chan Yoke Chun	Executive Director / CEO	Malaysian
Yau Ming Teck	Senior Independent Non-Executive Director	Malaysian
Wong Koon Wai	Independent Non-Executive Director	Malaysian

Key Management	Designation	Nationality
Chan Yoke Chun	Executive Director / CEO	Malaysian
Wong Kok Wah	Deputy Chairman / Executive Director	Malaysian
Muhammad Idris Yap Bin Abdullah	General Manager of Operations	Malaysian
Chui Mee Chuen	Chief Financial Officer	Malaysian
Yam Chee Leong	Project Manager	Malaysian
Choong Siew Meng	Factory Manager	Malaysian
Chin Shiau Wan	Purchasing and Logistics Manager	Malaysian

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## 2. INFORMATION SUMMARY (Cont'd)

### 2.4 FINANCIAL HIGHLIGHTS

#### 2.4.1 Summary of Statements of Profit or Loss and Other Comprehensive Income, and Other Selected Financial Information

The table below sets out a summary of our Group's audited combined statements of profit or loss and other comprehensive income as well as selected financial information for the Period Under Review and the FPE 2015, which was extracted from the Accountants' Report set out in Section 12 of this Prospectus.

	<----- Audited ----->			Audited	Audited
	FYE	FYE	FYE	FPE	FPE
	2013	2014	2015	2015	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	46,042	43,568	75,697	31,134	47,692
GP	12,284	11,237	15,223	6,821	6,727
PBT	10,000	8,616	12,137	5,307	6,268
PAT	9,942	8,563	12,134	5,304	6,213
GP margin (%)	26.68	25.79	20.11	21.91	14.11
PBT margin (%)	21.72	19.78	16.03	17.05	13.14
PAT margin (%)	21.59	19.65	16.03	17.04	13.03
Number of Shares assumed in issue ('000) <sup>(1)</sup>	263,921	263,921	263,921	263,921	263,921
EPS (sen) <sup>(2)</sup>	3.77	3.24	4.60	2.01	2.35
<b><u>Other Selected Financial Information</u></b>					
Non-current assets	5,611	5,343	6,375	5,615	6,062
Current assets	22,593	27,536	46,036	45,616	62,033
Total assets	28,204	32,879	52,411	51,231	68,095
Non-current liabilities	1,760	1,587	1,434	1,498	1,349
Current liabilities	9,877	9,162	21,713	27,299	31,269
Total liabilities	11,637	10,749	23,147	28,797	32,618
Net assets	16,567	22,130	29,264	22,434	35,477
Issued and paid-up share capital	400	400	400	400	400
Retained profits	16,167	21,730	28,864	22,034	35,077

**Notes:-**

(1) Assumed number of Shares in issue immediately after our IPO.

(2) Calculated based on PAT divided by our enlarged number of Shares in issue after the IPO.

Please refer to Section 11 of this Prospectus for further information relating to our Group's historical financial performance.

**2. INFORMATION SUMMARY (Cont'd)****2.4.2 Summary of Statements of Cash Flows**

The table below sets out a summary of our Group's audited combined statements of cash flows for the Period Under Review, which was extracted from the Accountants' Report set out in Section 12 of this Prospectus.

	<b>FYE 2013</b> <b>RM'000</b>	<b>FYE 2014</b> <b>RM'000</b>	<b>FYE 2015</b> <b>RM'000</b>	<b>FPE 2016</b> <b>RM'000</b>
Net cash from operating activities	7,079	96	10,044	7,982
Net cash (for)/from investing activities	566	(287)	(6,846)	(231)
Net cash for financing activities	(6,062)	(3,427)	(5,193)	(83)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,583</b>	<b>(3,618)</b>	<b>(1,995)</b>	<b>7,668</b>
Effects of foreign exchange translation	3	50	13	1,597
Cash and cash equivalents at beginning of the financial year/period	8,869	10,455	6,887	4,905
<b>Cash and cash equivalents at end of the financial year/period</b>	<b>10,455</b>	<b>6,887</b>	<b>4,905</b>	<b>14,170</b>

Please refer to Section 11 of this Prospectus for further information relating to our Group's historical financial performance.

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## 2. INFORMATION SUMMARY (Cont'd)

### 2.4.3 Pro Forma Consolidated Statements of Financial Position

The following pro forma consolidated statements of financial position of our Company as at 31 July 2016 is for illustrative purposes only to show the effects of our Listing Scheme (including an assumed full exercise of the 1<sup>st</sup> Tranche ESOS Options) and the utilisation of proceeds from our Public Issue, assuming that they had been effected on that date, on our financial position. The pro forma consolidated statements of financial position of our Company below should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position set out in Section 13 of this Prospectus.

	As at 31 July 2016 RM'000	Pro Forma I After the Acquisition RM'000	Pro Forma II After Pro Forma I, the Public Issue and granting of the 1 <sup>st</sup> Tranche ESOS Options RM'000	Pro Forma III After Pro Forma II and utilisation of proceeds from our Public Issue RM'000	Pro Forma IV After Pro Forma III and full exercise of the 1 <sup>st</sup> Tranche ESOS Options RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSET</b>					
Property, plant and equipment	-	6,062	6,062	16,562	16,562
<b>TOTAL NON-CURRENT ASSET</b>	-	<b>6,062</b>	<b>6,062</b>	<b>16,562</b>	<b>16,562</b>
<b>CURRENT ASSETS</b>					
Inventories	-	4,242	4,242	4,242	4,242
Amount owing by contract customers	-	19,441	19,441	19,441	19,441
Trade receivables	-	16,478	16,478	16,478	16,478
Other receivables, deposits and prepayments	1,226	2,250	2,250	2,250	2,250
Tax recoverable	-	169	169	169	169
Fixed deposits with licensed banks	-	5,283	5,283	5,283	5,283
Cash and bank balances	*	14,170	31,986	19,086	19,986
<b>TOTAL CURRENT ASSETS</b>	<b>1,226</b>	<b>62,033</b>	<b>79,849</b>	<b>66,949</b>	<b>67,849</b>
<b>TOTAL ASSETS</b>	<b>1,226</b>	<b>68,095</b>	<b>85,911</b>	<b>83,511</b>	<b>84,411</b>

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## 2. INFORMATION SUMMARY (Cont'd)

	As at 31 July 2016 RM'000	Pro Forma I After the Acquisition RM'000	Pro Forma II After Pro Forma I, the Public Issue and granting of the 1 <sup>st</sup> Tranche ESOS Options RM'000	Pro Forma III After Pro Forma II and utilisation of proceeds from our Public Issue RM'000	Pro Forma IV After Pro Forma III and full exercise of the 1 <sup>st</sup> Tranche ESOS Options RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	*	22,433	26,392	26,392	26,592
Share premium	-	-	13,857	13,065	14,070
Share option reserve	-	-	305	305	-
Merger deficit	-	(22,033)	(22,033)	(22,033)	(22,033)
Retained profits	(61)	35,077	34,772	33,164	33,164
<b>TOTAL EQUITY</b>	<b>(61)</b>	<b>35,477</b>	<b>53,293</b>	<b>50,893</b>	<b>51,793</b>
<b>NON-CURRENT LIABILITIES</b>					
Term loan	-	1,349	1,349	1,349	1,349
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>1,349</b>	<b>1,349</b>	<b>1,349</b>	<b>1,349</b>
<b>CURRENT LIABILITIES</b>					
Amount owing to contract customers	-	7,874	7,874	7,874	7,874
Trade payables	-	22,440	22,440	22,440	22,440
Other payables and accruals	391	879	879	879	879
Amount owing to HL Advance	896	-	-	-	-
Term loan	-	76	76	76	76
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,287</b>	<b>31,269</b>	<b>31,269</b>	<b>31,269</b>	<b>31,269</b>
<b>TOTAL LIABILITIES</b>	<b>1,287</b>	<b>32,618</b>	<b>32,618</b>	<b>32,618</b>	<b>32,618</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,226</b>	<b>68,095</b>	<b>85,911</b>	<b>83,511</b>	<b>84,411</b>
Number of Shares in issue	100	224,330,000	263,921,000	263,921,000	265,921,000
NA (RM'000)	(61)	35,477	53,293	50,893	51,793
NA per Share (RM)	(610)	0.16	0.20	0.19	0.19

Note:-

\* Representing RM10.

Detailed information on our pro forma consolidated statements of financial position and the Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position are set out in Section 13 of this Prospectus.

**2. INFORMATION SUMMARY (Cont'd)****2.5 SALIENT INFORMATION ON OUR IPO****2.5.1 Allocation**

Our IPO is subject to the terms and conditions of this Prospectus and the allocation of the IPO Shares shall be in the following manner:-

Allocation	Public Issue Shares	(1) %	Offer Shares	(1) %
Bumiputera Placement Shares	26,392,000	10.00	-	-
Balloting Shares <sup>(2)</sup>	13,199,000	5.00	-	-
Pink Form Shares	-	-	2,000,000	0.76
Placement Shares	-	-	32,309,000	12.24
<b>Total</b>	<b>39,591,000</b>	<b>15.00</b>	<b>34,309,000</b>	<b>13.00</b>

**Notes:-**

- (1) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after our IPO.
- (2) At least 50% of the Balloting Shares shall be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

**2.5.2 Principal Statistics of our IPO**

The principal statistics of our IPO are as follows:-

	Number of Shares	RM
<b>i. Share capital</b>		
<b>Authorised:-</b>		
- Ordinary shares of RM0.10 each	500,000,000	50,000,000
Issued and fully paid-up as at the date of this Prospectus	224,330,000	22,433,000
Shares to be issued pursuant to the Public Issue	39,591,000	3,959,100
<b>Enlarged issued and paid-up share capital upon Listing</b>	<b>263,921,000</b>	<b>26,392,100</b>
New Shares to be issued assuming full exercise of the 1 <sup>st</sup> Tranche ESOS Options	2,000,000	200,000
<b>Enlarged issued and paid-up share capital assuming full exercise of the 1<sup>st</sup> Tranche ESOS Options</b>	<b>265,921,000</b>	<b>26,592,100</b>
<b>ii. IPO Price for each IPO Share</b>		<b>0.45</b>
<b>iii. Market capitalisation of our Company based on the IPO Price upon Listing</b>		<b>118,764,450</b>
<b>iv. Pro forma NA based on our Pro Forma Consolidated Statements of Financial Position as at 31 July 2016</b>		
Pro forma NA upon Listing <sup>(1)</sup> (RM'000)		50,893
Pro forma NA per Share upon Listing <sup>(2)</sup>		0.19

**Notes:-**

- (1) After taking into account our Public Issue of 39,591,000 new Shares at the IPO Price and after utilisation of proceeds from our Public Issue.
- (2) Based on our enlarged issued and paid-up share capital upon Listing of 263,921,000 Shares.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.5.3 Dividend Policy

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval. Although we have not formulated a dividend policy or payout ratio, we recognise that it is important to reward our investors with dividends. Therefore, it is our intention to pay dividends to shareholders in the future to allow our shareholders to participate in our profits subject to various factors including, inter-alia, our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is an investment holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiary. The payment of dividends or other distributions by our subsidiary will depend upon its distributable profits, operating results, financial condition, capital expenditure plans and other factors that its Board of Directors deems relevant.

### 2.6 PLANNED UTILISATION OF PROCEEDS

The total gross proceeds to be raised from the Public Issue of RM17,815,950 will accrue entirely to our Company and shall be utilised in the following manner:-

Proposed utilisation	Amount (RM'000)	% of total gross proceeds	Timeframe for utilisation from date of Listing
Capital expenditure	9,000	50.52	24 months
R&D expenditure	1,500	8.42	18 months
Working capital	4,916	27.59	6 months
Estimated listing expenses	2,400	13.47	Immediate
<b>Total gross proceeds</b>	<b>17,816</b>	<b>100.00</b>	

The Offer for Sale will raise gross proceeds of up to RM15,439,050 which will accrue entirely to the Offerors.

Further details of the utilisation of proceeds arising from the Public Issue are set out in Section 3.8 of this Prospectus.

### 2.7 SUMMARY OF RISK FACTORS

An investment in our IPO Shares involves a certain degree of risks. Before applying for the IPO Shares, applicants should rely on their own evaluation and are advised to carefully consider the following summary of risk factors (which may not be exhaustive). These risks are more clearly outlined in Section 4 of this Prospectus.

<b>Risks Relating to Our Business Operations and the Industry in which Our Group Operates</b>	<ul style="list-style-type: none"> <li>• Dependence on the rubber glove industry</li> <li>• Dependence on a few major customers</li> <li>• Absence of long-term contracts</li> <li>• Dependence on Directors and key management</li> <li>• Project risks</li> <li>• Credit risks</li> <li>• Adequacy of insurance coverage on assets and employees</li> <li>• Fluctuation in raw material prices</li> <li>• Sudden and unexpected equipment failures and natural disasters which may lead to disruptions to our business operations</li> </ul>
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**2. INFORMATION SUMMARY (Cont'd)**

**Risks Relating to Our Business Operations and the Industry in which Our Group Operates (Cont'd)**

- Effective management of growth or successful implementation of our future plans and strategies
- External funding and financing to meet future capital needs
- Product defects
- Foreign exchange fluctuations
- Political, economic and regulatory considerations
- Reliance on the services of subcontractors
- Risks associated with technological changes
- Risks associated with our investment in R&D activities
- Competition from other market players within the glove-dipping line industry
- Fluctuations in our gross profit margin

**Risks Relating to Our Securities and the IPO**

- Influence by our Promoters
- No prior market for our Shares
- Volatility in the market price of our Shares
- Delay in or cancellation of our Listing
- Payment of dividends to our shareholders
- Forward-looking statements

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### 3. DETAILS OF OUR IPO

**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 STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

#### 3.1 OPENING AND CLOSING OF APPLICATIONS

The application period for our IPO Shares will begin from 10.00 a.m. on 20 December 2016 and will remain open until 5.00 p.m. on 28 December 2016 or for such further period or periods as our Directors, the Promoters and the Offerors together with our Underwriter in their absolute discretion may mutually decide. Late applications will not be accepted.

#### 3.2 INDICATIVE TIMETABLE

Events	Tentative Dates
Opening date of application for the IPO Shares	20 December 2016
Closing date of application for the IPO Shares	28 December 2016
Date for balloting of applications	30 December 2016
Date for allotment of the IPO Shares to successful applicants	5 January 2017
Listing date	10 January 2017

The above timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures. Our Directors, the Promoters and the Offerors together with our Underwriter in their absolute discretion may mutually decide to extend the closing date of the application to a further date or dates.

In the event that the closing date of application for our IPO Shares is extended, the dates for the balloting and allotment of our IPO Shares and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities will be extended accordingly. Any extension of the abovementioned dates will be announced via an advertisement in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia.

#### 3.3 DETAILS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares are expected to be allocated in the manner described below.

##### 3.3.1 Public Issue

Our Public Issue of 39,591,000 new HLT Global Shares, representing approximately 15.00% of our enlarged issued and paid-up share capital, will be offered in the following manner:-

(i) **Malaysian Public**

13,199,000 Balloting Shares, representing approximately 5.00% of our enlarged issued and paid-up share capital, will be made available for application by the Malaysian Public through a balloting process, of which at least 50% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions.

(ii) **Private Placement**

26,392,000 Bumiputera Placement Shares, representing approximately 10.00% of our enlarged issued and paid-up share capital, will be made available for application by Bumiputera investors approved by the MITI via private placement. The Bumiputera Placement Shares will be placed out by our Placement Agent.

**3. DETAILS OF OUR IPO (Cont'd)**

There is no minimum subscription amount to be raised from our IPO.

The basis of allocation of our 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 shareholder base to meet the public spread requirements as per the Listing Requirements and to establish a liquid and adequate market for our Shares.

There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of our Public Issue Shares.

**3.3.2 Offer for Sale**

The Offer for Sale of 34,309,000 Offer Shares, representing approximately 13.00% of our enlarged issued and paid-up share capital, will be allocated and made available in the manner described below.

**(i) Eligible Parties**

In recognition of their contributions to the success of our Group, 2,000,000 Pink Form Shares, representing approximately 0.76% of our enlarged issued and paid-up share capital, will be made available for application by the Eligible Parties.

The criteria for allocation of the Pink Form Shares to the Eligible Parties are based on, inter-alia, length of service, seniority and job responsibilities, past contribution to our Group's success, potential contribution to our Group in the future as well as other factors deemed relevant by our Board.

A total of 2,000,000 Pink Form Shares have been allocated to the Eligible Parties. The total number of persons eligible for the allocation is as follows:-

<b>Eligibility</b>	<b>No. of persons</b>	<b>Aggregate number of Pink Form Shares allocated</b>
Directors	3	500,000
Employees	22	1,500,000
<b>Total</b>	<b>25</b>	<b>2,000,000</b>

The allocation of the Pink Form Shares to our eligible Directors is as follows:-

<b>Director</b>	<b>Designation</b>	<b>No. of Pink Form Shares allocated</b>
Wong Wai Tzing	Independent Non-Executive Chairman	200,000
Yau Ming Teck	Senior Independent Non-Executive Director	200,000
Wong Koon Wai	Independent Non-Executive Director	100,000
<b>Total</b>		<b>500,000</b>

**(ii) Private placement**

32,309,000 Offer Shares, representing approximately 12.24% of our enlarged issued and paid-up share capital, will be made available for application by selected investors via private placement.

The Placement Shares will be placed out by our Placement Agent.

**3. DETAILS OF OUR IPO (Cont'd)**

The details of the Offerors are as follows:-

<b>Offerors</b>	<b>Address</b>	<b>Material relationship with our Group</b>
Chan Yoke Chun	15, Jalan Equine 4 Taman Equine 43300 Seri Kembangan Selangor	Promoter, Executive Director / CEO and substantial shareholder
Wong Kok Wah	15, Jalan Equine 4 Taman Equine 43300 Seri Kembangan Selangor	Promoter, Deputy Chairman / Executive Director and substantial shareholder

The shareholdings of the Offerors in our Company before and after the Offer for Sale are as follows:-

<b>Offerors</b>	<b>Before the Offer for Sale</b>		<b>Offer Shares</b>			<b>After the Offer for Sale</b>	
	<b>No. of Shares</b>	<b>(1) %</b>	<b>No. of Shares</b>	<b>(1) %</b>	<b>(2) %</b>	<b>No. of Shares</b>	<b>(2) %</b>
Chan Yoke Chun	114,408,300	51.00	17,497,300	7.80	6.63	96,911,000	36.72
Wong Kok Wah	109,921,700	49.00	16,811,700	7.49	6.37	93,110,000	35.28

**Notes:-**

- (1) Based on our issued and paid-up share capital of 224,330,000 Shares after the Acquisition but before our Public Issue.
- (2) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after our IPO.

**3.3.3 Underwriting Arrangement and Reallocation of the IPO Shares**

In summary, the allocation of the IPO Shares shall be in the following manner:-

<b>Allocation</b>	<b>Public Issue Shares</b>	<b>(1) %</b>	<b>Offer Shares</b>	<b>(1) %</b>
Bumiputera Placement Shares	26,392,000	10.00	-	-
Balloting Shares <sup>(2)</sup>	13,199,000	5.00	-	-
Pink Form Shares	-	-	2,000,000	0.76
Placement Shares	-	-	32,309,000	12.24
<b>Total</b>	<b>39,591,000</b>	<b>15.00</b>	<b>34,309,000</b>	<b>13.00</b>

**Notes:-**

- (1) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after our IPO.
- (2) At least 50% of the Balloting Shares shall be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

The 13,199,000 Balloting Shares available for application by the Malaysian Public through a balloting process are fully underwritten by our Underwriter. In the event of an under-subscription of the 13,199,000 Balloting Shares, the unsubscribed Balloting Shares will first be reallocated to the Eligible Parties. Any further Balloting Shares not subscribed for will be made available for application by selected investors via private placement. Thereafter, any remaining Balloting Shares that are still not subscribed for will be subscribed by our Underwriter based on the terms and conditions of the Underwriting Agreement.

**3. DETAILS OF OUR IPO (Cont'd)**

Any Pink Form Shares not taken up by the Eligible Parties will first be reallocated to other Eligible Parties who apply for excess Pink Form Shares on top of their pre-determined allocation on a proportionate basis, subject to rounding of odd lots. Subsequently, any Pink Form Shares not taken up will be made available for application by the Malaysian Public as part of the balloting process on a fair and equitable manner and/or to selected investors by way of private placement. The Pink Form Shares are not underwritten by any underwriter and any Pink Form Shares not taken up after the aforementioned reallocation will be retained by the Offerors.

The Bumiputera Placement Shares and the Placement Shares are not underwritten by any underwriter as our Placement Agent will ensure the successful placement of all the Bumiputera Placement Shares and Placement Shares. Any Bumiputera Placement Shares not taken up by Bumiputera investors approved by the MITI will be made available for application by the Bumiputera public as part of the balloting process on a fair and equitable manner. Subsequently, any Bumiputera Placement Shares not taken up by the Bumiputera public will be made available for application by the Malaysian Public as part of the balloting process on a fair and equitable manner, by the Eligible Parties and/or to selected investors by way of private placement.

**3.3.4 ESOS**

In conjunction with our Listing, we are implementing an ESOS which entails the issuance of up to 10.00% of our issued and paid-up share capital (excluding treasury shares) at any one time during the tenure of the ESOS, subject to the terms and conditions of the ESOS By-Laws.

The ESOS is intended to motivate, retain and reward our eligible Directors and employees who have contributed to the growth and success of our Group.

The ESOS shall be in force for a period of five (5) years, which may be extended for a further period of up to five (5) years, at the sole and absolute discretion of our Board upon recommendation by our ESOS Committee, provided that the initial ESOS period and such extension of the ESOS made pursuant to the ESOS By-Laws shall not, in aggregate, exceed a duration of ten (10) years from the initial date on which the ESOS takes effect.

The new Shares to be allotted and issued upon the exercise of the ESOS Options will, upon such allotment and issuance, rank *pari passu* in all respects with the then existing Shares save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new Shares.

The exercise price of the ESOS Options shall be:-

- (i) the IPO Price, for the 1<sup>st</sup> Tranche ESOS Options; or
- (ii) based on the weighted average market price of our Shares for the five (5) market days immediately preceding the date on which the ESOS Options are granted subject to a discount of not more than 10% or the par value of our Shares, whichever is the higher, for ESOS Options that are granted subsequent to our Listing.

Prior to our Listing, the 1<sup>st</sup> Tranche ESOS Options are proposed to be granted to the eligible Directors and employees of our Group. The number of ESOS Options allocated to our Directors under the 1<sup>st</sup> Tranche ESOS Options is as follows:-

Directors	Designation	No. of ESOS Options
Wong Wai Tzing	Independent Non-Executive Chairman	80,000
Wong Kok Wah	Deputy Chairman / Executive Director	200,000
Chan Yoke Chun	Executive Director / CEO	200,000
Yau Ming Teck	Senior Independent Non-Executive Director	80,000
Wong Koon Wai	Independent Non-Executive Director	80,000



### 3. DETAILS OF OUR IPO (Cont'd)

The number of ESOS Options allocated to our key management (except for ESOS Options allocated to Chan Yoke Chun and Wong Kok Wah as set out in the previous table) under the 1<sup>st</sup> Tranche ESOS Options is as follows:-

Key Management	Designation	No. of ESOS Options
Muhammad Idris Yap Bin Abdullah	General Manager of Operations	145,000
Chui Mee Chuen	Chief Financial Officer	145,000
Yam Chee Leong	Project Manager	130,000
Choong Siew Meng	Factory Manager	130,000
Chin Shiau Wan	Purchasing and Logistics Manager	130,000

Our Directors intend to utilise the proceeds from the exercise of ESOS Options, if any, for working capital purposes.

The ESOS By-Laws are set out in Section 15 of this Prospectus.

#### 3.3.5 Share Capital

	Number of Shares	Nominal value (RM)
<b>Authorised share capital</b>	500,000,000	50,000,000
Issued and fully paid-up as at the date of this Prospectus	224,330,000	22,433,000
New Shares to be issued pursuant to the Public Issue	39,591,000	3,959,100
<b>Enlarged issued and paid-up share capital upon Listing</b>	<b>263,921,000</b>	<b>26,392,100</b>
New Shares to be issued assuming full exercise of the 1 <sup>st</sup> Tranche ESOS Options	2,000,000	200,000
<b>Enlarged issued and paid-up share capital assuming full exercise of the 1<sup>st</sup> Tranche ESOS Options</b>	<b>265,921,000</b>	<b>26,592,100</b>
To be offered pursuant to the Offer for Sale	34,309,000	3,430,900

As at the date of this Prospectus, we only have one (1) class of shares, namely the ordinary shares of RM0.10 each, all of which rank pari passu in all respects with one another. The Public Issue Shares will, upon allotment and issue, rank pari passu in all respects with other existing issued and paid-up ordinary shares of our Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

Subject to any special rights attaching to any shares that may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions. In respect of the whole of any surplus in the event of winding up of our Company, such surplus shall be distributed among our shareholders in proportion to the paid-up capital at the commencement of the winding up, in accordance with the Articles of Association of our Company.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy, by attorney or by duly authorised representative. On a show of hands, every person present who is a shareholder or proxy or attorney or authorised representative of a shareholder shall have one (1) vote and on a poll, every shareholder present in person, by proxy, by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may, but need not be, a member of our Company.

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**3. DETAILS OF OUR IPO (Cont'd)**

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**3.3.6 Purposes of Our IPO**

The purposes of our IPO are as follows:-

- (i) to further enhance our Group's corporate reputation to market our products and expand our market position;
- (ii) to provide an opportunity for the Malaysian investing public and institutions to participate in the continuing growth of our Group by way of equity participation;
- (iii) to raise funds for the purposes specified in Section 3.8 of this Prospectus;
- (iv) to enable our Group to gain access to the capital market in the future to raise funds for our future expansion and growth; and
- (v) to obtain the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities.

**3.4 BASIS OF ARRIVING AT THE IPO PRICE**

The IPO Price of RM0.45 per IPO Share was determined and agreed upon by our Company, the Offerors and KAF IB as the Principal Adviser, Sponsor, Underwriter and Placement Agent, based on various factors including, but not limited to, the following:-

- (i) the PE Multiple of 9.78 times based on our EPS of 4.60 sen for the FYE 2015, computed based on our enlarged issued and paid-up share capital of 263,921,000 Shares upon Listing;
- (ii) our pro forma consolidated NA per Share as at 31 July 2016 of RM0.19 based on our enlarged issued and paid-up share capital of 263,921,000 Shares after the IPO and subsequent to the utilisation of proceeds from our Public Issue as set out in Section 3.8 of this Prospectus;
- (iii) our historical financial performance as described in Section 11 of this Prospectus;
- (iv) our competitive strengths as outlined in Section 6.5 of this Prospectus; and
- (v) our future plans and prospects as outlined in Section 6.20 of this Prospectus.

Investors should note that the future market price of our Shares upon Listing is subject to the vagaries of the market forces and other uncertainties that may affect the price of our Shares when they are traded. Investors should form their own views on the valuation of the IPO Shares before deciding to invest in the IPO Shares.

**3.5 MINIMUM NUMBER OF PUBLIC SHAREHOLDERS**

Pursuant to Rule 3.10 of the Listing Requirements, our Company is required to have, upon Listing, at least 25% of our Shares in the hands of a minimum number of 200 public shareholders (excluding our Directors, substantial shareholders and persons connected with or associated with our Directors and/or substantial shareholders) holding not less than 100 Shares each.

**3.6 TOTAL MARKET CAPITALISATION**

Based on the IPO Price of RM0.45 per IPO Share and our enlarged issued and paid-up share capital of 263,921,000 Shares upon Listing, our total market capitalisation is estimated to be RM118,764,450.

### 3. DETAILS OF OUR IPO (Cont'd)

#### 3.7 DILUTION

Dilution is computed as the difference between the IPO Price paid by the investors for our IPO Shares and our pro forma consolidated NA per Share immediately after our IPO.

Our pro forma consolidated NA as at 31 July 2016 after the Acquisition but before our IPO was approximately RM35.48 million or RM0.16 per Share. After giving effect to our IPO and the utilisation of proceeds from our Public Issue, our pro forma consolidated NA per Share as at 31 July 2016 (based on our enlarged issued and paid-up share capital of 263,921,000 Shares) would have been RM0.19. This represents an immediate increase in our pro forma consolidated NA per Share of RM0.03 to our existing shareholders and an immediate dilution of RM0.26, representing approximately 57.78% of the IPO Price, to new investors acquiring our IPO Shares at the IPO Price.

Further details on our pro forma consolidated NA per Share are set out in Section 13 of this Prospectus.

The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	0.45
Our pro forma consolidated NA per Share as at 31 July 2016 before our IPO	0.16
Increase in our pro forma consolidated NA per Share attributable to existing shareholders	0.03
Our pro forma consolidated NA per Share as at 31 July 2016 after our IPO and utilisation of proceeds from our Public Issue	0.19
Dilution to our new investors	0.26
Dilution to our new investors as a percentage of the IPO Price	57.78%

The following table summarises the total number of Shares held by our Promoters, the average effective cost per Share to them and the cost per Share to our new investors who subscribe for and/or purchase the IPO Shares pursuant to our IPO:-

	No. of Shares held/ subscribed for/ purchased	Total consideration RM	Average effective cost per Share RM
<b><u>Promoters</u></b>			
Chan Yoke Chun	<sup>(1)</sup> 114,408,300	11,440,830	0.10
Wong Kok Wah	<sup>(1)</sup> 109,921,700	10,992,170	0.10
<b><u>New Investors</u></b>			
Public Issue	39,591,000	17,815,950	0.45
Offer for Sale <sup>(2)</sup>	34,309,000	15,439,050	0.45

**Notes:-**

- (1) Being Shares held by them prior to our IPO comprising their respective initial subscriber's Shares, Shares issued and allotted to them pursuant to the Acquisition as well as 10 initial subscriber's Shares transferred from Maisarah Binti Rahmat to Wong Kok Wah on 31 December 2015.
- (2) Including the Pink Form Shares made available for application by the Eligible Parties.

### 3. DETAILS OF OUR IPO (Cont'd)

Save as disclosed above, there has been no direct acquisition and/or subscription of any existing Shares in our Company by our Directors, key management, substantial shareholders or persons connected with them during the past three (3) years prior to the date of this Prospectus.

#### 3.8 UTILISATION OF PROCEEDS AND ESTIMATED LISTING EXPENSES

The gross proceeds of RM17,815,950 arising from our Public Issue is expected to be utilised within the next 24 months after our Listing for the following purposes:-

Proposed utilisation	Notes	Amount (RM'000)	% of total gross proceeds	Timeframe for utilisation from date of Listing
Capital expenditure	(1)	9,000	50.52	Within 24 months
R&D expenditure	(2)	1,500	8.42	Within 18 months
Working capital	(3)	4,916	27.59	Within 6 months
Estimated listing expenses	(4)	2,400	13.47	Immediate
<b>Total gross proceeds</b>		<b>17,816</b>	<b>100.00</b>	

Notes:-

(1) **Capital expenditure**

As part of our Group's business expansion plan (as further discussed in Section 6.20.1 of this Prospectus), we intend to utilise RM9.00 million of the proceeds from our Public Issue to finance/part-finance the land acquisition and factory construction costs pursuant to our plan to set up a new factory so as to increase production capacity. We intend to set up our new factory in an area within the southern part of the Klang Valley, e.g. Puchong, Banting, Klang, etc. As at the LPD, we have yet to identify a suitable parcel of vacant land for this purpose. Our management estimates that the total costs for land acquisition and factory construction for this purpose would be in the range of between RM9.00 million and RM12.00 million based on an estimated gross land size of two (2) acres. Additional funding, if required, will be met through internally generated funds and/or external borrowings.

(2) **R&D expenditure**

We have allocated RM1.50 million of the proceeds from our Public Issue for the setting up of R&D facilities in conjunction with our plan to set up a dedicated R&D team (as further discussed in Section 6.20.4 of this Prospectus) to focus on product development and process improvement. For the initial stage, we intend to focus our R&D effort on improving energy efficiency of our glove-dipping lines as well as on process automation. The RM1.50 million allocated for R&D expenditure is earmarked for the following purposes in view of our aforementioned initial R&D focus:-

Description of expenditure	RM'000
Investment in related equipment and software including, inter-alia, simulation software, infrared thermometer, optic system and thermal oil flow meter	1,500
<b>Total</b>	<b>1,500</b>

(3) **Working capital**

The RM4.92 million earmarked for working capital shall be utilised for our day-to-day working capital requirements as set out below:-

Working capital requirements	RM'000
Purchase of materials and parts <sup>(a)</sup>	4,000
Payment of subcontractor costs <sup>(b)</sup>	916
<b>Total</b>	<b>4,916</b>

**3. DETAILS OF OUR IPO (Cont'd)***Notes:-*

- (a) In line with our Group's business growth, we expect to utilise more materials and parts for our business operations which include, but are not limited to, steel materials, conveyor chain, former holders, nylon brushes, motors, insulant, heat exchangers, blower fans and fiberglass tanks.
- (b) Subcontractor costs are paid to subcontractors engaged by us for carrying out fabrication and installation works pertaining to our business operations.

The utilisation of the proceeds from our Public Issue for working capital purposes is consistent with our business expansion and growth strategies. Based on our purchases of materials and parts and subcontractor costs for the FYE 2015 of RM58.53 million and assuming a 20.00% increase in such costs in line with our business expansion, the RM4.92 million earmarked for working capital would be sufficient to support approximately 40.00% of the said incremental costs.

**(4) Estimated listing expenses**

Details of the estimated expenses and fees incidental to our Listing of RM2.40 million are as set out below:-

<i>Estimated listing expenses</i>	<i>RM'000</i>
<i>Professional fees <sup>(a)</sup></i>	<i>1,520</i>
<i>Fees to authorities</i>	<i>121</i>
<i>Brokerage, underwriting commission and placement fees</i>	<i>356</i>
<i>Printing and advertising expenses</i>	<i>150</i>
<i>Other expenses and contingencies <sup>(b)</sup></i>	<i>253</i>
<b>Total</b>	<b>2,400</b>

*Notes:-*

- (a) Including fees for, inter-alia, the Principal Adviser, Reporting Accountants, Solicitors, Independent Market Researcher and other professionals.
- (b) Including fees for, inter-alia, translators and share registrar as well as other miscellaneous expenses in relation to our Listing.

If the actual listing expenses are higher than the estimated amount as set out above, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than the estimated amount, the excess will be utilised for working capital purposes.

The financial impact of the utilisation of proceeds from our Public Issue is illustrated in our pro forma consolidated statements of financial position set out in Section 13 of this Prospectus.

Pending utilisation, the proceeds raised from our Public Issue will be placed under short-term deposits with licensed financial institution(s).

The Offer for Sale is anticipated to raise gross proceeds of up to RM15,439,050 which will accrue entirely to the Offerors. The Offerors shall bear all expenses such as placement and miscellaneous fees incurred pursuant to the Offer for Sale estimated at approximately RM0.22 million.

**3.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES****3.9.1 Brokerage**

We will pay brokerage relating to the sale of 13,199,000 Balloting Shares under the Public Issue at the rate of 1.00% of the IPO Price in respect of all successful application forms bearing the stamp of KAF IB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

**3.9.2 Underwriting Commission**

The Underwriter has agreed to underwrite 13,199,000 Balloting Shares ("Underwritten Shares") which are available for application by the Malaysian Public through a balloting process.

### 3. DETAILS OF OUR IPO (Cont'd)

We will pay our Underwriter an underwriting commission at the rate of 2.00% of the total value of the underwritten Shares based on the IPO Price.

#### 3.9.3 Placement Fees

Our Placement Agent has agreed to place out 26,392,000 Public Issue Shares as set out in Section 3.3.1(ii) of this Prospectus and 32,309,000 Offer Shares as set out in Section 3.3.2(ii) of this Prospectus to Bumiputera investors approved by the MITI and selected investors respectively. We will pay our Placement Agent a placement fee at the rate of 1.75% of the total value of the Public Issue Shares at the IPO Price placed out by our Placement Agent and a placement fee at the rate of 0.50% of the total value of the Public Issue Shares at the IPO Price placed out to placees identified by our Company and/or the MITI. The placement fee to be incurred on the sale of 32,309,000 Offer Shares will be fully borne by our Offerors.

#### 3.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement are as follows:-

- (i) Pursuant to Clause 5.1 of the Underwriting Agreement, unless waived by the Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriter under the Underwriting Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:-
- (a) the approval of Bursa Securities (for, inter alia, the listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM26,392,100 comprising 263,921,000 ordinary shares of RM0.10 only each on the ACE Market of Bursa Securities) obtained by its letter dated 28 April 2016 remaining valid and have not been revoked or amended and all the conditions imposed therein which have to be complied by the Company prior to Listing, have been complied by the Company;
  - (b) the receipt by KAF IB of all relevant documentation and placement monies in respect of the private placement of the Bumiputera Placement Shares and the Offer for Sale;
  - (c) all other necessary approvals and consents required in relation to the IPO and the IPO Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
  - (d) the issue of the Public Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;
  - (e) the issue and subscription of the Public Issue Shares in accordance with the provisions of the Underwriting Agreement is 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);
  - (f) the Prospectus having been lodged with the Registrar of Companies and registered with the SC together with all the required documents in accordance with the CMSA, the Act and the relevant laws and regulations;
  - (g) there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material breach of any representation, warranty, covenant, undertaking or obligation of the Company in the Underwriting Agreement or which is contained in any certificate, statement, or notice provided under or in connection with the Underwriting Agreement or which proves to be incorrect in any material respect;
- "Closing Date" means the last date and time for the receipt of the applications and payment for the IPO Shares in accordance with the Prospectus or such later date as the Company and the Underwriter may mutually agree upon;

### 3. DETAILS OF OUR IPO (Cont'd)

*“Extended Closing Date” means the extended closing date for the receipt of the applications and payment for the IPO Shares pursuant to the IPO which will be notified in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia.*

- (h) *there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or in the prospects or future financial condition or business or operations of the Group (which in the reasonable opinion of the Underwriter, is or will be material in the context of the IPO and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering materially inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company contained in the Underwriting Agreement;*
- (i) *the Underwriter receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of Directors of the Company approving the Listing, the Prospectus and the Underwriting Agreement, the issue and offer of the IPO Shares and authorizing a person or persons to sign the Underwriting Agreement on behalf of the Company; and*
- (j) *the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 15 (Costs and Expenses) of the Underwriting Agreement.*
- (ii) *Pursuant to Clause 5.2 of the Underwriting Agreement, in the event any of the conditions set forth in Clause 5.1 of the Underwriting Agreement are not satisfied on or before the Closing Date or Extended Closing Date, as the case may be, the Underwriter shall, subject as mentioned below, be entitled to forthwith terminate the Underwriting Agreement by notice in writing given to the Company whereupon the following shall take place within three (3) Market Days of the receipt of such notice:-*
- (a) *the Company shall make payment of the Underwriting Commission to the Underwriter provided always that such aforementioned cancellation, termination or withdrawal is not due to the non-performance or breach of the Underwriter’s obligations set out in the Underwriting Agreement; and*
- (b) *each party shall return all other monies (if any) (in the case of the Underwriter, after deducting the Underwriting Commission due and owing to the Underwriter hereunder) paid to the other under the Underwriting Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);*
- and thereafter, the Underwriting Agreement shall be terminated and of no further force and effect and none of the parties shall have a claim against the other, save and except in respect of any antecedent breaches. 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.*
- (iii) *Pursuant to Clause 12.1 of the Underwriting Agreement, notwithstanding anything contained in the Underwriting Agreement, the Underwriter may by notice in writing to the Company given at any time before the Closing Date or the Extended Closing Date, as the case may be, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares if:-*
- (a) *the approval of Bursa Securities for the Listing is revoked, withdrawn or procured but subject to the conditions not acceptable to the Underwriter;*
- (b) *there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clauses 3 (Representations and Warranties by the Company) and 4 (Covenants and Undertakings by the Company), which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or*

### 3. DETAILS OF OUR IPO (Cont'd)

- (c) *there is a material failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement; or*
- (d) *there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares; or*
- (e) *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or*
- (f) *the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market of Bursa Securities due to exceptional financial circumstances or otherwise which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares; or*
- (g) *there has been a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia KLCI Index (“**Index**”) is, at the close of normal trading on Bursa Securities, on any Market Day:-*
- (i) *on or after the date of the Underwriting Agreement; and*
- (ii) *prior to the close of the offering of the IPO,*
- lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least five (5) Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or*
- (h) *there shall have occurred, or happened any of the following circumstances: -*
- (i) *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*
- (ii) *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, acts of war or accidents);*

*which would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole, the success of the IPO 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.*

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**4. RISK FACTORS**

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**NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP BEFORE INVESTING IN OUR SHARES.**

If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

**4.1 RISKS RELATING TO OUR BUSINESS OPERATIONS AND THE INDUSTRY IN WHICH OUR GROUP OPERATES****4.1.1 Dependence on the rubber glove industry**

Our Group is dependent on the rubber glove industry as our revenue is mainly derived from the supply of glove-dipping lines to rubber glove manufacturers. Thus, the financial performance of our Group will be affected by:-

- (i) the growth of the rubber glove industry, which is dependent on factors such as growth in the global and domestic healthcare industry, demand for rubber gloves arising from other end-user markets such as manufacturing industry, growth in the global economy and demand for rubber gloves from emerging markets due to changes in healthcare requirements; and/or
- (ii) technological advancements of glove-dipping lines and/or rubber glove manufacturing processes.

As such, a decline in demand for rubber gloves by end-users or a slowdown in production capacity expansion by rubber glove manufacturers may have an adverse impact on the financial performance of our Group.

Nevertheless, our Board believes that the future prospects of our Group remain positive with due consideration to the following factors:-

(a) *Anticipated growth in the rubber glove industry*

The demand for rubber gloves has demonstrated resilient growth with continuous year-on-year growth, albeit a temporary decrease in 2011. This temporary decrease was caused by a market correction due to a larger than usual growth in global rubber glove demand in 2010 as a result of the worldwide H1N1 pandemic. Nevertheless, the said temporary decrease in demand for rubber gloves has not affected the overall financial performance of our Group in 2011.

From 2009 to 2014, the global rubber glove demand has grown from 65.3 billion pairs to 88.0 billion pairs, registering a CAGR of 6.1%. Further, Smith Zander forecasts rubber glove demand to increase from an estimated 94.2 billion pairs in 2015 to 107.9 billion pairs in 2017, at a CAGR of 7.0% during the period. With the rubber glove industry being primarily dependent on the global healthcare industry, which has exhibited growth between 2004 and 2014 at a CAGR of 6.1%, the risk of dependency is, to a certain extent, mitigated by the sustainability of the healthcare industry. (Source: IMR Report)

In relation to the foregoing, new glove-dipping lines are expected to be installed by rubber glove manufacturers progressively to cater for such anticipated growth.

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

(b) *Technological advancements*

With the advancement of technology in the design of glove-dipping lines and/or rubber glove manufacturing processes over time, newer and more advanced glove-dipping lines are being installed by rubber glove manufacturers with the aim of:-

- achieving greater production efficiency through new glove-dipping lines with a higher production output per hour; and
- producing quality end-products, i.e. rubber gloves, that conform to the required specifications, in terms of end-product attributes, such as the Acceptable Quality Level and physical properties,

thereby reducing their production time in producing rubber gloves and cost, in terms of utilities and staff costs.

Notwithstanding the present positive outlook of our business operations, there can be no assurance that any adverse change in the rubber glove industry, such as lower demand from the end-user markets, fluctuation in raw material prices and shortage of raw material supply, will not have a material adverse effect on our Group's business operations and financial performance.

##### 4.1.2 Dependence on a few major customers

Historically, the overall composition of our customers varies from year to year but a significant portion of our Group's annual revenue for any given year was contributed by a small number of major customers as shown in Section 6.18 of this Prospectus. This was mainly due to the following reasons:-

- the large value of each order from our major customers as a proportion to our total revenue. As our supply of glove-dipping lines is on project basis, each order from our customers can be comprised of several glove-dipping lines. As shown in Section 6.18 of this Prospectus, our major customers contributed more than 80.0% of our total revenue for the Period Under Review;
- the capacity constraints experienced by us as highlighted in Section 6.15.4 of this Prospectus; and
- the long implementation timeframe for each order that generally ranges between six (6) months and fifteen (15) months from the date of receipt of a confirmed order.

As such, any cancellation of or variation in orders from these selected customers at any point in time may have a material adverse impact on our business operations and financial performance as we may not be able to secure replacement orders from other customers to cushion such impact.

Nevertheless, we undertake careful evaluation prior to accepting an order and detailed planning prior to project commencement as part of our measures to ensure timely implementation of the orders secured. Further, over 70.0% of orders, in terms of value, for glove-dipping lines secured by us during the Period Under Review were from rubber glove manufacturers, which are either foreign-based or owned by multinational corporation/public listed company in Malaysia, and we believe they would have carried out detailed planning and preparation for their requirements before placing orders with us. For the Period Under Review, we have not experienced any cancellation of or variation in orders which had a material adverse impact on our business operations and financial performance.

In addition, our Group constantly engages in marketing activities to secure new orders and to develop future business opportunities both locally and internationally. Such efforts have enabled us to secure orders from new customers for continued business growth during the Period Under Review, thereby balancing our reliance on recurring customers, including related parties (i.e. YTY Industry Sdn Bhd and Green Prospect Sdn Bhd, which were parties related to our Group up to 11 November 2013 as further detailed in Section 10.1.2 of this Prospectus), for business opportunities.

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

As illustrated in Section 6.18 of this Prospectus, we secured orders for glove-dipping lines from Rubberex Alliance Sdn Bhd and Cardinal Health 222 (Thailand) Ltd in the FYE 2014 and FYE 2015 respectively, both of which had become our major customers in the FYE 2015, replacing our other recurring major customers from the FYE 2013 to FYE 2014 (including YTY Industry Sdn Bhd and Green Prospect Sdn Bhd) as the main revenue contributors to our Group. We secured an order for glove-dipping lines from Central Medicare Sdn Bhd in December 2015 and pursuant thereto, it became the main revenue contributor to our Group for the FPE 2016. In line with our common business practice, such orders were secured after having gone through our marketing initiatives and negotiation process. Such business practice allows us to be able to cultivate potential customers and from there, to identify/secure potential new orders, while still executing the existing orders secured. Nevertheless, we continue to engage in marketing activities with YTY Industry Sdn Bhd and Green Prospect Sdn Bhd to develop future business opportunities for our Group and we have successfully secured new orders from Green Prospect Sdn Bhd for the FYE 2015 and FPE 2016 notwithstanding that it had ceased to be our related party.

Notwithstanding the foregoing efforts, no assurance can be given that any cancellation of or variation in orders from our customers will not materially and adversely affect our Group's business operations and financial performance.

##### 4.1.3 Absence of long-term contracts

We do not have any long-term contracts with our customers as our Group's sales are based on purchase orders. This is due to the nature of our business and the prevailing industry practice, where orders from customers are usually secured on a project-by-project basis. As the specifications of our products vary from order to order depending on our customers' requirements and hence, depending on the specifications, number and value of orders secured and implemented by us in a particular year, our Group's revenue may fluctuate from year to year and such fluctuations may have a material adverse impact on our business operations and financial performance.

During the Period Under Review, we experienced a year-on-year increase in revenue of up to 73.72%, except for a marginal decrease in revenue of 5.36% in FYE 2014, whilst our PAT recorded an increase of 86.84% in FYE 2013, but decreased by 13.88% in FYE 2014 before it increased again by 41.71% and 17.17% in FYE 2015 and FPE 2016 respectively. Please refer to Section 11.3.2 of this Prospectus for further details on the changes in our revenue and PAT during the Period Under Review.

Notwithstanding the absence of long-term contracts, we believe that:-

- (a) our competitive strengths, particularly our design and manufacturing capabilities as well as the knowledge and experience of our management and technical teams as set out in Section 6.5 of this Prospectus, had enabled us to secure over 70.0% of our orders, in terms of value, during the Period Under Review from rubber glove manufacturers, which are either foreign-based or owned by multinational corporation/public listed company in Malaysia. Out of these orders, foreign sales, particularly from Indonesia and Thailand, contributed between 26.38% and 46.35% to our Group's revenue during the Period Under Review. It is on this premise that we believe we are competitive both locally and internationally. Kindly refer to Section 6.4.2 of this Prospectus for the competitive landscape of glove-dipping line manufacturing in Malaysia and Thailand; and
- (b) our commitment in providing our customers with quality products and services, and our previous business dealings with customers would provide us with a platform for further business growth through repeat orders. In fact, a number of orders secured during the Period Under Review were contributed by orders from our recurring customers as well as rubber glove manufacturers which have had previous dealings with our Founders in relation to the supply of glove-dipping lines through Hup Lek Engineering prior to the setting up of HL Advance, for example Cardinal Health 222 (Thailand) Ltd and PT Medisafe Technologies.

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

An illustration of the value of orders for glove-dipping lines secured from our recurring customers for the Period Under Review is as follows:-

	FYE 2013			FYE 2014		
	Recurring customer	New customer	Total	Recurring customer	New customer	Total
Value of orders (RM'000)	25,920	28,000	53,920	5,602	11,633	17,235
As a % of total value of orders	48.1	51.9	100.0	32.5	67.5	100.0

	FYE 2015			FPE 2016		
	Recurring customer	New customer	Total	Recurring customer	New customer	Total
Value of orders (RM'000)	128,142	-	128,142	21,000	-	21,000
As a % of total value of orders	100.0	-	100.0	100.0	-	100.00

However, no assurance can be given that the foregoing efforts would continue to generate business opportunities for our Group in the future.

**4.1.4 Dependence on Directors and key management**

Our achievements are largely attributable to the continued efforts of our Executive Directors and key management personnel who are directly responsible for the strategic direction, leadership, business planning and development, and management of our Group's business operations. The loss of any of our Executive Directors and key management personnel, and our subsequent inability to recruit suitable replacement personnel in a timely manner, may adversely affect our business operations and financial performance as well as our continuing ability to compete effectively in the industry. For the Period Under Review, we have not experienced any loss of our Executive Directors or key management personnel.

We recognise the importance of our ability to retain our Executive Directors and key management personnel and have in place a human resource strategy, which includes maintaining a competitive remuneration package and providing opportunities for career development for our employees. In addition, we have included the establishment of ESOS and the allocation of Pink Form Shares for our eligible Directors and employees pursuant to our Listing with the objective of providing added motivation and incentive for them to remain with us through equity participation. Further details of the allocation of Pink Form Shares to the Eligible Parties and the establishment of ESOS are set out in Section 3.3.2(i) and Section 3.3.4 of this Prospectus respectively. As part of our management succession plan, efforts have been made to promote and groom lower and middle management staff to gradually assume the responsibilities undertaken by the senior management team to ensure continuity in our management team. Nonetheless, there can be no assurance that we will be able to recruit, develop and retain adequate number of skilled and motivated employees.

**4.1.5 Project risks**

Our orders for glove-dipping lines are generally secured on project basis pursuant to the expansions of our customers' rubber glove manufacturing plant. Orders under these planned plant expansion projects are subject to, amongst others, the following risks:-

- (i) Our customers may delay or cancel their projects due to unforeseen circumstances. Delays may arise from unexpected changes in project requirements, implementation timeline or unanticipated difficulties encountered. Any delay in our customers' expansion projects will accordingly affect our recognition of revenues from the relevant orders. Further, the occurrence of any unforeseen circumstances that could render our customers' expansion projects to be unfavourable may cause cancellation or termination of the relevant projects and hence, may affect our recognition of revenues from the relevant orders.

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

- (ii) In the event of any variation of our customers' expansion projects, orders for glove-dipping lines under the relevant projects awarded to us may change accordingly, and in certain cases, may require approvals from our customers' headquarters or senior management team. Time spent to obtain such approvals will slow down the completion of our orders for glove-dipping lines and hence, may affect our recognition of revenues from these orders in the respective year.
- (iii) Cost overruns may occur due to delay or variation of orders as a result of the aforesaid circumstances, which may affect our financial performance.

Notwithstanding that we would not be able to intervene in our customers' rubber glove manufacturing plant expansion projects, we undertake certain reasonable measures as part of our efforts to minimise any negative financial impact on our results of operations arising from such potential project risks, particularly we would carry out assessment on, inter-alia,-

- the specifications of each order to ensure smooth implementation and avoid cost overrun; and
- the industry reputation and credibility of our potential customers so as to establish their overall capability to successfully undertake the relevant expansion projects.

Notwithstanding that there has not been any occurrences of delay or cancellation of projects, variation in orders or cost overrun which had a material adverse impact on our business operations and financial performance for the Period Under Review, there can be no assurance that our financial performance will not be adversely affected in the event of any change to or delay in the expansion projects of our customers in the future.

##### 4.1.6 Credit risks

We grant our customers credit terms in the range of thirty (30) days to ninety (90) days. Notwithstanding the credit period, some of our customers could experience cash flow difficulties in the course of their expansion given the substantial amount of capital outlay required for, among others, factory construction and fit-out as well as installation of new glove-dipping lines, which could in turn lead to long delays in our collection of payments. Any such delay in collection of payments owed to us by our customers could significantly reduce our operating cash flow and liquidity. If we are required to write-off any long overdue receivables, our results of operations could also be materially affected.

In mitigating our exposure to credit risk, we assess the industry reputation and credibility of our existing and prospective customers prior to accepting their orders, based on our market knowledge and experience, and leveraging on our industry networks and contacts. In addition, we also regularly review our trade receivable ageing and monitor subsequent collection of trade receivables. In situations where our customer is unable to adhere to the agreed credit terms, we will first examine the reasons for the delay. If there is sufficient commercial justification, we will negotiate for settlement, which could include granting our customer an extension of time for payment. However, should the negotiations fail, we will initiate legal proceedings to recover the amount owed to us by the customers.

While we have experienced delays in collection of trade receivables from certain customers during the Period Under Review, we have received progressive payments from such customers in settling their debts without us having to resort into legal proceedings to recover the same. As stated in Section 11.4.6(ii) of this Prospectus, 75.00% of the net trade receivables outstanding as at 31 July 2016 of RM14.64 million has been collected as at the LPD, whilst the remaining outstanding amount of RM3.66 million are mainly due from customers who generally required longer period for payment processing and/or have been making progressive payments to us.

As a measure to mitigate our credit risk exposure to customers with long payment period, we will exercise careful judgment and take into consideration the following prior to accepting new orders from such customers:-

- (i) total amount of outstanding trade receivables owing by such customers prior to us accepting further orders and the extent of the Group's credit risk exposure from such customers;

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

- (ii) pricing of the relevant orders and the corresponding gross profit margin; and
- (iii) whether such customers have been settling their outstanding debts in recent months.

Whilst long delays in collection of trade receivables had not resulted in any material adverse impact on our business operations and financial performance during the Period Under Review, there can be no assurance that we will not experience long delays in collection of trade receivables in the future with particular consideration to certain customers with historical long payment period.

As at the LPD, a customer with historical long payment period is also one (1) of our existing customers for glove-dipping lines and we may continue to experience delays in collection of trade receivables from the said customer in the course of our implementation of its order. Nevertheless, we acknowledge the credit risk in our on-going business dealings with the said customer and will continue to follow-up with such customer for payment of outstanding debts. With due consideration to the measures taken by us prior to accepting new order from the said customer and based on its improved payment record in the recent years, more particularly in the FYE 2014 and FYE 2015, we are of the view that the relevant credit risk exposure is manageable.

Although there have been no allowance for impairment loss on trade receivables nor bad debt written off for the Period Under Review, there can be no assurance that we will not encounter any collection problem in the future, which may result in allowance for impairment loss on trade receivables and/or write-off of bad debts that may have a material adverse impact on our Group's financial performance.

**4.1.7 Adequacy of insurance coverage on assets and employees**

We maintain a number of insurance policies to protect us against potential losses and liabilities arising from various aspects of our business operations. We also review the level of our insurance coverage on a regular basis to determine the need for further coverage. For the Period Under Review, we have successfully made an insurance claim for RM0.16 million to compensate our loss of motor vehicle due to theft. As such claim was higher than the net book value of the lost motor vehicle, we did not incur any financial losses from the said incident. Other than such incidence, we have not made any insurance claim during the Period Under Review. However, there can be no assurance that our existing insurance policies will be adequate to cover all of our potential losses and liabilities in the course of our business operations.

Further, we are subject to the risks relating to any inability to maintain or obtain insurance of the type and coverage desired at reasonable rates. In the event that our insurance coverage is insufficient to indemnify us against any significant losses and/or liabilities, it could have a material adverse effect on our business operations and financial performance.

**4.1.8 Fluctuation in raw material prices**

The primary materials and parts used in the fabrication of glove-dipping lines consist of steel materials (such as steel beams, pipes and plates), conveyor chain, former holders, nylon brushes, motors, insulant, heat exchangers and blower fans. Out of these materials and parts, steel materials are, by far, the highest in terms of cost in proportion to our total costs of materials and parts, and are subject to continuing price fluctuations. The prices of steel materials are subject to, amongst others, market supply and demand conditions, prices of its raw materials (such as iron ore), prevailing energy costs and governmental regulations. Any material change in the conditions of the aforesaid factors may cause an increase in steel material prices, which may lead to an increase in our manufacturing cost and accordingly, may have a material adverse impact on our business operations and financial performance.

Nevertheless, we believe that the volatility in the cost of steel materials is manageable as our purchases are generally made upon receipt of confirmed orders from our customers so as to minimise the impact of any adverse price fluctuations in steel materials. Further, based on our previous business dealings with our steel material suppliers, they regularly keep us abreast of the price trend of steel materials to ensure that our business operations will not be affected by sudden unanticipated increase in steel material prices.

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

For the Period Under Review, our Group has not encountered any major cost overruns arising from fluctuation in raw material prices. However, there is no assurance that our Group's profitability will not be adversely affected by any fluctuation in prices of raw materials in the future.

**4.1.9 Sudden and unexpected equipment failures and natural disasters which may lead to disruptions to our business operations**

Our Group's manufacturing activities are supported by machinery and equipment such as welding, cutting and roll forming machinery. These machinery and equipment may, on occasion, be out of service as a result of unanticipated failures or damages sustained during operations. Further, our manufacturing plant is also subject to catastrophic loss due to natural disasters such as floods and outbreak of fires. These unpredictable events may cause interruptions to, or prolonged suspension of, a substantial part of our manufacturing facilities, or may cause damage to, or destruction of, all or part of our manufacturing plant. In addition, as our manufacturing activities are dependent on continuous supply of electricity, any major disruptions to the supply of electricity may also result in interruptions to our business operations. For the Period Under Review, we have not experienced any occurrence of sudden and unexpected equipment failures and natural disasters which had led to disruptions to our business operations.

Any prolonged interruptions in our business operations due to the aforementioned factors will affect our production schedules and timely execution of our orders from customers. This could in turn have an adverse impact on our business operations, financial performance and industry reputation.

We mitigate the risk of machinery and equipment breakdown and failure by ensuring regular maintenance and routine servicing of our machinery and equipment are carried out. In addition, our machinery and equipment suppliers also provide on-site support if required.

**4.1.10 Effective management of growth or successful implementation of our future plans and strategies**

We plan to enhance our market presence through further expansion of our local and foreign businesses. In order to successfully implement our expansion plan, it is imperative that our Group remains competitive, and thus, we are committed to continuously enhancing the design and specifications of glove-dipping lines manufactured by us so as to enable our customers to attain increased cost-efficiencies in their rubber glove manufacturing process. Accordingly, we have plans to, inter-alia, expand our production capacity and set up a dedicated R&D team to formalise our R&D activities primarily on on-going product development and improvement of glove-dipping processes via technological improvements. Please refer to Section 6.20 of this Prospectus for further details of our future plans and strategies.

The implementation of our future plans involves substantial cost outlay including, but not limited to, land acquisition and factory construction costs, capital expenditures for the purchase and installation of new machinery and equipment, costs of setting up our R&D team and facilities, marketing and promotional expenses, and other working capital requirements. Such substantial cost outlay is proposed to be partly financed through the proceeds from our Public Issue, where we intend to allocate RM9.00 million and RM1.50 million of the proceeds from our Public Issue to finance/part-finance our land acquisition/factory construction costs and for the setting up of R&D facilities respectively. Further details of the utilisation of proceeds arising from the Public Issue are set out in Section 3.8 of this Prospectus.

Although our Executive Directors and key management personnel are experienced in this business and we have sufficient resources at our disposal to execute our future plans, there is no assurance that we will be successful in executing our future plans, nor can we assure that we will be able to anticipate, and accordingly mitigate with adequate measures, all business and operational risks arising from our future plans. There can also be no assurance that the results or outcome of our future plans will meet our expectations and contribute positively to our future financial performance.

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

##### 4.1.11 External funding and financing to meet future capital needs

Our ability to obtain external financing and to make timely repayments of our debt obligations are subject to various uncertainties, including our future financial condition and performance, the markets for our products, the cost of financing and the condition of financial markets, and the continuing willingness of banks to provide new loans. Further information in relation to our current outstanding borrowings is set out in Section 11.4.3 of this Prospectus. Although we presently rely on minimal external financing, there can be no assurance that any required additional financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us.

If adequate funding is not available when needed, or is available only on unfavourable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could have a material and adverse effect on our business operations and financial performance.

##### 4.1.12 Product defects

Our products are generally subject to a warranty period of up to one (1) year from handover and during the warranty period, we are responsible to repair and/or exchange certain components of our products should our customers experience any product defects. We are thus obliged to ensure that our final products are fully functional in accordance with the specifications and requirements of our customers before they are handed over to our customers.

Any occurrence of product defects will be reflected as a cost to us in the form of repair costs and/or product warranty claims, and may also have an adverse implication on our industry reputation. An adverse reputation or negative perception regarding the quality of our products, or our Group in general, could also result in a decrease in demand for our products. Further, any incidence of product defects or failure that causes serious injury may result in lawsuits and/or civil liability claims, and loss of customer confidence in our products, which could materially impact future demand for our products, thus adversely affect our financial performance.

Nevertheless, we have in place in-process quality assurance procedures for our manufacturing processes which, to a certain extent, enable us to minimise the occurrence of product defects or failures.

Although we have not incurred any material cost on repair and/or replacement of our products sold to customers due to product defects during the Period Under Review, no assurance can be given that any occurrence of product defects in the future will not have an adverse impact on our financial performance.

##### 4.1.13 Foreign exchange fluctuations

Revenue from our foreign sales is either denominated in RM or USD, whilst majority of our foreign purchases of materials and parts for the Period Under Review were denominated in USD. In this regard, we are exposed to potential losses on foreign currency exchange, particularly arising from fluctuations in the exchange rate of the USD against the RM. An illustration of our revenue and purchases of materials and parts for the Period Under Review in RM, USD and other foreign currencies is as follows:-

###### Revenue

	FYE 2013		FYE 2014		FYE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Revenue denominated in:-</b>								
- RM	45,987	99.9	42,016	96.4	40,816	53.9	35,109	73.6
- USD	55	0.1	1,552	3.6	34,881	46.1	12,583	26.4
<b>Total revenue</b>	<b>46,042</b>	<b>100.0</b>	<b>43,568</b>	<b>100.0</b>	<b>75,697</b>	<b>100.0</b>	<b>47,692</b>	<b>100.0</b>



**4. RISK FACTORS (Cont'd)**Purchases of materials and parts

	FYE 2013		FYE 2014		FYE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Purchases denominated in:-</b>								
- RM	27,579	99.7	23,420	92.9	35,186	69.2	24,117	69.1
- USD	24	0.1	1,633	6.5	9,068	17.9	9,601	27.5
- Others*	55	0.2	153	0.6	6,559	12.9	1,201	3.4
<b>Total purchases</b>	<b>27,658</b>	<b>100.0</b>	<b>25,206</b>	<b>100.0</b>	<b>50,813</b>	<b>100.0</b>	<b>34,919</b>	<b>100.0</b>

**Note:-**

\* Other foreign currencies such as Singapore Dollar, Indonesia Rupiah, Thailand Baht and Hong Kong Dollar.

Currently, we maintain foreign currency accounts in USD for payment of our foreign purchases and/or deposits of the receipts from our foreign sales. Although we do not enter into any hedging arrangement for our Group's foreign currency exposure, we constantly monitor the movements of USD against the RM and our Group's foreign currency exposure to assess the need for hedging.

As illustrated in the table above, we generally incur higher purchases denominated in foreign currencies when there are corresponding foreign orders denominated in USD being implemented, i.e. when certain materials and parts required for our foreign orders are sourced in the country where our foreign customers are based, particularly for the FYE 2015 and FPE 2016 in view of our execution of an order for glove-dipping lines in Thailand. Whilst recent developments in the global financial markets and the international political scenarios have resulted in volatilities in foreign currency exchange rates, whereby the RM has depreciated 8.31% against the USD in the six (6)-month period up to the LPD, we do not expect the said volatilities in foreign currency exchange rates to materially affect our overall financial performance subsequent to the FPE 2016 in view that our only existing order denominated in USD is already at its advanced stage of implementation with a sum of USD1.13 million (equivalent to RM5.00 million based on the exchange rate of USD1:00 : RM4.4205 as at the LPD) to be recognised as revenue subsequent to the FPE 2016 and hence, our further purchases denominated in foreign currencies are expected to reduce accordingly.

For the Period Under Review, our Group has not encountered any material foreign currency exchange fluctuation that has resulted in any material adverse impact to the financials of our Group. Our Group's realised and unrealised gain/loss on foreign exchange for the Period Under Review are as follows:-

	FYE 2013 (RM'000)	FYE 2014 (RM'000)	FYE 2015 (RM'000)	FPE 2016 (RM'000)
Realised gain/(loss) on foreign exchange	-	63	830	(524)
Unrealised gain/(loss) on foreign exchange	3	50	(209)	1,874
Net gain on foreign exchange	3	113	621	1,350

As illustrated above, we recorded minimal net gain on foreign exchange for the FYE 2013 in line with our low amount of revenue and purchases that were denominated in foreign currencies for the same period. For the FYE 2014, we recorded a net gain on foreign exchange totalling RM0.11 million mainly due to the impact of the appreciated USD against RM on our trade receivables and cash and bank balances denominated in USD. For the FYE 2015, we recorded a net gain on foreign exchange of RM0.62 million mainly due to the strengthening of USD against RM and our higher collection of trade receivables in USD in line with our higher revenue denominated in USD for the FYE 2015. For the FPE 2016, we recorded a net gain on foreign exchange of RM1.35 million due mainly to the positive impact of the USD fluctuation against RM during the FPE 2016 on our trade receivables and cash and bank balances denominated in USD. Kindly refer to Section 11.3.3(v) and Section 12 of this Prospectus for the impact of foreign exchange fluctuations on our financial performance and our exposure to foreign currency risk respectively.

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


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Notwithstanding that we have not experienced any material foreign currency exchange fluctuation that has resulted in a material adverse impact to the financials of our Group, there can be no assurance that any future fluctuation in foreign currency exchange rates will not have a material adverse impact on our Group's earnings.

**4.1.14 Political, economic and regulatory considerations**

Notwithstanding that we operate principally in Malaysia, we derive a significant portion of our revenue from foreign sales to various countries including, inter-alia, Thailand, Indonesia, India and China. For the FYE 2013, FYE 2014, FYE 2015 and FPE 2016, our foreign sales accounted for 32.77%, 34.08%, 46.35% and 26.38% of our total revenue respectively.

As we continue to expand our business, our financial condition and results of operations are expected to be increasingly affected by economic, political, legal or social conditions of the countries where we operate, transact business or have interests, making us increasingly susceptible to the operational risks caused by these conditions. These risks include, among others, changes in political leadership, changes in economic conditions, changes in interest rates and changes in government policies such as method of taxation, currency exchange rules and introduction of new regulations.

Conducting business in other markets also requires us to comply with foreign laws and regulations covering various aspects of our operations and these laws and regulations, where relevant, may change, or may be updated and amended, from time to time. Much of the above changes are beyond our control.

Whilst our Group may take measures to mitigate the aforementioned risks through keeping abreast of economic and regulatory changes in the relevant countries, there is no assurance that any adverse changes in political, economic and regulatory conditions of the countries in which we transact business will not materially affect our financial performance. Nevertheless, it is important to note that our Group's revenue is not solely derived from any one particular country, thus reducing the susceptibility of our Group's business operations and financial performance to any political, economic and regulatory changes in a particular country. Moreover, there has not been any political, economic and regulatory considerations which had a material adverse impact on our business operations and financial performance for the Period Under Review.

**4.1.15 Reliance on the services of subcontractors**

The glove-dipping line industry is labour intensive and requires substantial manual labour in fabrication and installation works. We rely mainly on our subcontractors for fabrication and installation works in our business operations as we believe it would not be cost effective to maintain a large production workforce given the project-based nature of our orders from customers. For the FYE 2013, FYE 2014, FYE 2015 and FPE 2016, our subcontractor costs accounted for 16.74%, 18.21%, 12.76% and 14.84% of our total cost of sales respectively.

In view of our reliance on the services of subcontractors for fabrication and installation works, any failure by a subcontractor to deliver satisfactory services as required by us and our customers may result in losses to us in the form of rectification costs and may also adversely affect our industry reputation. However, we believe that such risks are mitigated as follows:-

- in addition to the competitiveness of their terms of engagement, our criteria for the appointment of subcontractors also include satisfactory past working experience with them. Based on our previous dealings with our subcontractors, we are of the opinion that they are reliable and experienced;
- we maintain working relationships with a number of suitably experienced subcontractors in the industry so as to ensure that we are not excessively relying on the services of any particular subcontractors. For the Period Under Review, we engaged between four (4) and seven (7) subcontractors; and
- the subcontractors are under the supervision of our project manager and site engineer.

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

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Although we have not previously experienced any major disruption to our business operations as a result of our dependence on subcontractors, no assurance can be given that we will always be able to procure such services in a timely manner for our future orders.

**4.1.16 Risks associated with technological changes**

Our business is susceptible to changes in technology. With the advancement of technology and continual R&D in the rubber glove manufacturing process aimed at, inter-alia, improving cost efficiencies, new design and/or specifications for glove-dipping lines may be developed from time to time. Although we dedicate continuous efforts to improving the design and specifications of glove-dipping lines manufactured by us, there can be no assurance that we will be able to develop new glove-dipping lines with enhanced design and specifications to meet the needs of our customers, nor can there be any assurance that there will be continuing market acceptance of our products following technological changes. Further, our competitors may, ahead of us, successfully develop glove-dipping lines with enhanced capability that allows rubber glove manufacturers to achieve improved efficiencies and cost savings. If we are unable to successfully develop glove-dipping lines with similar or more advance capability in a timely manner or at all, it could lead to a loss of business to our competitors and our business operations and financial performance may be adversely affected.

**4.1.17 Risks associated with our investment in R&D activities**

We recognise the importance of R&D activities to the long term growth and sustainability of our business and it is one of our future plans to set up a dedicated R&D team to, inter-alia, undertake continuous R&D for product development as well as on-going improvement of glove-dipping processes via technological improvements. We plan to staff our R&D team initially with one (1) chemist, one (1) engineer and two (2) draughtsmen, and will gradually expand the team as and when required. We will also invest in equipment such as simulation software which will be used to compute and simulate possible outcomes of new upgrades and developments. Pursuant to our Listing, we have allocated RM1.50 million of the proceeds from our Public Issue for the setting up of R&D facilities. Further information on our future plan to set up a dedicated R&D team is set out in Section 6.20.4 of this Prospectus.

Notwithstanding our commitment and efforts, we may not be able to accurately anticipate trends in technological or product development and market demand. If the anticipated development trend or market demand does not materialise, our R&D efforts may not yield the anticipated level of economic benefits to our Group. Furthermore, our R&D efforts may not result in the development of products with enhanced features in a timely manner to enable us to take advantage of the opportunities available in the market. In addition, the level of economic benefits that can be derived from newly developed products may be affected by how quickly our competitors can replicate these products or develop better alternatives.

As such, there can be no assurance that our proposed investment in R&D activities will yield economic benefits and contribute positively to our business operations and financial performance in the future. Nevertheless, we will undertake careful planning and supervision of our R&D activities so as to maximise their potential economic benefits to our Group.

**4.1.18 Competition from other market players within the glove-dipping line industry**

In general, our customers are careful and diligent when selecting manufacturers of glove-dipping lines where they place utmost importance on product quality and design capability. Hence, to remain competitive, our Group must continuously ensure that we maintain the above attributes as failure to do so may negatively impact our Group's track record and industry reputation, leading to a loss of business to our competitors, which could in turn negatively affect our financial performance.

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

We believe that our Group would be able to stay competitive based on, inter-alia, our track record, our design and manufacturing capabilities as supported by our experienced management and technical teams, and our ability to comply with the requirements of our customers, as further discussed in Section 6.5 of this Prospectus. In addition, we are committed to the continuous improvement of our products and services. As part of our future plans, we plan to set up a dedicated R&D team to focus on product development and process improvement, which we believe will contribute positively towards our long term growth and sustainability within the glove-dipping line industry. Please refer to Section 6.20.4 of this Prospectus for the details of our plans to setup a dedicated R&D team.

Notwithstanding this, there can be no assurance that we will be able to remain competitive in the future and that our financial performance will not be adversely affected by market competition.

**4.1.19 Fluctuations in our gross profit margin**

The pricing of our glove-dipping lines vary from customer to customer as they are made to customers' specifications with different requirements for, amongst others, production parameters, dimensional measurement and process complexity. Accordingly, the gross profit margin of our orders for glove-dipping lines varies from order to order and is generally determined by us after taking into consideration, amongst others, the specifications of the subject glove-dipping lines with due regard to the materials used, production parameters, dimensional measurement, process complexity and logistics arrangement as well as the potential repeat orders in the future. In addition, the business strategy adopted by us in securing orders, for instance as highlighted under the commentaries on historical gross profit and gross profit margin for the FYE 2015 and FPE 2016 of Section 11.3.2(iii) of this Prospectus, may also affect our gross profit margin from time to time.

In view of the above, our gross profit margin fluctuates from year to year and for the Period Under Review, we experienced an overall gross profit margin which varied between 14.11% and 26.68%.

In fact, our gross profit margin decreased from 26.68% for the FYE 2013 to 20.11% for the FYE 2015 and further to 14.11% for the FPE 2016 mainly because certain orders for the FYE 2015 and FPE 2016 were secured by us at a lower gross profit margin. These orders were secured by us having considered, amongst others, the shorter implementation timeframe for an order whose specifications were similar to recently implemented orders, and the potential repeat orders to be secured from the same customers, as more particularly explained in Section 11.3.2(iii) of this Prospectus. Nevertheless, we continued to achieve PAT growth for the said financial years and period, whereby our PAT increased by RM3.57 million to RM12.13 million for the FYE 2015 (FYE 2014 : RM8.56 million) and by RM0.91 million to RM6.21 million for the FPE 2016 (FPE 2015 : RM5.30 million).

Notwithstanding that the fluctuations in our gross profit margin have not adversely affected our overall financial performance during the Period Under Review, there can be no assurance that historical or current levels of gross profit margin can be sustained in the future and if there is a further decline in our overall gross profit margin, there can be no assurance that we will be able to achieve or maintain our profitability in the future.

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

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**4.2 RISKS RELATING TO OUR SECURITIES AND THE IPO****4.2.1 Influence by our Promoters**

Upon Listing, our Promoters will collectively hold a total of approximately 72.00% of our enlarged issued and paid-up share capital. Depending on how they choose to vote and due to their shareholdings, our Promoters will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

Nevertheless, as a step towards good corporate governance, we have appointed three (3) Independent Non-Executive Directors and set up an Audit Committee to ensure that, inter-alia, all future transactions involving related parties are entered into on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

**4.2.2 No prior market for our Shares**

Prior to our Listing, there has been no public market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our listing on the ACE Market of Bursa Securities or, if developed, that such a market can be sustained. Our IPO Price has been determined after taking into consideration a number of factors including, but not limited to, our historical earnings, financial and operating history, prospects and future plans. There can be no assurance that our IPO Price will correspond to the market price at which our Shares will trade upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the ACE Market of Bursa Securities after our Listing may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, general market and economic conditions, investors' individual perceptions of our Group, our financial performance and/or future prospects.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares. Thus, there can be no assurance that our Shares will not trade at prices lower than our IPO Price.

**4.2.3 Volatility in the market price of our Shares**

The market price of our Shares could be affected by a number of factors, including the following:-

- (i) the risk factors as stated in this Section 4 of this Prospectus;
- (ii) general market, political and economic conditions;
- (iii) valuation and recommendations of securities analysts on the fair value of our Shares;
- (iv) variations in our results of operations;
- (v) announcements of major business transactions or corporate exercises by our Group;
- (vi) fluctuations in the share market prices and trading volume; and/or
- (vii) our involvement in material litigation.

If the trading volume of our Shares is low, the price fluctuation may be aggravated, particularly as no stabilising transactions will be undertaken in respect of our Shares in connection with our Listing.

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

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**4.2.4 Delay in or cancellation of our Listing**

The occurrence of any one or more of the following events, which are not exhaustive, may cause a delay in or cancellation of our Listing:

- (i) the Underwriter exercising its rights pursuant to the Underwriting Agreement discharging itself from its obligations therein;
- (ii) the identified investors fail to subscribe for the portion of the IPO Shares intended to be placed out to them; or
- (iii) our Company is unable to meet the minimum public shareholding spread requirement, i.e. at least 25% of the issued and paid-up capital of our Company must be held by not less than 200 public shareholders with each holding not less than 100 Shares upon completion of our IPO and at the point of our Listing.

Although our Board will endeavour to ensure compliance of various requirements so as to facilitate the successful listing of our Company on the ACE Market of Bursa Securities, no assurance can be given that the abovementioned factors will not cause a delay in or non-implementation of our Listing.

In the event of a cancellation of our Listing, all monies paid in respect of any application accepted from you will be returned in full without interest within fourteen (14) days in compliance with the provision of sub-section 243(2) of the CMSA.

**4.2.5 Payment of dividends to our shareholders**

Our Company, being an investment holding company, derives its income mainly from dividends receivable from our subsidiary. Hence, our ability to pay dividend is largely dependent on the performance of our subsidiary. In determining the amount of any dividend recommendation, we will also take into consideration a number of factors including, but not limited to, our financial performance, cash flow requirements, covenants of existing/future bank borrowings, debt service requirements, financing commitments, availability of distributable reserves and future expansion plans. There is also no assurance that we will be able to record profits and have sufficient funds above our funding requirements, other obligations and business plans to declare dividend to our shareholders in future.

**4.2.6 Forward-looking statements**

Certain statements in this Prospectus are based on historical data which may not be reflective of our future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies. Although all forward-looking statements are based on estimates and assumptions which are believed to be reasonable at this time, such estimates and assumptions are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In light of these uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that the plans and objectives of our Group will be achieved.

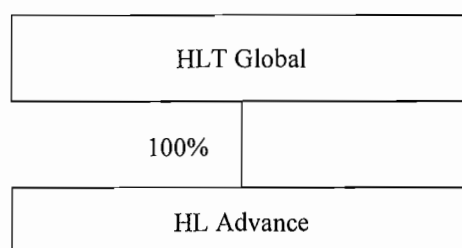
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## 5. INFORMATION ON OUR GROUP

### 5.1 INCORPORATION AND HISTORY

#### Overview of our Business

Our Company was incorporated in Malaysia under the Act on 22 October 2015 as a private limited company under the name of HLT Global Sdn Bhd. On 28 December 2015, we entered into the SSA with the Vendors for the acquisition of the entire issued and paid-up share capital of HL Advance. Subsequently on 7 January 2016, our Company was converted to a public limited company under our present name to embark on our Listing. Our Group's corporate structure is as follows:-



We are an investment holding company. Through our wholly-owned subsidiary, HL Advance, we are principally involved in the design, fabrication, installation, testing and commissioning of glove-dipping lines, the provision of upgrading and modification works for glove-dipping lines, and the supply and trading of associated parts and components. The glove-dipping lines produced by us can be designed to cater for the manufacturing of natural and/or synthetic rubber gloves. Our customers are rubber glove manufacturing companies involved in the production of natural and/or synthetic rubber gloves used across various industries including medical, industrial and food processing industries. Since its commencement of business operations in 2009, HL Advance had supplied glove-dipping lines to rubber glove manufacturers in Malaysia, Indonesia, Thailand, China and India. Some of the rubber glove manufacturers we serve include Cardinal Health 222 (Thailand) Ltd in Thailand, PT Medisafe Technologies in Indonesia, Kanam Latex Industries Pvt Ltd in India as well as those in Malaysia such as Green Prospect Sdn Bhd, YTY Industry Sdn Bhd, Rubberex Alliance Sdn Bhd, Latexx Manufacturing Sdn Bhd and WRP Asia Pacific Sdn Bhd. Collectively, these rubber glove manufacturers contributed 92.37%, 83.52%, 98.39% and 65.66% to our total revenue for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. The breakdown of revenue contributed by each of these rubber glove manufacturers for the Period Under Review are as follows:-

	FYE 2013		FYE 2014		FYE 2015		FPE 2016	
	RM'000	As a % of total revenue	RM'000	As a % of total revenue	RM'000	As a % of total revenue	RM'000	As a % of total revenue
Cardinal Health 222 (Thailand) Ltd	-	-	402	0.92	32,895	43.46	12,333	25.86
PT Medisafe Technologies	15,012	32.61	13,290	30.51	550	0.73	250	0.52
Kanam Latex Industries Pvt Ltd	-	-	1,037	2.38	1,454	1.92	-	-
Green Prospect Sdn Bhd	13,015	28.27	9,085	20.85	9,411	12.43	9,090	19.06
YTY Industry Sdn Bhd	9,921	21.54	314	0.72	76	0.10	45	0.09
Rubberex Alliance Sdn Bhd	-	-	11,506	26.41	23,416	30.93	1,182	2.48
Latexx Manufacturing Sdn Bhd	3,444	7.48	201	0.46	402	0.53	96	0.20
WRP Asia Pacific Sdn Bhd	1,139	2.47	552	1.27	6,272	8.29	8,320	17.45
<b>Total</b>	<b>42,531</b>	<b>92.37</b>	<b>36,387</b>	<b>83.52</b>	<b>74,476</b>	<b>98.39</b>	<b>31,316</b>	<b>65.66</b>

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

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**History of our Business**

The history of our business can be traced back to the year 1990, when Hup Lek (Partnership), a business partnership, was established by Wong Kok Wah, our co-Founder and Deputy Chairman/Executive Director, and Chan Yoke Chun, our co-Founder and Executive Director/CEO, to carry out metal fabrication works for various industrial applications, including the fabrication of parts and components such as latex storage tanks, mixing tanks, stainless steel railing and equipment as a subcontractor to glove-dipping line manufacturers. Since inception, Hup Lek (Partnership) was solely run by Wong Kok Wah, while Chan Yoke Chun joined the operations of Hup Lek (Partnership) in 1995. Hup Lek (Partnership) was then operating out of a rented light industrial factory lot in Bukit Serdang, Selangor.

Over the years, our Founders learned the trade and honed their expertise in the fabrication of various parts and components of glove-dipping lines and gradually expanded the business activities of Hup Lek (Partnership) to include design, fabrication, installation, testing and commissioning of glove-dipping lines. As business expanded, our Founders together with the other partner of Hup Lek (Partnership), namely the late Liew Wah Thiam, who joined Hup Lek (Partnership) in 1992, established Hup Lek Engineering on 7 May 1998 to assume the business operations of Hup Lek (Partnership). Thereafter, Hup Lek (Partnership) ceased its operations and its business registration expired on 15 December 1999. Hup Lek Engineering's business continued to prosper as it further developed the glove-dipping line business operations assumed from Hup Lek (Partnership) by securing orders from local and foreign rubber glove manufacturers, including SGMP Company Limited in Thailand, Riverstone Resources Sdn Bhd, YTY Industry Sdn Bhd, PT Medisafe Technologies, Shorubber (Malaysia) Sdn Bhd and Safeskin Medical & Scientific (Thailand) Ltd. in Thailand. During this period, Hup Lek Engineering continued to engage in fabrication of stainless steel tanks and equipment for various industrial applications so as to enhance its revenue stream.

In addition to the manufacturing of glove-dipping lines and fabrication of stainless steel products for industrial applications, Hup Lek Engineering had also ventured into wholesaling of medical equipment and pharmaceutical products in 2003 via its investment in HNB Marketing Sdn Bhd, a 50.00%-owned associated company of Hup Lek Engineering. The said investment was mooted when Hup Lek Engineering was invited by the founders of HNB Marketing Sdn Bhd to take up a strategic interest with a passive role in the company which involves in the healthcare industry and our Promoters were convinced with the anticipated long-term growth of the healthcare industry. As business grew, Hup Lek Engineering moved to a larger rented premises located in Balakong, Selangor, and thereafter to its own head office cum factory premises located in Puchong, Selangor in 2009.

Our Group's involvement in the glove-dipping line business was in 2009 when we commenced our operations as a glove-dipping line manufacturer through HL Advance, a company incorporated under the Act on 8 August 2006 by our Founders. This forms an integral step of our Founders' reorganisation plan to streamline our Group's operations to focus on the glove-dipping line manufacturing business, while having Hup Lek Engineering continue with its business on fabrication of other stainless steel products for industrial applications and its investment in HNB Marketing Sdn Bhd. As such, HL Advance gradually assumed Hup Lek Engineering's glove-dipping line manufacturing business with a focus on new orders while Hup Lek Engineering continued to finish off its then secured and subsisting orders for glove-dipping lines. HL Advance was then sharing the same head office cum factory premises of Hup Lek Engineering in Puchong, Selangor, i.e. the HL Advance Premises.

Soon after we commenced operations in October 2009, we secured local orders for glove-dipping lines from Central Medicare Sdn Bhd as well as Green Prospect Sdn Bhd and YTY Industry Sdn Bhd, both of which are currently within the Indorama Corporation Pte. Ltd. group of companies, a multinational group involved in the manufacturing of a multitude of industrial products including rubber gloves.

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

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In the following year, we secured an order for glove-dipping line from Shorubber (Malaysia) Sdn Bhd, a subsidiary of Showa Glove Co. Ltd. which is a multinational rubber glove manufacturer based in Japan, and continued to secure a repeat order for glove-dipping lines from YTY Industry Sdn Bhd. In 2011, we secured our first foreign order from Shandong Intco Medical Products Co., Ltd., a rubber glove manufacturer based in China. Our other customers for glove-dipping lines in 2011 included HL Rubber Industries Sdn Bhd, Latexx Manufacturing Sdn Bhd (a subsidiary of Latexx Partners Berhad) and YTY Industry Sdn Bhd. In line with our continued business growth and having established our financial capability after only two (2) years in operations, we entered into an agreement to acquire the HL Advance Premises from Hup Lek Engineering in December 2011.

In 2012, we continued to secure further orders for glove-dipping lines from recurring customers, namely YTY Industry Sdn Bhd and HL Rubber Industries Sdn Bhd. With the on-going growth of HL Advance, Hup Lek Engineering eventually ceased its manufacturing operations and became primarily involved in the provision of subcontracting and support services for the manufacturing industry while also continuing with its investment in HNB Marketing Sdn Bhd. On 28 December 2015, our Founders disposed of their collective 100.0% equity interests in Hup Lek Engineering in line with our intention to outsource fabrication and installation works to subcontractors due to the project-based nature of our business operations. As a consequence, both of our Founders also resigned as directors of Hup Lek Engineering and HNB Marketing Sdn Bhd.

We further expanded our international presence when we secured orders for glove-dipping lines from PT Medisafe Technologies, a subsidiary of Indorama Corporation Pte. Ltd., and Kanam Latex Industries Pvt. Ltd. in 2013 and 2014 respectively. Our Group also successfully secured an order for glove-dipping lines from a new customer in 2014, namely Rubberex Alliance Sdn Bhd, a subsidiary of Rubberex Corporation (M) Berhad.

In 2015, our orders for glove-dipping lines came from both local and foreign customers including, amongst others, Cardinal Health 222 (Thailand) Ltd (a subsidiary of Cardinal Health, Inc., a multinational company involved in health care services), Rubberex Alliance Sdn Bhd and WRP Asia Pacific Sdn Bhd, with further orders for glove-dipping lines being secured by us from WRP Asia Pacific Sdn Bhd in 2016.

Since the commencement of our operations in 2009 and up to the LPD, we have installed and commissioned more than sixty (60) units of glove-dipping lines based on customised specifications tailored to the detailed requirements of our local and foreign customers. Over the years, we have made progressive improvements on the glove-dipping lines produced in terms of design and performance. Key characteristics of the glove-dipping lines which we are currently capable of producing include, inter-alia, choice of single former or double former, flexible conveyor chain length and frame structure height of up to 1,600 m and 18 m respectively, production output speed of up to 36 thousand pieces of rubber glove per hour for double former glove-dipping lines, and heating system with different fuel types such as natural gas/compressed natural gas heating system and biomass/coal/light fuel oil/gas boiler heating system.

In addition to the supply of glove-dipping lines as aforementioned, we are also engaged in the provision of upgrading and modification works for glove-dipping lines as well as supply and trading of associated parts and components. Since the commencement of our operations in 2009, our customers for upgrading and modification works and/or supply and trading of associated parts and components include local and foreign rubber glove manufacturers such as United Medical Industries Co Ltd in Saudi Arabia, Showa Gloves Vietnam Co., Ltd in Vietnam and Riverstone Resources Sdn Bhd as well as those to whom we have supplied glove-dipping lines.

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**5. INFORMATION ON OUR GROUP (Cont'd)****Our Group's Achievements, Certifications and Awards**

In recognition of our Group's achievement, we received the Golden Eagle Award under the Malaysian 100 Excellent Enterprises category in both 2013 and 2015. The Golden Eagle Award is organised by Nanyang Siang Pau, a Malaysia based Chinese newspaper, with the aim of honouring the best of Malaysian businesses by giving them due recognition of their success and achievements. Further, Chan Yoke Chun, our co-Founder and Executive Director/CEO, was recognised for her efforts and achievements towards women entrepreneurship when HL Advance was selected by MATRADE in November 2014 to participate in WEDP through the involvement of Chan Yoke Chun, where annual financial incentives are given by MATRADE to the selected companies to participate in international trade exhibitions for the marketing and promotion of their companies and businesses for a period of three (3) years.

In June 2010, HL Advance was granted a Pioneer Status Certification by the MITI under the Promotion of Investment Act, 1986 for pioneer activity in machinery for dipped latex products and parts thereof. With the Pioneer Status, the statutory business income of HL Advance from the said pioneer activity will be fully exempted from income tax for a period of five (5) years from November 2009 to November 2014. In December 2014, HL Advance received Pioneer Status with regard to the same pioneer activity for the second five (5)-year period from November 2014 to November 2019.

The details of our sole subsidiary, HL Advance, are as set out in Section 5.3 of this Prospectus.

**5.2 SHARE CAPITAL**

Our present authorised share capital is RM50,000,000 comprising 500,000,000 Shares, of which RM22,433,000 comprising 224,330,000 Shares have been issued and credited as fully paid-up.

Pursuant to our Public Issue, our issued and paid-up share capital will be increased to RM26,392,100 comprising 263,921,000 Shares. Assuming a full exercise of the 1<sup>st</sup> Tranche ESOS Options, our issued and paid-up share capital will be further increased to RM26,592,100 comprising 265,921,000 Shares.

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

<b>Date of allotment</b>	<b>No. of Shares allotted</b>	<b>Par value (RM)</b>	<b>Type of issue / Consideration</b>	<b>Cumulative issued and paid-up share capital (RM)</b>
22 October 2015	100	0.10	Subscribers' shares / Cash	10
20 October 2016	224,329,900	0.10	Pursuant to the Acquisition / Otherwise than cash	22,433,000

None of our Shares as tabulated above were issued at a discount, on special terms or instalment payment terms. Save for the 1<sup>st</sup> Tranche ESOS Options, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company as at the LPD.

**5.3 INFORMATION ON OUR SUBSIDIARY****5.3.1 History and Business**

HL Advance was incorporated in Malaysia as a private limited company under the Act on 8 August 2006. It is principally involved in the design, fabrication, installation, testing and commissioning of glove-dipping lines, the provision of upgrading and modification works for glove-dipping lines, and the supply and trading of associated parts and components. HL Advance commenced its operations in October 2009.

**5. INFORMATION ON OUR GROUP (Cont'd)****5.3.2 Share Capital**

As at the LPD, the authorised share capital of HL Advance is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 400,000 ordinary shares of RM1.00 each have been issued and fully paid-up. There were no changes in the issued and paid-up share capital of HL Advance for the past three (3) years prior to the LPD.

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

**5.3.3 Substantial Shareholder**

HL Advance is a wholly-owned subsidiary of our Company.

**5.3.4 Directors**

As at the LPD, the Directors of HL Advance are Chan Yoke Chun and Wong Kok Wah.

**5.3.5 Subsidiary and Associated Company**

As at the LPD, HL Advance does not have any subsidiary or associated company.

**5.4 LISTING SCHEME**

In conjunction with, and as an integral part of our Listing, our Listing Scheme involves the following:-

**5.4.1 Acquisition**

Pursuant to a SSA entered into between HLT Global and the Vendors on 28 December 2015, HLT Global acquired the entire issued and paid-up share capital of HL Advance, comprising 400,000 ordinary shares of RM1.00 each in HL Advance, from the Vendors for a purchase consideration of RM22,432,990 satisfied entirely by the issuance of 224,329,900 new Shares at an issue price of RM0.10 per Share. The allocation of the Shares is as follows:-

Vendors	No. of shares held in HL Advance	Equity interest held in HL Advance (%)	Purchase consideration (RM)	No. of new Shares issued
Chan Yoke Chun	204,000	51.00	11,440,825	114,408,250
Wong Kok Wah	196,000	49.00	10,992,165	109,921,650
<b>Total</b>	<b>400,000</b>	<b>100.00</b>	<b>22,432,990</b>	<b>224,329,900</b>

The purchase consideration of RM22,432,990 for the Acquisition was arrived at on a 'willing-buyer willing-seller' basis after taking into consideration the audited NA of HL Advance as at 31 July 2015 of RM22,434,029. Pursuant to the completion of the Acquisition on 20 October 2016, a total of 224,329,900 new Shares were issued to the Vendors.

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

### 5.4.2 IPO

#### (i) Public Issue

We are undertaking a public issue of 39,591,000 Public Issue Shares, subject to the terms and conditions of this Prospectus, at the IPO Price to be allocated in the following manner:-

- (a) 13,199,000 Balloting Shares, representing approximately 5.00% of our enlarged issued and paid-up share capital, will be made available for application by the Malaysian Public via balloting, of which at least 50% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions;
- (b) 26,392,000 Bumiputera Placement Shares, representing approximately 10.00% of our enlarged issued and paid-up share capital, will be made available for application by Bumiputera investors approved by MITI via private placement.

The Public Issue Shares will, upon allotment and issue, rank pari passu in all respects with the other existing issued and paid-up ordinary shares of our Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

#### (ii) Offer for Sale

Our Offerors are undertaking the Offer for Sale of up to 34,309,000 Offer Shares, subject to the terms and conditions of this Prospectus, at the IPO Price to be allocated in the manner as described below:-

- (a) 2,000,000 Pink Form Shares, representing approximately 0.76% of our enlarged issued and paid-up share capital, will be made available for application by the Eligible Parties; and
- (b) 32,309,000 Placement Shares, representing approximately 12.24% of our enlarged issued and paid-up share capital, will be made available for application by selected investors via private placement.

The proceeds from the Offer for Sale will accrue entirely to the Offerors.

The Offer Shares rank pari passu in all respects with the other existing Shares in issue including voting rights and rights to all dividends and distributions.

### 5.4.3 ESOS

In conjunction with our Listing, we are implementing an ESOS which entails the issuance of up to 10.00% of our issued and paid-up share capital (excluding treasury shares) at any one time during the tenure of the ESOS, subject to the terms and conditions of the ESOS By-Laws.

Prior to our Listing, the 1<sup>st</sup> Tranche ESOS Options have been granted to the eligible Directors and employees of our Group. The number of ESOS Options allocated to our Directors and key management under the 1<sup>st</sup> Tranche ESOS Options are set out in Section 3.3.4 of this Prospectus.

Please refer to Section 3.3.4 and the ESOS By-Laws in Section 15 of this Prospectus for further details of our ESOS.

### 5.4.4 Listing

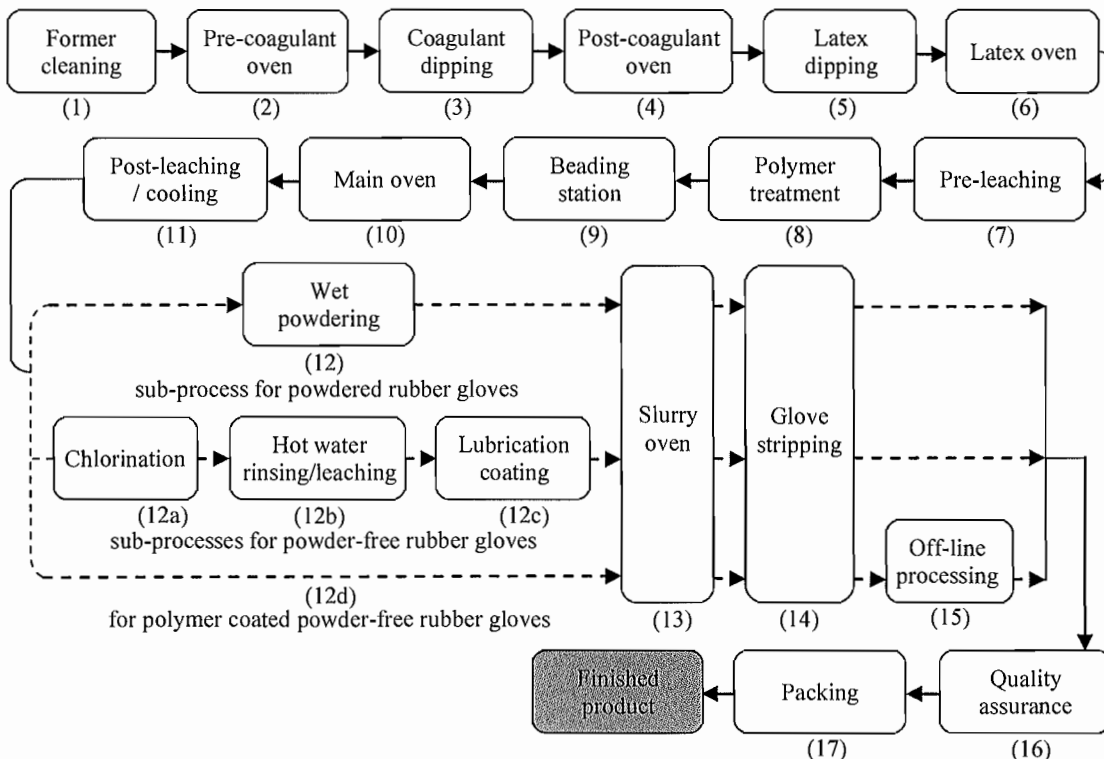
Upon completion of the Public Issue and Offer for Sale, our Company shall be admitted to the Official List and our entire enlarged issued and paid-up share capital of RM26,392,100 comprising 263,921,000 Shares shall be listed and quoted on the ACE Market of Bursa Securities.

## 6. BUSINESS OVERVIEW

### 6.1 PRINCIPAL ACTIVITIES, PRODUCTS AND SERVICES

We are a glove-dipping line manufacturer principally involved in the design, fabrication, installation, testing and commissioning of glove-dipping lines, the provision of upgrading and modification works for glove-dipping lines, and the supply and trading of associated parts and components. The glove-dipping lines manufactured by us can be designed to cater for the manufacturing of natural rubber gloves and synthetic rubber gloves. Our customers are rubber glove manufacturing companies involved in the production of natural and/or synthetic rubber gloves used across various industries including medical, industrial and food processing industries.

A typical rubber glove manufacturing process involves the following steps:-



Please refer to Section 7 of this Prospectus for further information on the rubber glove manufacturing process.

Our glove-dipping lines can facilitate steps (1) to (13) of the rubber glove manufacturing process as depicted above, while steps (14) to (17) will either be handled manually by our customers or through an integrated automated glove stripping machinery, automated layering machinery, automated visual inspection equipment and automated packing machinery. As highlighted in Section 6.20.3 of this Prospectus, it is part of our future plans to expand our business to include the manufacturing of automated components for our glove-dipping lines, including automated glove stripping machinery, automated layering machinery, automated visual inspection equipment and automated packing machinery.

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

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**6.1.1 Design, fabrication, installation, testing and commissioning of glove-dipping lines**

We possess the technical knowledge and experience in designing, fabricating, installing, testing and commissioning of glove-dipping lines that meet our customers' requirements on production efficiency and effectiveness. Through customising on, inter-alia, the overall speed and length of conveyor chain, design of dipping tank and oven, and heating system, our glove-dipping lines are designed and manufactured with the aim of:-

- (i) attaining greater production efficiency through optimal utilisation of resources (such as energy costs and compounded solution utilised), increased automation and production output per hour, thereby achieving the desired production capacity of our customers; and
- (ii) manufacturing quality end-products, i.e., rubber gloves, that conform to our customers' specifications, in terms of end-product attributes, such as the Acceptable Quality Level and physical properties.

Some of the customised features of our glove-dipping lines include:-

- single or double former glove-dipping lines. Single former glove-dipping lines are typically more suitable for manufacturing lower volumes of rubber gloves (which may occur in the manufacturing of specialised rubber gloves), while double former glove-dipping lines are generally used for mass production;
- production output per hour of up to 17 thousand and 36 thousand pieces of glove per hour for single former glove-dipping lines and double former glove-dipping lines respectively. To facilitate a higher production output per hour, various components fitted thereon, such as the length of conveyor chain, design of dipping tanks and ovens, and beading station, will be customised accordingly;
- flexible length and height of the glove-dipping lines of up to 160 m and 18 m respectively, which serve to accommodate the desired length of conveyor chain that may run up to 1,600 m, thereby achieving the intended production output per hour so as to provide adequate time for the dipping and drying processes required in the manufacturing of rubber gloves;
- custom-designed dipping tanks in terms of dimensions and dipping profiles with due consideration given to the compounded solution to be carried, the intended production output per hour and the specifications of rubber gloves to be manufactured;
- custom-designed ovens in terms of dimensions, air flow, and the types of heating system and insulant with due consideration given to the heating requirements at various drying processes of a glove-dipping line and the aim of minimising heat loss; and
- different types of heating system, such as natural gas/compress natural gas heating system and biomass/coal/light fuel oil/gas boiler heating system.

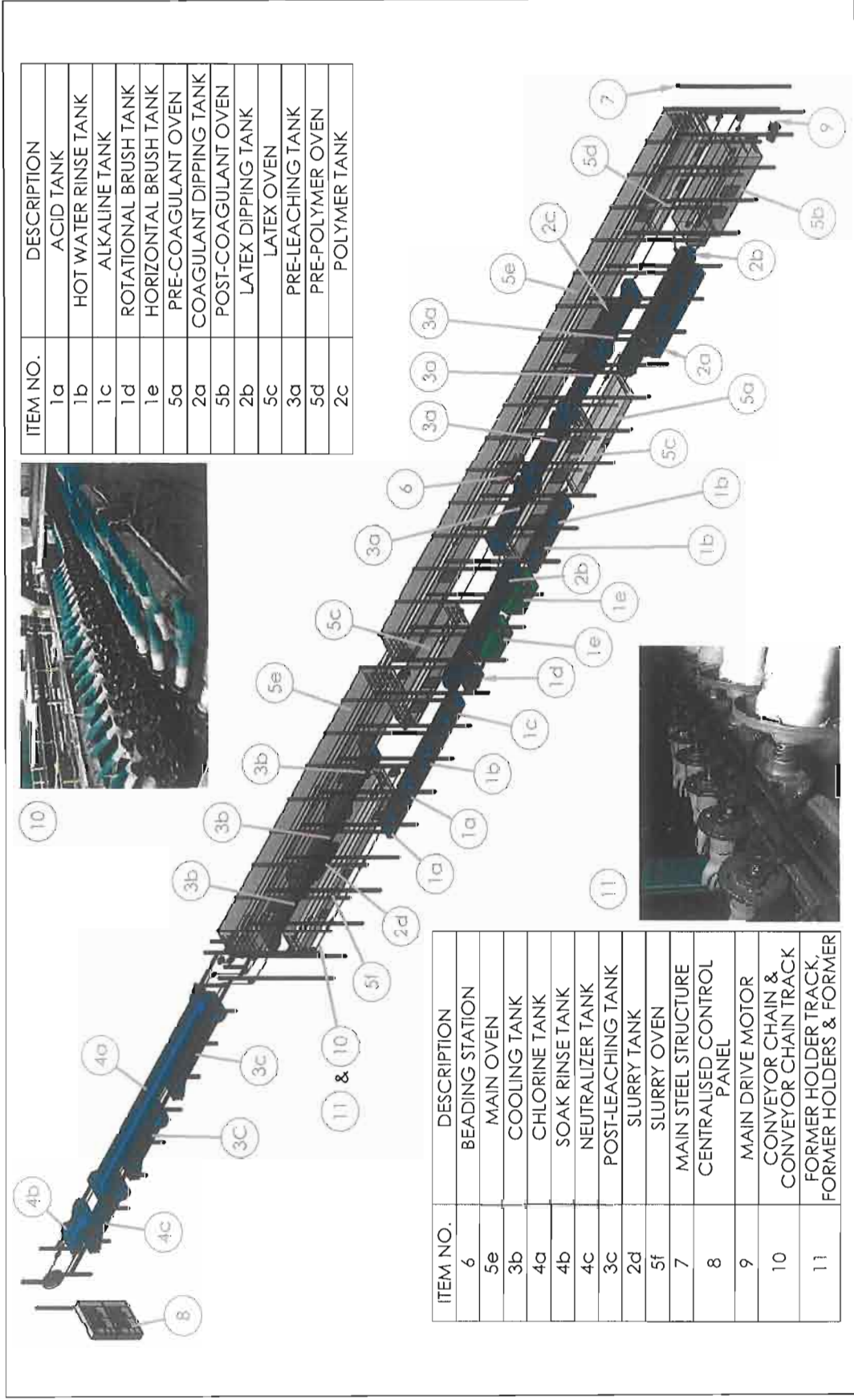
Our glove-dipping lines comprise components which are either:-

- (a) designed and fabricated by us, such as the entire steel structure of the glove-dipping line, conveyor chain track, former holder track, former cleaning system, dipping tanks, water tanks, ovens and beading station; or
- (b) sourced from third party manufacturers, such as motors, former holders, conveyor chain, fiberglass tanks and centralised control panel.

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








An illustration of a glove-dipping line, and its various components, are shown as follows:-



ITEM NO.	DESCRIPTION
1a	ACID TANK
1b	HOT WATER RINSE TANK
1c	ALKALINE TANK
1d	ROTATIONAL BRUSH TANK
1e	HORIZONTAL BRUSH TANK
5a	PRE-COAGULANT OVEN
2a	COAGULANT DIPPING TANK
5b	POST-COAGULANT OVEN
2b	LATEX DIPPING TANK
5c	LATEX OVEN
3a	PRE-LEACHING TANK
5d	PRE-POLYMER OVEN
2c	POLYMER TANK







*Note : Reference numbers in the above diagram are based on the glove-dipping line components listed in the table in the ensuing page.*

## 6. BUSINESS OVERVIEW (Cont'd)








Ref No	Glove-dipping line components	Description
1.	<p data-bbox="379 327 657 360"><b>Former cleaning system</b></p>  <p data-bbox="496 562 603 589">(acid tank)</p>  <p data-bbox="443 777 657 804">(hot water rinse tank)</p>  <p data-bbox="475 992 625 1019">(alkaline tank)</p>  <p data-bbox="443 1207 657 1234">(rotational brush tank)</p>  <p data-bbox="435 1422 665 1449">(horizontal brush tank)</p>	<p data-bbox="743 327 1382 416">A former cleaning system cleans formers before the start of the next production cycle and it consists of the following components:-</p> <ol style="list-style-type: none"> <li data-bbox="743 450 1382 539">1a. acid tank, which contains acid for the purpose of removing residues from the surface of formers from the previous production cycle;</li> <li data-bbox="743 573 1382 629">1b. hot water rinse tank, which serves to wash away acid from the surface of formers;</li> <li data-bbox="743 663 1382 808">1c. alkaline tank, which contains alkaline cleaning solution for the purpose of neutralising formers after washing from acid tank as well as removing non-latex and other organic residues from the surface of formers;</li> <li data-bbox="743 842 1382 931">1d. rotational brush tank, which contains nylon brushes for mechanical scrubbing and removal of the remaining residues from the surface of formers; and</li> <li data-bbox="743 965 1382 1055">1e. horizontal brush tank, which contains nylon brushes for mechanical scrubbing and removal of the remaining residues from the surface of formers.</li> </ol>
2.	<p data-bbox="379 1507 536 1541"><b>Dipping tank</b></p>  <p data-bbox="427 1736 671 1762">(coagulant dipping tank)</p>  <p data-bbox="451 1951 647 1977">(latex dipping tank)</p>	<p data-bbox="743 1507 1382 1659">Dipping tanks serve to contain compounded solution and will be installed at different stages of a glove-dipping line. As formers pass through, they will be dipped into the solution contained in the dipping tanks for coating purpose.</p> <ol style="list-style-type: none"> <li data-bbox="743 1693 1382 1783">2a. coagulant dipping tank, which contains coagulant that serves to facilitate the formation of a uniform layer of latex film onto the former;</li> <li data-bbox="743 1816 1382 1906">2b. latex dipping tank, which contains compounded latex for the purpose of coating onto the former to form a uniform layer of latex film;</li> <li data-bbox="743 1939 1382 2029">2c. polymer tank, which contains polymer for the purpose of coating onto the inner surface of powder-free rubber gloves to ease donning; and</li> </ol>



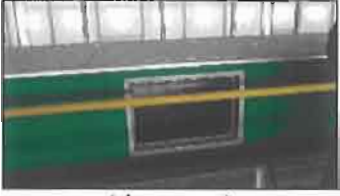




## 6. BUSINESS OVERVIEW (Cont'd)

Ref No	Glove-dipping line components	Description
	<p data-bbox="387 322 639 353"><b>Dipping tank (cont'd)</b></p>  <p data-bbox="480 551 627 577">(polymer tank)</p>  <p data-bbox="493 768 614 795">(slurry tank)</p>	<p data-bbox="746 322 1394 506">2d. slurry tank, which contains slurry for the purpose of coating a layer of powder onto the surface of powdered rubber gloves to prevent them from sticking together and to ease donning. For powder-free rubber glove, this tank will act as lubrication tank to enhance donning.</p>
3.	<p data-bbox="387 860 523 891"><b>Water tank</b></p>  <p data-bbox="464 1088 654 1115">(pre-leaching tank)</p>  <p data-bbox="483 1305 635 1332">(cooling tank)</p>  <p data-bbox="456 1523 662 1550">(post-leaching tank)</p>	<p data-bbox="746 860 1394 1010">Water tanks, such as hot water rinse tank (indicated as item 1(b) above), pre-leaching tank, cooling tank and post-leaching tank, serve to contain water for the purpose of rinsing and cooling, will be installed at different stages of a glove-dipping line.</p> <p data-bbox="746 1043 1394 1128">3a. pre-leaching tank, which serves to remove water soluble chemicals and protein residues on rubber gloves before the vulcanisation process;</p> <p data-bbox="746 1162 1394 1223">3b. cooling tank, which serves to chill down former before chlorination; and</p> <p data-bbox="746 1256 1394 1344">3c. post-leaching tank, which serves to further remove water soluble chemicals and protein residues on rubber gloves after the vulcanisation process.</p>
4.	<p data-bbox="387 1606 579 1637"><b>Fiberglass tanks</b></p>  <p data-bbox="483 1834 635 1861">(chlorine tank)</p>	<p data-bbox="746 1632 1394 1753">4a. chlorine tank serves to subject rubber gloves to chlorine solution at controlled concentration for the purpose of surface treatment to provide a slippery effect on the surface of rubber glove to ease donning.</p>

6. BUSINESS OVERVIEW (Cont'd)



Ref No	Glove-dipping line components	Description
	<p data-bbox="384 327 671 360"><b>Fiberglass tanks (cont'd)</b></p>  <p data-bbox="472 555 635 584">(soak rinse tank)</p>  <p data-bbox="472 768 639 797">(neutralizer tank)</p>	<p data-bbox="746 327 1385 387">4b. soak rinse tank serves to wash away excessive chlorine solution from the surface of rubber gloves.</p> <p data-bbox="746 421 1385 510">4c. neutralizer tank serves to ensure excessive chlorine solution is neutralized before proceed to post-leaching process.</p>
5.	<p data-bbox="384 857 448 887"><b>Oven</b></p>  <p data-bbox="448 1081 655 1111">(pre-coagulant oven)</p>  <p data-bbox="448 1294 663 1323">(post-coagulant oven)</p>  <p data-bbox="491 1507 616 1536">(latex oven)</p>  <p data-bbox="456 1720 651 1749">(pre-polymer oven)</p>  <p data-bbox="491 1933 616 1962">(main oven)</p>	<p data-bbox="746 857 1385 1037">Ovens will be installed at different stages of a glove-dipping line for the purpose of drying formers before coagulant dipping and after coagulant and latex dipping. It also facilitates the eventual vulcanisation process, which serves to dry and vulcanise latex film formed on former into a more durable material.</p> <p data-bbox="746 1070 1385 1131">5a. pre-coagulant oven, which serves to dry former before coagulant dipping;</p> <p data-bbox="746 1164 1385 1225">5b. post-coagulant oven, which serves to partially dry coagulant solution after coagulant dipping;</p> <p data-bbox="746 1258 1385 1319">5c. latex oven, which serves to dry the layer of latex film formed on former after latex dipping;</p> <p data-bbox="746 1352 1385 1413">5d. pre-polymer oven, which serves to dry the layer of latex film formed on former after pre-leaching;</p> <p data-bbox="746 1447 1385 1592">5e. main oven, which facilitates the eventual vulcanisation process that dries and vulcanises the layer of latex film formed on former into a more durable material, and hence forming the eventual rubber glove; and</p> <p data-bbox="746 1626 1385 1686">5f. slurry oven, which serves to dry slurry solution after slurry dipping or the chlorination process.</p>

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

Ref No	Glove-dipping line components	Description
	<p data-bbox="384 331 544 360"><b>Oven (cont'd)</b></p>  <p data-bbox="488 562 616 591">(slurry oven)</p>	
6.	<p data-bbox="384 651 560 680"><b>Beading station</b></p> 	<p data-bbox="751 651 1385 741">A beading station rolls the cuff of rubber glove to form a bead for added strength to prevent tearing and to ease removal of rubber glove from the former.</p>
7.	<p data-bbox="384 940 692 999"><b>Main steel structure of the entire glove-dipping line</b></p> 	<p data-bbox="751 940 1385 1088">The main steel structure of the entire glove-dipping line (including other ancillary components attached such as steel platforms, staircases, piping support and tanks support), which forms the mainframe that holds up all the components of a glove-dipping line.</p>
8.	<p data-bbox="384 1265 679 1294"><b>Centralised control panel</b></p> 	<p data-bbox="751 1265 1385 1384">A centralised control panel, which forms the control unit of a glove-dipping line, serves to control the entire rubber glove manufacturing process based on predetermined parameters.</p>
9.	<p data-bbox="384 1554 587 1583"><b>Main drive motor</b></p> 	<p data-bbox="751 1554 1385 1644">An electric motor converts electrical energy into kinetic energy thereby powering the conveyor chain of a glove-dipping line.</p>

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

<b>Ref No</b>	<b>Glove-dipping line components</b>	<b>Description</b>
10.	<b>Conveyor chain and conveyor chain track</b> 	<p>A conveyor chain is a chain-driven mechanical handling component of a glove-dipping line, which will be fitted onto the conveyor chain track. It serves to carry and move former holders together with formers in a uniform circular motion throughout the glove-dipping line on a continuous basis powered by main drive motor.</p>
11.	<b>Former holder track, former holders and formers</b> 	<p>A former holder track runs in parallel with the conveyor chain track and it serves as a resting track for former holders.</p> <p>A former holder attaches former to the conveyor chain and can be arranged in single or double rows, depending on whether it is a single or double former glove-dipping line. Formers are purchased by our customers separately from former manufacturers.</p>

**6.1.2 Provision of upgrading and modification works for glove-dipping lines**

In addition to the fabrication and installation of new glove-dipping lines, we also provide upgrading and modification works for our customers, particularly on the upgrading of their existing glove-dipping lines in terms of production output per hour, or modification of the relevant components of their existing glove-dipping lines for the purpose of manufacturing different types and quality of rubber glove. As opposed to a complete glove-dipping line, upgrading and modification works require our supply of selected components which form part of the glove-dipping lines.

**6.1.3 Supply and trading of the associated parts and components**

We also supply the associated parts and components of glove-dipping line, such as conveyor chain, bearings, former holders, beading brushes and washing brushes, to our customers, as and when required. These parts and components, which are sourced from third party manufacturers, are typically used as replacement parts due to general wear and tear.

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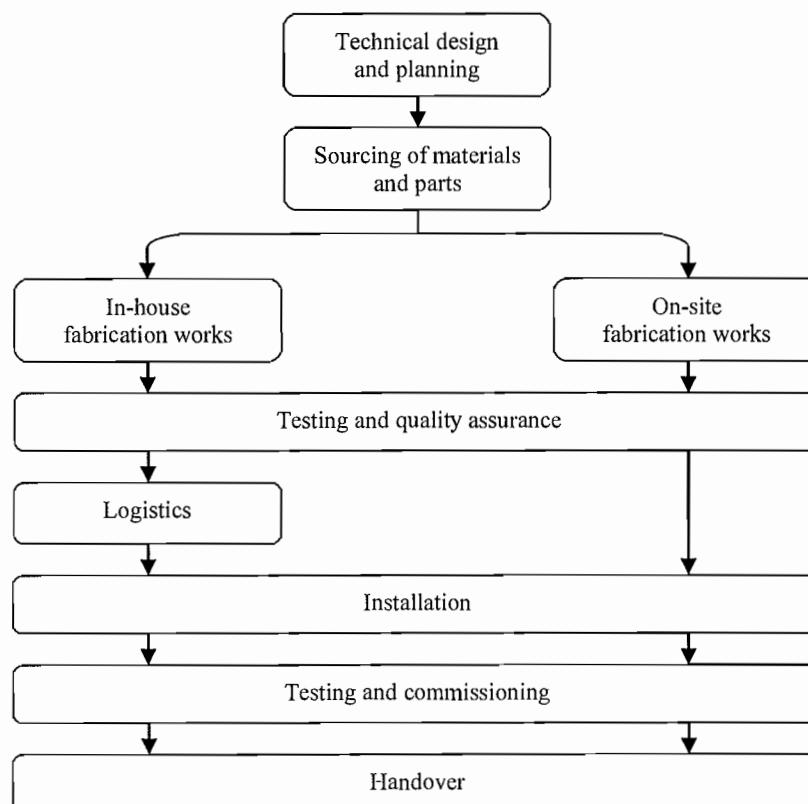
**6. BUSINESS OVERVIEW (Cont'd)**

The breakdown of our revenue by products and services for the Period Under Review are as follows:-

Products and Services	FYE						FPE	
	2013		2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Design, fabrication, installation, testing and commissioning of glove-dipping lines	36,523	79.32	34,072	78.20	69,897	92.34	46,633	97.78
Upgrading and modification works for glove-dipping lines	8,328	18.09	7,924	18.19	5,734	7.57	675	1.42
Supply and trading of associated parts and components	1,191	2.59	1,572	3.61	66	0.09	384	0.80
<b>Total Revenue</b>	<b>46,042</b>	<b>100.00</b>	<b>43,568</b>	<b>100.00</b>	<b>75,697</b>	<b>100.00</b>	<b>47,692</b>	<b>100.00</b>

**6.2 BUSINESS PROCESS FLOW**

The diagram below illustrates our overall process flow for the design, fabrication, installation, testing and commissioning of glove-dipping lines upon securing an order.



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

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**6.2.1 Technical design and planning**

The process begins with technical design, where our technical team will produce a draft shop drawing which contains the technical design for the order secured based on the requirements of our customer, such as production output per hour, length and height of the glove-dipping line, design of dipping tanks and ovens, and types of heating system, with due consideration given to the proposed budget and factory layout plan of our customer. On-site assessment will be carried out at the customer's factory to ensure optimal utilisation of factory floor space. Thereafter, the draft shop drawing will be finalised upon subsequent discussions and deliberations with our customer.

Following the finalisation of shop drawing, we will proceed with planning on the proposed implementation of the order secured, particularly on budgeting, schedule of implementation, sourcing of materials and parts, human resource planning, fabrication schedule and logistics.

**6.2.2 Sourcing of materials and parts**

Based on the specifications of the glove-dipping line to be manufactured, we will identify and procure the required materials and parts, such as steel beams, pipes and plates, conveyor chain, former holders, nylon brushes, motors, insulant, heat exchangers, blower fans, fiberglass tanks and centralised control panel as well as factory consumables such as welding wires, argon gas, industrial adhesives and tapes, bolts and nuts, etc. Prior to fabrication and/or installation, inspection will be carried out on materials and parts procured for quality control purposes and conformity with the required specifications.

**6.2.3 In-house fabrication works**

Fabrication of dipping tanks, water tanks, conveyor chain track, former holder track, former cleaning system, ovens and beading station will be carried out at our factory. The sequential steps of our in-house fabrication process are as follows:-

- steel materials will be marked and cut into the required dimensions and thereafter, rolled and/or formed into the required shape in accordance with the shop drawing for the relevant components of our glove-dipping lines;
- the rolled/formed structures will then be assembled, fitted and welded together with the relevant parts and fittings, such as motor, stirrer system, nylon brush, heat exchanger, blower fan and insulant, to form the relevant components of our glove-dipping lines; and
- thereafter, the aforesaid components will undergo surface treatment in accordance with the level of surface treatment required by our customer, where the components may be painted and/or polished.

**6.2.4 On-site fabrication works**

The main steel structure of a glove-dipping line comprises vertical and horizontal steel beams, which are cut and welded on-site in accordance with the shop drawing to form the mainframe that holds up all the components of a glove-dipping line. Other ancillary components attached to the main steel structure, such as steel platforms, staircases, piping support and tanks support, will also be fabricated on-site together with the main steel structure. All on-site fabrication works will be carried out by our project team, comprising a project manager, site engineer, technician and subcontractors.

**6.2.5 Testing and quality assurance**

We will carry out factory acceptance tests on in-house fabricated components once the associated fabrication works are completed with the aim of ascertaining that the fabricated components conform to the specifications as per the shop drawing and are fully functional. Kindly refer to Section 6.8 of this Prospectus for more details on our quality assurance procedures for in-house fabricated components. As for on-site fabrication works, our project team will undertake on-site inspections on completed fabrication works to ensure that they conform to the required specifications.

## 6. BUSINESS OVERVIEW (Cont'd)

### 6.2.6 Installation

After the testing and quality assurance procedures, all in-house fabricated components and third party manufactured components procured, such as motors, former holders, conveyor chain, fiberglass tanks and centralised control panel, will then be transported to our customer's factory, where they will be assembled, installed and integrated with the main steel structure fabricated on-site to form a glove-dipping line. The assembling, installation and integration works will be carried out by our subcontractors under the supervision of our project manager and site engineer.

### 6.2.7 Testing and commissioning

Upon completion of the installation process, we will begin testing and commissioning of the glove-dipping line. Our project team will carry out installation qualification tests on machine components, such as motors, blower fans, heat exchangers, gas burner and centralised control panel, with the aim of ascertaining that the glove-dipping line is fully functional and is in accordance with the specifications and requirements of our customer. The installation qualification tests comprise:-

- a dry-run, which serves to test the performance and stability of the glove-dipping line prior to the actual production run. During this test, the glove-dipping line will be operated under a test environment without water and compounded solution being channelled into the water tanks and dipping tanks for the purpose of minimising the effect of a possible failure; and
- a wet-run, which will be carried out after a dry-run where the glove-dipping line will be operated under an actual production environment to ensure that it is fully functional.

This process will be performed in the presence of our customer for acceptance and confirmation purposes.

### 6.2.8 Handover

Upon successful installation and commissioning, the glove-dipping line will then be handed over to the customer, along with the spare part list, instruction manual and shop drawing. We will also issue a handover letter to the customer, upon request.

### 6.2.9 Estimated implementation timeframe

Based on our management's estimates and depending on the specifications of glove-dipping lines to be manufactured, such as single or double former glove-dipping lines and the required production output per hour, the estimated implementation timeframe for one (1) unit of glove-dipping line commencing from technical design and planning stage up to the eventual handover would take approximately 6 months to 12 months, as follows:-

Stages of implementation	Estimated timeframe
<ul style="list-style-type: none"> <li>▪ Technical design and planning</li> <li>▪ Sourcing of materials and parts</li> </ul>	} within 1 month to 3 months
<ul style="list-style-type: none"> <li>▪ In-house fabrication works</li> <li>▪ On-site fabrication works</li> <li>▪ Testing and quality assurance</li> <li>▪ Installation</li> </ul>	} within 5 months to 6 months
<ul style="list-style-type: none"> <li>▪ Testing and commissioning</li> <li>▪ Handover</li> </ul>	} within 1 week to 3 months

Premised on the above and depending on the number of glove-dipping lines in each order, the implementation of our orders would generally range from 6 months to 15 months from the date of receipt of the order and hence, can often spread over two (2) financial years.

**6. BUSINESS OVERVIEW (Cont'd)****6.3 KEY ACHIEVEMENTS, MILESTONES AND AWARDS**

Our key achievements and milestones since incorporation are as follows:-

<b>Year</b>	<b>Key Milestones</b>
2009	<ul style="list-style-type: none"> <li>▪ Commenced operations as a glove-dipping line manufacturer</li> <li>▪ Secured our earliest local orders for glove-dipping line from Central Medicare Sdn Bhd, YTY Industry Sdn Bhd and Green Prospect Sdn Bhd</li> </ul>
2010	<ul style="list-style-type: none"> <li>▪ Secured order for glove-dipping line from Shorubber (Malaysia) Sdn Bhd</li> <li>▪ Received a Pioneer Status Certification from MITI for a 5-year period from 2009 to 2014</li> </ul>
2011	<ul style="list-style-type: none"> <li>▪ Secured our first foreign order for glove-dipping line, from Shandong Intco Medical Products Co. Ltd., a glove manufacturer based in China</li> <li>▪ Secured orders for glove-dipping line from HL Rubber Industries Sdn Bhd and Latexx Manufacturing Sdn Bhd</li> <li>▪ Entered into an agreement to acquire HL Advance Premises from Hup Lek Engineering</li> </ul>
2013	<ul style="list-style-type: none"> <li>▪ Expanded our overseas market to include Indonesia through an order for glove-dipping line secured from PT Medisafe Technologies</li> <li>▪ Received the Golden Eagle Award under the Malaysian 100 Excellent Enterprises category</li> </ul>
2014	<ul style="list-style-type: none"> <li>▪ Expanded our overseas market for glove-dipping line to include India through an order for glove-dipping line secured from Kanam Latex Industries Pvt. Ltd.</li> <li>▪ Secured order for glove-dipping line from Rubberex Alliance Sdn Bhd</li> <li>▪ We were selected by MATRADE to participate in WEDP as a recognition of the efforts and achievements of Chan Yoke Chun, our co-Founder and Executive Director/CEO towards women entrepreneurship</li> <li>▪ Received the second set of Pioneer Status Certification from MITI for a further 5-year period ending November 2019</li> </ul>
2015	<ul style="list-style-type: none"> <li>▪ Expanded our overseas market for glove-dipping line to include Thailand through an order for glove-dipping line secured from Cardinal Health 222 (Thailand) Ltd</li> <li>▪ Secured order for glove-dipping line from WRP Asia Pacific Sdn Bhd</li> <li>▪ Received the Golden Eagle Award under the Malaysian 100 Excellent Enterprises category as well as the 4<sup>th</sup> position winner of the Top 10 Excellent Eagle</li> </ul>

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**6. BUSINESS OVERVIEW (Cont'd)****6.4 PRINCIPAL MARKETS & COMPETITIVE LANDSCAPE****6.4.1 Principal Markets**

For the Period Under Review, our products have been sold to customers in Malaysia, China, Thailand, India, Indonesia, Vietnam and Saudi Arabia.

The breakdown of our revenue by our principal markets for the Period Under Review are as follows:-

Principal Markets	FYE						FPE	
	2013		2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	30,953	67.23	28,720	65.92	40,610	53.65	35,109	73.62
Thailand	-	-	402	0.92	32,895	43.45	12,333	25.86
Indonesia	15,012	32.61	13,290	30.50	550	0.73	250	0.52
China	-	-	-	-	6	0.01	-	-
India	-	-	1,036	2.38	1,454	1.92	-	-
Saudi Arabia	22	0.04	120	0.28	182	0.24	-	-
Vietnam	55	0.12	-	-	-	-	-	-
<b>Total Revenue</b>	<b>46,042</b>	<b>100.00</b>	<b>43,568</b>	<b>100.00</b>	<b>75,697</b>	<b>100.00</b>	<b>47,692</b>	<b>100.00</b>

As illustrated above, our revenue was mainly generated from local sales to our customers in Malaysia, contributing between 53.65% and 73.62% to our total revenue for the Period Under review. Notably, such contribution has been tapering off from 67.23% in FYE 2013 to 53.65% in FYE 2015, while our foreign sales have grown from 32.77% in FYE 2013 to 46.35% in FYE 2015, particularly through foreign sales to Indonesia and Thailand. Nevertheless, for the FPE 2016, contribution from local sales accounted for 73.62% of our total revenue with the remaining 26.38% being generated from foreign sales as a result of new orders for glove-dipping lines secured during such period were solely from local customers and none from foreign customers. Our foreign sales for the FPE 2016 were derived from the execution of an existing order for glove-dipping lines in Thailand brought forward from the FYE 2015, and the supply and trading of parts and components to a customer in Indonesia based on ad-hoc orders, both of which were also our revenue contributors for the FYE 2015 from Thailand and Indonesia respectively. In the absence of new major orders from these two (2) customers for the FPE 2016, we recorded lower sales from Thailand and Indonesia for the FPE 2016 as compared to the FYE 2015.

Such trend observed was mainly due to the nature of our business, which is on project basis, as well as the factors as more particularly explained in Section 4.1.2 of this Prospectus, where orders secured from our major customers contribute a significant portion of our Group's annual revenue for any given year and hence, the domicile of such major customers will accordingly influence our recognition of revenue by foreign or local sales. Kindly refer to Section 11.3.2(i) of this Prospectus for further commentaries on our historical revenue for the Period Under Review.

**6.4.2 Competitive Landscape**

Our Group competes with other companies involved in the design and fabrication of glove-dipping lines. During the Period Under Review, Malaysia was our single largest market, whilst we have also received orders from other countries. For the FPE 2016, local sales and foreign sales contributed 73.62% and 26.38% to our total revenue respectively, with Thailand being our main contributor for foreign sales at 25.86% of our total revenue.

## 6. BUSINESS OVERVIEW (Cont'd)

In Malaysia, our Group competes with companies such as Control Instruments (M) Sdn Bhd, Kendek Products Sdn Bhd, KSG Engineering Sdn Bhd, MPMT Industries Sdn Bhd, RIPCOLD Industries Sdn Bhd, Sama Kejuruteraan Sdn Bhd and Xin Xin Engineering Sdn Bhd. Further information on these companies is given in sub-section 3 titled “Key Industry Players”, Section 7 of this Prospectus. The competitive landscape in Thailand, as given in sub-section 4 titled “Overview of the Glove-Dipping Line Industry in Thailand”, Section 7 of this Prospectus, is largely dominated by glove-dipping line manufacturers based in Malaysia, including our Group, Sama Kejuruteraan (Thailand) Co. Ltd. and Kendek Industry (Thailand) Co. Ltd. The industry also comprises local industry players in Thailand including RPM Power Co. Ltd. and Poon Engineering & Supply Co. Ltd.

Rubber glove manufacturing companies, which are the customers of glove-dipping line manufacturers, are generally careful when selecting glove-dipping line manufacturers. The typical criteria for selection include, inter alia, the design and manufacturing capabilities of the glove-dipping line manufacturers, the knowledge and experience of its technical team, product quality and pricing. It is thus important for glove-dipping line manufacturers to uphold a track record of providing products that conform to the required production specifications of their customers and within their financial budget, in order to differentiate themselves from other existing competitors.

Our recurring orders from our customers are testament to our ability to uphold such a track record, and this has enabled us to build business relationships with our customers. Our Group believes that our customers are less likely to change glove-dipping line manufacturers once we have successfully gained their trust and confidence in delivering products that conform to their required production specifications. This will enable us to build brand loyalty amongst our existing customers.

In light of this, new entrants to the glove-dipping line industry will face the following barriers to entry:-

- (i) prior business relationships with rubber glove manufacturing companies. New entrants may face difficulty to penetrate the subsisting business relationships between rubber glove manufacturers and their existing glove-dipping lines manufacturers, particularly those who have gained the trust and confidence of their rubber glove manufacturing customers, where this is equivalent to building brand loyalty with customers; and
- (ii) reputation in the glove-dipping line industry. As customers typically prefer to work with glove-dipping line manufacturers with track record, new entrants may find difficulty to establish their credential and reputation in the industry.

We believe our ability to successfully compete in the glove-dipping line manufacturing industry will continue to be driven by the following business drivers:-

- track record and market reputation of a manufacturer of glove-dipping lines are crucial to the rubber glove manufacturers as it gives them the trust and confidence on the product quality and services rendered by the glove-dipping lines manufacturers; and
- knowledge and experience of the technical and management teams as well as design and manufacturing capabilities employed by them in the manufacturing of glove-dipping lines would influence the build quality of the glove-dipping lines produced and hence, the ability of the same in achieving the desired production capacity and producing quality end-products that conform to the customers’ specifications.

The glove-dipping line industry, on the other hand, is expected to continue to benefit from the following industry drivers:-

- growth in demand for rubber gloves resulting from growing end-user markets pursuant to, amongst others, growth in the global and domestic healthcare industry;
- continued growth in the global economy, leading to greater spending power amongst consumers and thus benefiting the end-user industries; and

## 6. BUSINESS OVERVIEW (Cont'd)

- continuous technological advancements of glove-dipping lines, leading to a need for replacement and/or modifications of existing glove-dipping lines.

Please refer to Section 7 of this Prospectus for further information on the key growth drivers of the glove-dipping line industry.

### 6.5 COMPETITIVE STRENGTHS

#### 6.5.1 Provision of a comprehensive solution for glove-dipping lines

Our core competency and competitive strength lie in our ability to provide our customers with a comprehensive solution from design, fabrication, installation, testing and up to commissioning of the glove-dipping lines. Essentially, we would manage the entire process flow as illustrated in Section 6.2 of this Prospectus with the end result of handing over fully functional glove-dipping lines to our customers. This would enable us to manage the quality and production cost of our glove-dipping lines, and at the same time, enabling our customers to have a better control over the budget and schedule of implementation for their proposed glove-dipping lines.

#### 6.5.2 Design and manufacturing capabilities

Having the right compounded solutions and the precise glove-dipping lines are critical in the production of rubber gloves that conform to the required specifications, in terms of end-product attributes, such as the Acceptable Quality Level and physical properties. In this regard, glove-dipping lines are required to be designed in correspondence with the relevant compounded solutions, such as the dipping parameters of dipping tanks, which includes the dipping angle, immersion speed, withdrawal speed and dipping time, as well as the heating parameters, which includes the design of heating system and insulation of ovens used in the vulcanisation process, for which glove-dipping line manufacturers with design and manufacturing capabilities will be sought after.

We work closely with our customers from technical design and planning stage up to the eventual handover of our glove-dipping lines to customers. With our design and manufacturing capabilities, we are capable of producing glove-dipping lines that cater for the manufacturing of natural rubber gloves and synthetic rubber gloves.

In terms of design capability, we have the knowledge and experience in designing our glove-dipping lines with customised features, which include:-

- single or double former glove-dipping lines;
- production output per hour of up to 17 thousand and 36 thousand pieces of glove per hour for single former glove-dipping lines and double former glove-dipping lines respectively;
- flexible length and height of the glove-dipping line of up to 160 m and 18 m respectively;
- custom-designed dipping tanks and ovens; and
- different types of heating system, such as natural gas/compress natural gas heating system and biomass/coal/light fuel oil/gas boiler heating system.

Our design capability lies within the knowledge and experience of our technical team as more particularly set out in Section 6.5.4 of this Prospectus, which have enabled us to be more responsive to the requirements of our customers in coming up with the technical designs for glove-dipping lines that conform to the required production specifications of our customers and within their financial budget. As glove-dipping lines will take up large areas of factory floor space, we will also take into account the physical dimensions of our customers' factories in our shop drawing in order to ensure optimal utilisation of factory floor space, smooth implementation and the glove-dipping lines manufactured by us are in accordance with the specifications and requirements of our customers.

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

In terms of manufacturing capability, our glove-dipping lines are manufactured based on the aforesaid customisations with the aim of:-

- (i) attaining greater production efficiency through optimal utilisation of resources (such as energy costs and compounded solution utilised), increased automation and production output per hour, thereby achieving the desired production capacity of our customers; and
- (ii) manufacturing quality end-products, i.e., rubber gloves, that conform to our customers' specifications, in terms of end-product attributes, such as the Acceptable Quality Level and physical properties.

**6.5.3 Experienced management team**

Our co-Founder and Deputy Chairman/Executive Director, Wong Kok Wah, has played a pivotal role in growing our business. Wong Kok Wah has more than 30 years of experience in steel and metalworking, including 26 years in the glove-dipping line industry. He is responsible for our Group's business development and sales as well as our entire manufacturing operations. Our other co-Founder and Executive Director/CEO, Chan Yoke Chun, oversees the overall management and operations of our Group. Chan Yoke Chun has more than 20 years of experience in the glove-dipping line industry and alongside with Wong Kok Wah, has overseen the expansion of our Group. Since the commencement of our business operations in 2009 and up to the LPD, we have installed and commissioned more than sixty (60) units of glove-dipping lines based on customised specifications tailored to the detailed requirements of our local and foreign customers.

Our co-Founders are supported by an experienced key management team with different backgrounds and experiences. Their experience and commitment have provided impetus for the continuous growth of our Group. Kindly refer to Sections 8.2.2 and 8.3.2 of this Prospectus for the detailed profiles of our Directors and key management personnel.

**6.5.4 Knowledge and experience of our technical team**

Our technical team, which is responsible for various aspects of our manufacturing operations such as technical design and planning, fabrication works, implementation of orders as well as testing and quality assurance, is currently led by our General Manager of Operations, Muhammad Idris Yap Bin Abdullah, who possesses an academic qualification in chemistry and has had previous work experience with a number of rubber glove manufacturing companies. With the knowledge and experience of our technical team, we can better understand the requirements of our customers and this would enable us to produce technical designs for glove-dipping lines that conform to the required production specifications of our customers. With this knowledge, we are also better equipped to provide technical support to our customers and remain up-to-date with technological changes in the rubber glove industry and to grow and evolve with our customers.

Over the years, we have made progressive improvements on the glove-dipping lines produced in terms of design and performance. Key characteristics of the glove-dipping lines which we are currently capable of producing include, inter-alia, choice of single former or double former, flexible conveyor chain length and frame structure height of up to 1,600 m and 18 m respectively, production output speed of up to 36 thousand pieces of rubber glove per hour for double former glove-dipping lines, and heating system with different fuel types such as natural gas/compressed natural gas heating system and biomass/coal/light fuel oil/gas boiler heating system.

Kindly refer to Section 8.3.2 of this Prospectus for the detailed profiles of the senior members of our technical team, namely, Muhammad Idris Yap Bin Abdullah and Yam Chee Leong.

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

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**6.5.5 Track record**

Our co-Founders have had over 15 years of experience in the glove-dipping line industry prior to the establishment of our Group. Their experience has provided us with in-depth industry knowledge and technical capabilities, and from which, we have developed a pool of local and foreign customers in the rubber glove manufacturing industry. Since our inception, we have completed different ranges of glove-dipping lines for a number of local and foreign customers. For the Period Under Review, we have completed a total of forty seven (47) units of glove-dipping lines, of which thirty five (35) units have been delivered to local customers, while the remaining twelve (12) units to foreign customers.

As a testimony to our track record and our design and manufacturing capabilities, we have received recurring orders from our customers, including HL Rubber Industries Sdn Bhd, Green Prospect Sdn Bhd, YTY Industry Sdn Bhd, Rubberex Alliance Sdn Bhd and Kanam Latex Industries Pvt. Ltd.

In addition, as stated in the executive summary of the IMR Report enclosed in Section 7 of this Prospectus, the size of local glove-dipping line industry in Malaysia was computed based on revenues of identified industry players, which have manufacturing facilities in Malaysia. In 2015, the glove-dipping line industry size in Malaysia as estimated by Smith Zander was approximately RM284.2 million. Based on our Group's revenue of RM75.7 million for the FYE 2015, our Group garnered an industry revenue share of 26.6%. (*Source: IMR Report*)

We have thus positioned ourselves as a reliable glove-dipping line manufacturer over the years through successful delivery of quality products, which conformed to our customers' specifications, on a timely manner. We believe that our track record and project references will support our Group's future expansion and growth.

**6.5.6 Ability to comply with the requirements set by our customers**

Over 70.0% of our customers, in terms of value of orders for glove-dipping lines secured by us during the Period Under Review, are either foreign-based or owned by multinational corporations/public listed company in Malaysia. These customers typically have selection processes for suppliers or contractors, including our Group, where they will carry out detailed assessments on suppliers/contractors to ensure that the suppliers/contractors selected possess the relevant experience and credentials.

Our success in securing orders from our customers demonstrates our capabilities in complying with the requirements set by them and is a testament to our track record, product quality and manufacturing expertise. This will further contribute to our growing credentials and strengthen our reputation as a reliable glove-dipping line manufacturer.

**6.6 TYPES, SOURCES AND AVAILABILITY OF RESOURCES**

The primary materials and parts used in the fabrication of glove-dipping lines consist of steel beams, pipes and plates, conveyor chain, former holders, nylon brushes, motors, insulant, heat exchangers, blower fans and fiberglass tanks. These materials are either sourced from local suppliers or imported directly. On a case-by-case basis and out of cost-efficiency considerations, certain materials and parts required may be sourced in the country where our foreign customers are based. Thus far, we have not experienced any material shortage in sourcing the aforesaid materials and parts for our operations. Furthermore, these materials are readily available from many suppliers in Malaysia as well as overseas.

Although the costs of materials and parts, particularly steel materials, may vary from time to time, the quotation for our products will reflect the prevailing prices of the relevant materials and parts as our purchases of the required materials and parts are generally made upon receipt of confirmed order from our customers, except for steel materials where we may stock up when steel prices fall.

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

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**6.7 TECHNOLOGY USED**

In our production operations, we fabricate glove-dipping lines, including the main steel structure (which forms the mainframe that holds up all the components of a glove-dipping line), dipping tanks, water tanks, conveyor chain track, former holder track, former cleaning system, ovens and beading station, using the following technology/processes:-

**6.7.1 Fabrication processes**

- (i) Welding technology. It is a metal forming process where two (2) metal surfaces are formed and joined strongly with the use of compatible filler material and molten pool. We currently employ the following welding techniques in the welding of parts and components for our glove-dipping lines:-
  - electric arc welding;
  - carbon dioxide welding; and
  - tungsten/argon inert gas welding.
- (ii) Roll forming processes. It is a continuous metal forming process, in which roll forming machinery are used to shape steel plates into cylinder shapes as the steel plates move through the machinery. A roll forming machinery consists of a sequence of rollers located on the top and bottom of the machinery.
- (iii) Cutting processes. It will be undertaken using semi-automated cutting machinery. The machinery will perform the cutting processes according to the specifications set by our technical team.
- (iv) Other fabrication processes such as bending and drilling.

**6.7.2 Computer-aided software**

We use two (2) dimensional and three (3) dimensional computer-aided design software, such as AutoCAD and SolidWorks, in the design of our glove-dipping lines including the associated components. In addition, we also utilise Minitab, a statistical software for data analysis, to aid our design and development activities as it allows our technical team to monitor and track the performance of the components of our glove-dipping lines, thereby enabling immediate input, analysis and statistical charting.

**6.8 QUALITY ASSURANCE PROCEDURES**

We are committed to ensuring that our glove-dipping lines meet the specifications and requirements of our customers. In this regard, we observe in-process quality assurance procedures during our sourcing of materials and parts as well as our fabrication processes, so as to ensure that the glove-dipping line components are manufactured in accordance with the required specifications.

For on-site fabrication works, on-site inspections will be carried out upon completion to ensure conformity to the required specifications, whilst for in-house fabricated components, our General Manager of Operations, Muhammad Idris Yap Bin Abdullah, who oversees our overall process flow, will ensure the relevant factory acceptance tests are being carried out prior to on-site installation with the aim of ensuring that the fabricated components meet our customer's specifications. Visual inspections will be carried out on all fabricated components and in addition, leak tests will be performed on fabricated dipping tanks.

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

Our factory acceptance tests consist of the following tests and inspections:-

<b>Factory acceptance tests</b>	<b>Descriptions</b>
Visual inspections	Visual inspections will be performed on fabricated components in order to ensure that they have been fabricated according to our customers' specifications.
Leak test	Leak tests will be undertaken to certify that there are no leakages in the fabricated dipping tanks. A leak test is performed by pumping water into the relevant fabricated component until a pre-determined water pressure is reached and maintained for a minimum of 24 hours. Should water pressure drops below the pre-determined level within 24 hours, all welded joints will be carefully inspected to determine the source of potential leakages and rectified accordingly. A further leak test will be carried out and repeated, if necessary, until the relevant fabricated component has successfully passed the test.

Save as disclosed in Section 6.14 of this Prospectus, there are no other relevant standards, regulations or laws that we would be required to comply with during our production process or are relevant to the glove-dipping lines manufactured by us, except for the specifications and requirements of our customers as stated in each order.

**6.9 RESEARCH AND DEVELOPMENT**

As at the LPD, we do not have a formal R&D team nor have we set up any formal R&D plan or policy. Nevertheless, we presently undertake design and development efforts to continuously improve our glove-dipping lines during our technical design and planning process. In doing so, we ensure that we constantly explore and keep abreast of the latest technology trends and market development.

Our design and development efforts are carried out by our technical team, led by Muhammad Idris Yap Bin Abdullah, our General Manager of Operations, with activities centred on improving the production efficiency and effectiveness of our glove-dipping lines through enhancements and customisations of various associated components, including the length and height of glove-dipping lines, design of dipping tanks and ovens, and types of heating system.

Through continuous enhancements and customisations, we have been able to enhance the overall functionalities of our glove-dipping lines to:-

- (i) attain greater production efficiency through the following efforts, thereby achieving the desired production capacity of our customers:-
  - our design and development efforts include researching on increasing production efficiency, specifically in increasing production output per hour. As at the LPD, our double former glove-dipping lines are capable of producing up to 36 thousand pieces of rubber glove per hour; and
  - increased automation, where we have thus far incorporated automated controls over latex and coagulant level, acid and alkaline level and concentration as well as oven humidity and temperature in our glove-dipping lines through integration with the centralised control panel.
- (ii) manufacture quality end-products, i.e., rubber gloves, that conform to our customers' specifications, in terms of end-product attributes, such as the Acceptable Quality Level and physical properties.

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

As we do not have a formal R&D team as at the LPD, we did not recognise any expenditure for R&D activities for the Period Under Review. However, as part of our future plans, we plan to set up a dedicated R&D team to formalise our continuous R&D efforts, a measure which we anticipate will contribute positively towards the long term growth and sustainability of our Group. Further details on our proposed R&D plan are disclosed in Section 6.20.4 of this Prospectus.

**6.10 SEASONALITY**

We do not experience any material seasonality in our business.

**6.11 INTERRUPTION TO BUSINESS AND OPERATIONS**

Our Group has not experienced any interruption in business which had a significant effect on operations during the twelve (12) months period prior to the date of this Prospectus.

**6.12 EMPLOYEES****6.12.1 Category of employees**

As at the LPD, our Group has a total of 28 employees, out of which 26 are permanent employees and 2 are contractual employees. Malaysians accounted for 92.86% of our total employees while the remaining 7.14% are foreign nationals with valid visit passes (temporary employment)<sup>(1)</sup>. The detailed breakdown of our employees for the past three (3) FYE 2013 to FYE 2015 and as at the LPD are as follows:-

Department	Total Number of Employees			
	As at 31 December			As at the LPD
	2013	2014	2015	
Directors <sup>(2)</sup>	2	2	2	2
Technical and Engineering	5	5	7	8
Finance and Accounts	3	3	4	3
Purchasing and Logistics	2	2	2	2
Human Resource and Administration	2	3	4	3
Production (including foreign workers)	11	18	12	10
<b>Total</b>	<b>25</b>	<b>33</b>	<b>31</b>	<b>28</b>

**Notes:-**

- (1) Foreign workers with valid visit passes (temporary employment) are permitted to enter and remain in West Malaysia for the duration specified in their visit passes and to be employed as factory workers by our Group.
- (2) Excluding our Non-Executive Directors.

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

As illustrated above, the number of our employees has increased from 25 as at 31 December 2013 to 31 as at 31 December 2015, and as at the LPD, the number of our employees stood at 28. The departments, which observed major changes in terms of the number of employees, are as follows:-

- technical and engineering department, which had added two (2) new employees in 2015, in line with our higher foreign sales, where we would need to mobilise members of our technical team to the foreign project site; and
- production department, which had added seven (7) new employees in 2014, but having a lower number of employees of 12 and 10 as at 31 December 2015 and the LPD respectively. We maintain a small number of production workers as we rely mainly on our subcontractors for fabrication and installation works in our business operations as we believe it would not be cost effective to maintain a large production workforce given the project-based nature of our orders from customers.

None of our employees belong to any labour union and as at the LPD, there has not been any past material industrial dispute between our management and our employees.

### 6.12.2 Training and development

All new employees which we recruit are required to undergo an in-house orientation conducted by the respective department heads to familiarise themselves with our corporate vision, culture and policies. New technical personnel are also provided training to equip them with the necessary working knowledge and skills in order for them to carry out their job responsibilities efficiently. We will ensure, through job interview prior to recruitment, that all new recruits have the relevant knowledge and experience to perform their job.

We strive to identify, develop and retain competent human capital. Development of human capital is not just done through training but through a blended learning approach which include learning by doing, coaching and mentoring.

We recognise that our employees are talents of many facets. By reviewing our employees' leadership and performance contribution, we have a more focused approach in managing the different types of talent in the organisation. We undertake an annual staff performance review, which assists us in having a better perspective of our bench strength by individual functional areas.

### 6.12.3 Management succession plan

We recognise the importance of management succession for business continuity and hence, have taken the following steps with the aim of retaining our key management staff and at the same time, grooming our lower and middle management staff:-

- (i) career development, which is not just done through training but via a blended learning approach which include learning by doing, coaching and mentoring;
- (ii) career progression, where our senior management/technical staff has been and will continue to be grooming lower and middle management staff to gradually assume greater responsibilities after due assessments and reviews of our staff's ability, knowledge, skills and performance contribution; and
- (iii) competitive remuneration and benefits based upon our annual staff performance review.

If the need arises, we will recruit qualified personnel with knowledge and expertise of our business to enhance our operations.

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

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**6.13 MODES OF MARKETING, DISTRIBUTION AND SALES**

Our business development and sales initiatives are mainly driven by our Deputy Chairman/Executive Director, Wong Kok Wah, who has over 25 years of experience in the glove-dipping line industry, and thus has substantial industry experience and network of contacts. We utilise the following sales and marketing strategies to sustain and expand our business:-

**6.13.1 Referrals from our customers and business associates**

Through years of experience in the glove-dipping line business, we have developed a strong network of domestic and international business relationships and as a result, we receive business referrals from past and present customers as well as business associates. Moving forward, we will continue to leverage on our reputation in the industry, track record in delivering quality products and the business relationships built with our customers to procure more business referrals.

**6.13.2 Trade shows and exhibitions**

Trade shows and exhibitions are an effective way to showcase our products and our capabilities. With the participation of HL Advance in the WEDP, we are eligible, subject to fulfilment of the terms and conditions of the WEDP, for an annual financial incentive of up to RM100,000 per year for a period of three (3) years, between 2015 and 2017, to participate in up to three (3) export promotional activities a year, which comprise international trade exhibitions for the marketing and promotion of the business of HL Advance. The salient terms and conditions of WEDP are as follows:-

- (i) The participation of the company in the WEDP is subject to a trial period of one (1) year. MATRADE reserves the right to withdraw the offer if it is in MATRADE's opinion that, the company is found to be not cooperative or is not active in the trial period.
- (ii) At any time during the period of the WEDP, MATRADE reserves the right to withdraw the offer by providing 30 days' notice to the company without giving any reason.
- (iii) The company is obligated to inform MATRADE in writing in the event of any change in the shareholding of the company. In the event of any change in the shareholding of the company which results in a change of the status of the company as a women-owned company, where at least 51% of equity of the company is owned by women, MATRADE reserves the right to revise the company's participation in the WEDP.

In relation to the foregoing condition, upon Listing, there will be a change of the status of the Company as a women-owned company, and MATRADE reserves the right to revise the Company's participation in the WEDP.

Our recent participation in the 18<sup>th</sup> Southeast Asian Healthcare and Pharma Show 2015 held in Kuala Lumpur has allowed us to stay updated on relevant market trends and technical information, expand our business networking within the industry as well as provided us with opportunities to meet potential customers. Furthermore, we believe that the participation in trade shows and exhibitions will enhance our business visibility. Moving forward, we will continue to participate in similar events to promote our products and our capabilities.

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## 6. BUSINESS OVERVIEW (Cont'd)

## 6.14 APPROVALS, MAJOR LICENCES AND PERMITS

As at the LPD, details of approvals, major licences and permits obtained by our Group are as follows:-

Company	Description of license / approval	Authority	License No./ Reference No.	Date of issuance / commencement / expiry	Major Conditions Imposed	Status of Compliance
HL Advance	Composite licence for No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor Darul Ehsan <ul style="list-style-type: none"> <li>Kilang memproses / membuat kejuruteraan logam / besi / mekanikal / plastik</li> <li>Memborong / menjual (barangan besi)</li> <li>Kilang menyimpan barang (yang diluluskan sahaja)</li> <li>Pejabat pengurusan</li> </ul>	MPS	23262	Issue date: 9.12.2015  Commencement date: Not applicable <sup>(1)</sup>  Expiry date: 31.12.2016	(a) The licence must be displayed at a location clearly seen and ownership of which cannot be transferred except with the consent of the Yang Dipertua, MPS.  (b) MPS can use its discretion to revoke or not renew the licence without assigning any reason.	Complied
HL Advance	Manufacturing licence for the manufacturing of machinery for dipped latex products and parts thereof at No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor Darul Ehsan	MITI	A 018332	Issue date: 22.9.2011 <sup>(2)</sup>  Commencement date: 13.08.2008 <sup>(2)</sup>  Expiry date: Not applicable <sup>(3)</sup>	(i) The licence is subject to the approval from the relevant State Government and Department of Environment.  (ii) MITI and MIDA shall be informed of any sale of shares of HL Advance.  (iii) HL Advance must train Malaysian citizens so that transfer of technology and expertise can be channelled to all levels of designations / positions.  (iv) HL Advance shall carry out its projects as approved and in accordance with the law and regulations in Malaysia.	Complied

## 6. BUSINESS OVERVIEW (Cont'd)

Company	Description of license / approval	Authority	License No./ Reference No.	Date of issuance / commencement / expiry	Major Conditions Imposed	Status of Compliance
					<p>(v) The license or a certified true copy of it must be displayed in the factory where manufacturing activities are carried out.</p> <p>(vi) HL Advance is encouraged to ensure that the composition of the Board of Directors of HL Advance shall, as much as possible, mirror its equity structure. MITI must be informed of the appointment and any change of the members of the Board of Directors of HL Advance.</p> <p>(vii) For local sales, HL Advance shall, as much as possible, utilise the services rendered by Malaysian citizens including appointment of distribution companies owned by Malaysians citizens in which at least 30% of its sales in Malaysia are distributed by Bumiputera distributors.</p> <p>(viii) If HL Advance decides to expand its production capacity or diversify its production, HL Advance shall obtain the approval of the Licensing Officer (Secretary General of MITI) by submitting an application using the relevant forms which can be obtained from MIDA's website or the nearest MIDA office.</p>	

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## 6. BUSINESS OVERVIEW (Cont'd)

Company	Description of license / approval	Authority	License No./ Reference No.	Date of issuance / commencement / expiry	Major Conditions Imposed	Status of Compliance
HL Advance	Pioneer certificate in accordance with Promotion of Investment Act 1986	MITI	4632	Issue date: 19.12.2014 <sup>(4)</sup>  Commencement date: 4.11.2014 <sup>(4)</sup>  Expiry date: 3.11.2019	(a) Value-added of the production of the machinery should achieve at least 30%.  (b) The total number of employees at the managerial, technical and supervisory level shall be at least 15% of the total number of HL Advance's employees.  (c) HL Advance is required to submit a report confirming the compliance of the terms and conditions set out in (a) and (b) certified by accredited external auditors for each year during the incentive period to MIDA and Inland Revenue Board of Malaysia.	Complied
HL Advance	Certificate of fitness for a single girder electric overhead travelling crane ("Crane") in accordance with the FAMA and Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970  Machine registration number: SL PMA 22232  Location of the machine: No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor.	DOSH	234208	Issue date: 12.04.2016  Commencement date: Not applicable <sup>(5)</sup>  Expiry date: 06.06.2017	This certificate is valid until the expiry date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations relating to the Crane shall not be violated.	Complied

## 6. BUSINESS OVERVIEW (Cont'd)

Company	Description of license / approval	Authority	License No./ Reference No.	Date of issuance / commencement / expiry	Major Conditions Imposed	Status of Compliance
HL Advance	Certificate of fitness for a single girder electric overhead travelling crane ("Crane") in accordance with the FAMA and Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970 Machine registration number: SL PMA 22233 Location of the machine: No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor.	DOSH	234207	Issue date: 12.04.2016 Commencement date: Not applicable <sup>(5)</sup> Expiry date: 06.06.2017	This certificate is valid until the expiry date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations relating to the Crane shall not be violated.	Complied

**Notes:-**

- (1) Not applicable as there is no commencement date stated on the composite licence.
- (2) HL Advance's application for the manufacturing licence was approved by MITI on 13 August 2008 and following which, HL Advance may commence its manufacturing operations. However, HL Advance did not proceed to procure a manufacturing licence immediately as pursuant to the Guidelines and Procedures for Automatic Issuance of Manufacturing Licence issued by MIDA, only a person who engages in any manufacturing activity with shareholders' fund of RM2.5 million and above or employing 75 or more full-time paid employees are required to obtain a manufacturing licence and at that material time, HL Advance's shareholders' fund was less than RM2.5 million and they employed less than 75 full-time paid employees. Subsequently, when HL Advance's shareholders' funds increased to more than RM2.5 million, an application was submitted to MITI and MITI issued the manufacturing licence on 22 September 2011 with a retrospective commencement date on 13 August 2008 which was the date when the original application for manufacturing licence was approved. As a result, the issue date of the manufacturing licence is subsequent to the commencement date.
- (3) There is no expiry date to the manufacturing licence as it is deemed to be valid unless revoked in accordance with the Industrial Co-ordination Act 1975.
- (4) The pioneer certificate was issued by MITI for pioneer status in accordance with Promotion of Investment Act 1986. The issue date and commencement date of the pioneer certificate are different because the renewed pioneer certificate was not issued immediately upon expiry of the previous pioneer certificate which had expired on 3 November 2014. Hence, the renewed pioneer certificate when it was issued on 19 December 2014 had a retrospective commencement date of 4 November 2014.
- (5) Not applicable as there is no commencement date stated on the certificate of fitness.

**6. BUSINESS OVERVIEW (Cont'd)****6.15 PROPERTY, PLANT AND EQUIPMENT****6.15.1 Property owned by our Group**

Details of the material property owned by our Group as at the LPD are as follows:-

Registered Owner	Title/ Address	Description/ Existing use	Land Area/ Gross Floor Area (sq. ft.)	Date of issuance of Certificate of Fitness / Completion and Compliance	Category of Land Use / Tenure	Encumbrances	Audited Net Book Value as at 31 July 2016 (RM'000)
HL Advance	PM 4518, Lot 36522, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan /	One (1)-storey detached factory with a three (3)-storey annexed office building/	40,688/ 30,388	19.9.2009 and 20.8.2015	Industrial / Leasehold for a period of 99 years expiring on 11 August 2096	Charged in favour of Public Bank Berhad and lease of a part of the land to Tenaga Nasional Berhad for a period of 30 years ending 22 April 2040	3,857
	No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor	Office cum factory for our business operations					

As at the LPD, there is no breach of any property or land use conditions and/or non-compliance with any regulatory requirements, land rules, building regulations and environmental issue which may materially affect our Group's operations and utilisation of the above property owned by our Group.

**6.15.2 Property rented by our Group**

As at the LPD, we do not have any subsisting tenancy agreement.

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**6. BUSINESS OVERVIEW (Cont'd)****6.15.3 Plant and Equipment**

The summary of the material plant and equipment owned by our Group as at the LPD are set out below:-

<b>Plant and equipment</b>	<b>Description/Function</b>	<b>(1) Age of machinery (years)</b>	<b>(2) Estimated useable lifespan (years)</b>	<b>No. of units as at the LPD</b>	<b>Audited net book value as at 31 July 2016 (RM'000)</b>
Press machinery	For forming of steel materials through the application of pressure	1 to 7	20	8	377
Forklift	For lifting or moving materials and parts	(3) 1 to 6	10	7	354
Welding machinery	For welding of steel materials	3 to 7	10	210	91
Shearing machinery	For shearing of steel materials	1 to 7	20	6	162
Cutting machinery	For cutting of steel materials	2 to 7	10	33	16
Roll forming machinery	For roll forming of steel materials	6	20	1	9
Overhead cranes	For lifting and lowering materials and to move them from one place to another	7	20	2	(4) -
Stripping machinery	For forming of strip steel	1	20	1	20
Others (5)	-	(3) 1 to 7	10	78	91
<b>Total</b>					<b>1,120</b>

**Notes:-**

- (1) Calculated based on the year of acquisition up to the LPD.  
(2) Based on our management's best estimates.  
(3) Within one (1) year.  
(4) Fully depreciated as at 31 July 2016.  
(5) Comprising, inter alia, disc grinders, bandsaw and plate rolling machinery.

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## 6. BUSINESS OVERVIEW (Cont'd)

### 6.15.4 Production Capacities and Output

Our annual revenue depends on the orders secured and implemented by us for each of the financial year. Depending on the required specifications of our customers, the implementation timeframe for each order generally ranges between 6 months and 15 months from the date of receipt of the order and hence, can often be spread over two (2) financial years. In this regard, we cannot establish with certainty on our annual production capacity of glove-dipping lines and the associated utilisation rate.

However, based on the capacity constraints experienced by us, we acknowledged that our annual production capacity of glove-dipping lines can predominantly be constrained by the number of latex dipping tank that we can fabricate per year due to the following factors:-

(i) Involves complex fabrication works

A latex dipping tank requires more complex fabrication works as compared with the other components of our glove-dipping lines.

(ii) Long fabrication process

Based on our historical production records, on average, we can only fabricate up to one (1) latex dipping tank for double former glove-dipping lines or two (2) latex dipping tanks for single former glove-dipping lines every half a (½) month based on our current production facilities and floor space.

(iii) Our factory space constraints

About 25% or approximately 5,916 sq ft of our current factory's gross production floor space of 23,666 sq ft has been allocated solely for the fabrication of latex dipping tanks, whilst the remaining areas are required for the fabrication of other components of our glove-dipping lines. Based on the area allocated, we can only fabricate up to one (1) or two (2) latex dipping tanks for double former glove-dipping lines and single former glove-dipping lines respectively, at a given point in time.

Premised on the foregoing, our Board, based on its best estimates, has calculated our estimated maximum annual capacity, estimated annual production and estimated utilisation rates for the Period Under Review as follows:-

	<sup>(1)</sup> Estimated maximum annual capacity (Units of glove-dipping lines manufactured)	<sup>(3)</sup> Estimated annual production (Units of glove-dipping lines manufactured)	Estimated utilisation rate (%)
FYE 2013	11 lines	10 lines	90.91
FYE 2014	11 lines	8 lines	72.73
FYE 2015	11 lines	9 lines	81.82
FPE 2016	<sup>(2)</sup> 6 ½ lines	<sup>(4)</sup> 5 ½ lines	84.62

**Notes:-**

(1) Calculated based on the following parameter/assumptions:-

- parameter ~ each glove-dipping line, whether single former or double former, would require to be fitted with two (2) units of latex dipping tanks;
- assumption ~ a single former glove-dipping line is assumed as half (½) line, while a double former glove-dipping line is assumed as one (1) lines; and

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

- assumption ~ based on our average fabrication time of one (1) latex dipping tank for double former glove-dipping lines every half a (½) month and coupled with an assumed time lag of 10.0% between the completion of one latex dipping tank to the commencement of another latex dipping tank, our estimated maximum annual fabrication capacity would be as follows:-

		<b>No. of month(s)</b>
Average time taken to manufacture one (1) unit of latex dipping tank for double former glove-dipping line	(a)	0.50
Assumed time lag (10.0%)	(b) = (a) x 10.0%	0.05
	(c) = (a) + (b)	0.55
Estimated number of latex dipping tanks to be manufactured per year	(d) = 12 months / (c)	21.82
Number of latex dipping tanks required for each unit of double former glove-dipping line	(e)	2
Estimated maximum annual capacity of double former glove-dipping lines	(f) = (d) / (e)	10.91
Rounded to the nearest number		<u><u>11.00</u></u>

- (2) Prorated based on an estimated maximum annual capacity of 11 lines.
- (3) The aggregate of the units of glove-dipping lines completed during the year/period and the proportionate partially completed units of glove-dipping lines during the same year/period presented in equivalent to double former glove-dipping lines.
- (4) Excluding four (4) lines manufactured for a local customer where the fabrication of latex dipping tanks was undertaken at the said customer's factory, hence did not utilise the production floor space of our factory.

**6.15.5 Material Plans to Construct, Expand or Improve Facilities**

Save as disclosed in Section 6.20.1 of this Prospectus, we have no immediate plan to construct, expand or improve on our existing facilities.

**6.16 INTELLECTUAL PROPERTY RIGHTS**

Save as disclosed below, our Group does not have any other licenses, patents, trademarks, brand names, technical assistance agreements and other intellectual property rights as at the LPD:-

Trademark	Issuing authority	Trademark application number	Registered date / Expiry date	Class	Description
	Intellectual Property Corporation of Malaysia	2011007012	18.4.2011 / 18.4.2021	7	Machines for dipped latex products, glove-dipping machines, machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); all included in class 7.

**6.17 DEPENDENCY ON CONTRACTS/ARRANGEMENTS/LICENCES/PATENTS**

Save as disclosed in Sections 6.14 and 6.16 of this Prospectus, our Group is not dependent on any other contract/ arrangement/ licence/ patent.

**6. BUSINESS OVERVIEW (Cont'd)****6.18 MAJOR CUSTOMERS**

Our Group's major customers which have contributed 10% or more of our total revenue for at least one (1) of the past three (3) FYE 2013 to FYE 2015 or the FPE 2016 are as follows:-

Major customers	Length of relationship as at the LPD	FYE 2013		FYE 2014		FYE 2015		FPE 2016	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
Cardinal Health 222 (Thailand) Ltd	2 years	-	-	402	0.9	32,895	43.5	12,333	25.8
Rubberex Alliance Sdn Bhd	2 years	-	-	11,506	26.4	23,416	30.9	1,182	2.5
YTY Industry Sdn Bhd <sup>(1)</sup>	7 years	9,921	21.5	314	0.7	76	0.1	45	0.1
Green Prospect Sdn Bhd <sup>(1)</sup>	7 years	13,015	28.3	9,085	20.9	9,411	12.4	9,090	19.1
PT Medisafe Technologies <sup>(1)</sup>	4 years	15,012	32.6	13,290	30.5	550	0.7	250	0.5
Latex Form Sdn Bhd	3 years	-	-	4,467	10.3	-	-	-	-
WRP Asia Pacific Sdn Bhd	5 years	1,139	2.5	552	1.3	6,272	8.3	8,320	17.4
Central Medicare Sdn Bhd	6 years	-	-	-	-	13	*	15,865	33.3
<b>Sub-total from major customers</b>		<b>39,087</b>	<b>84.9</b>	<b>39,616</b>	<b>91.0</b>	<b>72,633</b>	<b>95.9</b>	<b>47,085</b>	<b>98.7</b>
<b>Total Revenue</b>		<b>46,042</b>	<b>100.0</b>	<b>43,568</b>	<b>100.0</b>	<b>75,697</b>	<b>100.0</b>	<b>47,692</b>	<b>100.0</b>

**Notes:-**

(1) Being the subsidiaries of the Indorama Corporation Pte Ltd group of companies.

\* Negligible

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

Given the nature of our business, which is on a project basis, the overall composition of our customers varies from year to year but a significant portion of our Group's annual revenue for any given year was contributed by a small number of major customers as shown above due to, inter alia, the large value of each order from our major customers as a proportion to our total revenue and the long implementation timeframe for each order of between 6 months and 15 months, which can often spread over two (2) financial years. In this regard, revenue contribution from any given major customer will generally peak during the initial year of implementation and taper off in the following year, with the remaining insignificant sum, usually being the retention sum, being recognised in the subsequent year. It is on this premise, our major customers, who contributed more than 10% of our total revenue, may not be continued for more than two (2) consecutive financial years.

For the Period Under Review, companies within the Indorama Corporation Pte Ltd group, namely YTY Industry Sdn Bhd, Green Prospect Sdn Bhd and PT Medisafe Technologies, collectively contributed more than 50% of our total revenue for two (2) consecutive financial years, i.e. FYE 2013 and FYE 2014. Notwithstanding the foregoing, the following are the mitigating factors against our potential dependency on any of our customers, including, but not limited to, the Indorama Corporation Pte Ltd group of companies, in our business:-

- although YTY Industry Sdn Bhd, Green Prospect Sdn Bhd and PT Medisafe Technologies are within the Indorama Corporation Pte Ltd group, they are separate business entities and are independent of each other in their business decision making. For the Period Under Review, orders for glove-dipping lines were secured by HL Advance from these companies individually rather than through their holding company, Indorama Corporation Pte Ltd. The large value of orders for glove-dipping lines from these companies in the FYE 2013 and FYE 2014 was mainly attributable to the timing of expansion of these companies;
- we continuously seek opportunities in the domestic and export markets. As illustrated in the table above, we secured orders for glove-dipping lines from Rubberex Alliance Sdn Bhd and Cardinal Health 222 (Thailand) Ltd in the FYE 2014 and FYE 2015 respectively, both of which had become our major customers in the FYE 2015, replacing our other major customers from the FYE 2013 and FYE 2014 (including the Indorama Corporation Pte Ltd group of companies) as the main revenue contributors to our Group. We secured an order for glove-dipping lines from Central Medicare Sdn Bhd in December 2015 and pursuant thereto, it became the main revenue contributor to our Group for the FPE 2016;
- as illustrated in Section 4.1.3 of this Prospectus, our commitment in providing our customers with quality products and services has enabled us to achieve business growth through repeat orders from our pool of recurring customers. As we continue to develop future business opportunities, our pool of recurring customers is expected to expand accordingly; and
- pursuant to our future plan to increase product offering by manufacturing certain automated components of a glove-dipping line in-house, we will be able to expand our product offering to include more automated components, which is expected to enable us to market our products to a larger group of potential customers. Please refer to Section 6.20.3 of this Prospectus for the details of our plans to increase product automation.

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**6. BUSINESS OVERVIEW (Cont'd)****6.19 MAJOR SUPPLIERS**

Our Group's major suppliers which have contributed 10% or more of our total purchases for at least one (1) of the past three (3) FYE 2013 to FYE 2015 or FYE 2016 are as follows:-

Major suppliers	Type of supplies	Length of relationship as at the LPD	FYE 2013		FYE 2014		FYE 2015		FYE 2016	
			RM'000	%	RM'000	%	RM'000	%	RM'000	%
Yankong Stainless Sdn Bhd	Stainless steel materials	6 years	1,768	6.4	2,624	10.4	4,644	9.1	3,501	10.0
Sichuan Deyang Xinze Bearing Co. Ltd	Former holders and conveyor chains	5 years	28	0.1	2,970	11.8	3,652	7.2	2,642	7.6
Airvenco Sdn Bhd	Component for heating system including, inter-alia, fan chambers and heat exchanger	6 years	3,336	12.1	4,104	16.3	4,700	9.3	613	1.7
LCT Marketing (M) Sdn Bhd	Thermal oil piping	5 years	2,018	7.3	2,973	11.8	152	0.3	-	-
Yoshiki Solutions (Thailand) Co. Ltd	Steel and other metal materials and parts	1 year	-	-	-	-	5,773	11.4	4,433	12.7
Choo Bee Hardware Sdn Bhd	Steel plates	7 years	1,732	6.2	1,641	6.5	3,112	6.1	4,457	12.8
<b>Sub-total from major suppliers</b>			<b>8,882</b>	<b>32.1</b>	<b>14,312</b>	<b>56.8</b>	<b>22,033</b>	<b>43.4</b>	<b>15,646</b>	<b>44.8</b>
<b>Total Purchases</b>			<b>27,658</b>	<b>100.0</b>	<b>25,206</b>	<b>100.0</b>	<b>50,813</b>	<b>100.0</b>	<b>34,920</b>	<b>100.0</b>

Materials and parts required in our manufacturing process are readily available from many suppliers in Malaysia as well as overseas. Therefore, there is no material dependence of our Group on any of our suppliers. Nevertheless, we have purchased certain materials and parts such as steel materials, heat exchangers, fan chambers, conveyor chains and former holders from the same suppliers for the Period Under Review due to our previous cordial working relationships and the level of pre and after sales service provided by them to our Group.

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

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**6.20 FUTURE PLANS, STRATEGIES AND PROSPECTS****6.20.1 Expansion of production capacity**

As illustrated in Section 6.15.4 of this Prospectus, the utilisation rates of our production capacity for the Period Under Review were estimated at 90.91%, 72.73%, 81.82% and 84.62%, respectively. Such high utilisation rates support the proposed expansion of our production capacity, particularly in light of the capacity constraints experienced by us due largely to the limited production floor space at our current factory.

Currently, we are operating at our own factory premises located in Puchong, Selangor, with a gross production floor space of 23,666 sq ft. As part of our business expansion plan, we intend to set up a new factory in an area within the southern part of the Klang Valley, e.g. Puchong, Banting, Klang, etc with a proposed built-up area of approximately 57,000 sq ft, out of which approximately 60.00% or 34,200 sq ft will be earmarked for production purposes. This serves to increase our production capacity thereby enabling us to undertake more orders. While we will remain diligent in selecting customers, our proposed expansion of production capacity will ensure that we will not be constrained by production floor space limitation, and this will be an impetus to bring our Group to the next phase of growth.

Our management estimates that, based on an estimated gross land size of about two (2) acres, the total costs for land acquisition and factory construction would be in the range of between RM9.00 million and RM12.00 million, which is proposed to be partly financed through our IPO proceeds. Additional funding required will be met through internally generated funds and/or external borrowings. As at the LPD, we have yet to identify a suitable parcel of vacant land for this purpose. We expect to complete our expansion of production capacity as aforementioned within two (2) years from our Listing.

In essence, the proposed increase in our production capacity will enable us to strengthen our market presence and facilitate the long term growth of our Group, as well as to give us a platform to pursue new customers, thereby enhancing the revenue, profitability and future sustainability of our Group.

**6.20.2 Continue to seek market opportunities and strengthen our market presence**

We intend to leverage on our track record and market reputation to tap into the growth in the rubber glove industry. As stated in the executive summary of the IMR Report enclosed in Section 7 of this Prospectus, the rubber glove industry is a vibrant and growing industry, where global rubber glove demand has grown from 65.3 billion pairs in 2009 to 88.0 billion pairs in 2014, registering a CAGR of 6.1%. Malaysia, as the world's largest manufacturer of rubber gloves, has been the backbone of this growth, with production growing from 40.1 billion pairs in 2009 to 59.4 billion pairs in 2015, registering a CAGR of 6.8% during this period. The prospects for growth in the rubber glove industry are positive as the industry is expected to continue to be driven by growth in the global and domestic healthcare industry (including outbreaks in epidemic and pandemic diseases), increasing demand arising from other end-user markets such as manufacturing, continued growth in the global economy, and availability of raw materials utilised in the manufacturing of rubber gloves.

We will continue to seek opportunities in the domestic and export markets. With our track record and market reputation in the glove-dipping line industry in Malaysia, we are well-placed to continue growing our market presence and increase our overall market share. We will remain focused in our commitment on product quality and customer service, as well as continuously improve and upgrade our glove-dipping lines. To achieve this, we will increase our sales and marketing efforts, as outlined in Section 6.13 of this Prospectus. Further, we will increase the frequency of visits to existing customers to help us secure repeat orders, as well as to potential customer to win new sales. Our Group also intends to increase our participation and visits to trade shows and exhibitions, both locally and internationally.

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

As at the LPD, we have identified the following trade shows and exhibitions in which we intend to participate and/or attend:-

<b>Year</b>	<b>Event</b>	<b>Organiser</b>	<b>Location</b>
May 2017	The 24th Vietnam International Medical & Pharmaceutical Exhibition	Vietnam Advertisement & Fair Exhibition JSC	Hanoi International Centre for Exhibition
July 2017	The 20th China (Shanghai) International Medical Devices Exhibition 2017	Shanghai Juyi Exhibition Service Co., Ltd	Shanghai World Expo Exhibition & Convention Center
November 2017	METALEX 2017 - ASEAN's Largest International Machine Tool & Metalworking Technology Trade Exhibition and Conference	Reed Tradex	Bangkok International Trade and Exhibition Centre

Our continued growth and success will further strengthen our Group's financial position and will provide the platform for our Group to expand into other markets in the future. As our Group continues to secure more customers and orders locally and internationally, it will support our long term sustainability and growth of our Group.

**6.20.3 Increase product offering**

Currently, certain components of a glove-dipping line manufactured by us, such as, automated glove stripping machinery, automated layering machinery, automated visual inspection equipment and automated packing machinery are procured by our customers directly and provided to us to be integrated into our glove-dipping lines. The manufacturing of these components requires a dedicated R&D team and specialised machinery and equipment such as computer numerical control machinery.

With the proposed expansion of our production capacity as mentioned in Section 6.20.1 of this Prospectus, we intend to set up a dedicated R&D team (as mentioned in Section 6.20.4 of this Prospectus) and to purchase two (2) units of computer numerical control machinery (with each unit estimated to cost between RM0.30 million and RM0.60 million) with the aim of manufacturing the aforesaid automated components in-house. We propose to finance the purchase of computer numerical control machinery through internally generated funds and/or equipment financing from financial institutions. By manufacturing these components in-house, we will be able to expand our product offering to include more automated components, thereby enhancing our Group's revenue and profitability. We intend to commence manufacturing the aforementioned automated components after setting up our R&D team.

**6.20.4 Setting up of a dedicated R&D team**

Currently, our design and development efforts are carried out by our technical team. Moving forward, we plan to set up a dedicated R&D team to formalise our R&D activities, a measure which we anticipate will contribute towards the long term growth and sustainability of our Group. The primary objective of our R&D team would be product development as well as on-going improvement of glove-dipping processes via technological improvements. To achieve this, the R&D policies and strategies that we aim to implement and adhere to are, amongst others, as follows:

- to design and manufacture glove-dipping lines that will achieve the highest level of customer satisfaction;
- to provide the most optimal solution to our customers in addition to solving technical issues;

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


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- to improve energy efficiency and increase process automation for our glove-dipping lines; and
- to be consistently updated with the latest technology, and be constantly aware of latest market trends and demands.

We plan to staff our R&D team initially with one (1) chemist, one (1) engineer and two (2) draughtsmen, and will gradually expand the team as and when required. Further, we will also need to invest in equipment which will include simulation software that will be used to compute and simulate possible outcomes from new upgrades and developments.

Pursuant to our Listing, we have allocated RM1.50 million of the proceeds from our Public Issue for the setting up of R&D facilities. For the initial stage, we intend to focus our R&D effort on improving energy efficiency of our glove-dipping lines as well as on process automation. The RM1.50 million allocated for R&D expenditure is earmarked for investment in related equipment and software including, inter-alia, simulation software, infrared thermometer, optic system and thermal oil flow meter.

The establishment of a dedicated R&D team will enable our Group to remain at the forefront of industry technologies, manufacturing processes and market trends, which will provide a strong foundation for our Group's future growth and development. We expect to set up our R&D team within 18 months from our Listing.

**6.20.5 Prospects**

As stated in the executive summary of the IMR Report enclosed in Section 7 of this Prospectus, the glove-dipping line industry in Malaysia is forecast to grow at a healthy CAGR of 15.2%, from an estimated RM326.5 million in 2016 to RM575.9 million in 2020. This is in line with the vibrant and growing rubber glove industry, as evidenced by global rubber glove demand which has grown from 65.3 billion pairs in 2009 to 88.0 billion pairs in 2014, registering a CAGR of 6.1%. In particular, Malaysia dominates the global rubber glove industry as the largest producer and exporter, producing 59.4 billion pairs and exporting 658,016.0 tonnes of rubber gloves in 2015.

In 2015, Smith Zander estimates that our Group garnered an industry revenue share of 26.6% based on our revenue of RM75.7 million for the FYE 2015. Thus, with our competitive strengths as highlighted in Section 6.5 of this Prospectus, we believe that we are poised to increase our presence in the glove-dipping line industry, as well as to capture opportunities in the export markets. Moving forward, our Group intends to strengthen our position in the glove-dipping line industry in Malaysia through the following strategies as highlighted in Section 6.20 of this Prospectus:-

- expansion of production capacity;
- continue to seek market opportunities and strengthen our market presence;
- increase product offering; and
- setting up a dedicated R&D team.

Premised on our future plans and strategies as highlighted above, our competitive strengths as highlighted in Section 6.5 of this Prospectus and the prospects and outlook of the glove-dipping line industry as set out in Section 7 of this Prospectus, our Board is of the view that our Group will enjoy positive growth and favourable prospects moving forward.

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

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)  
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1 Jalan Kiara, Mont' Kiara,  
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T +603 6211 2121

SMITH ZANDER

22 NOV 2016

The Board of Directors

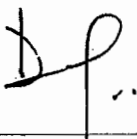
**HLT Global Berhad**  
Third Floor, No. 79 (Room A)  
Jalan SS21/60, Damansara Utama  
47400 Petaling Jaya  
Selangor

Dear Sirs/Madam,

**Executive Summary of the Independent Market Research Report on the Rubber Glove Industry and the Glove-dipping Line Industry**

This Executive Summary of the Independent Market Research Report on the Rubber Glove Industry and the Glove-dipping Line Industry has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of HLT Global Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

For and on behalf of SMITH ZANDER:



\_\_\_\_\_  
DENNIS TAN  
MANAGING PARTNER

# 1 INTRODUCTION

## Objective and Scope

This Executive Summary of the Independent Market Research ("IMR") report has been prepared in conjunction with the listing of HLT Global Berhad on the ACE Market of Bursa Malaysia Securities Berhad. The objective of this Executive Summary of the IMR report is to provide an independent view of the industry and market(s) in which HLT Global Berhad operates through its sole subsidiary, HL Advance Technologies (M) Sdn Bhd ("**HL Advance**"), and to offer a clear understanding of the industry and market dynamics.

## Rationale for the Scope of Work

HLT Global Berhad is a glove-dipping line manufacturer, principally involved in the design, fabrication, installation, testing and commissioning of glove-dipping lines. HLT Global Berhad's glove-dipping lines cater for the manufacturing of specific types of rubber gloves based on customers' end-product requirements. HLT Global Berhad is capable of producing glove-dipping lines for natural rubber gloves as well as for synthetic rubber gloves. Customers of HLT Global Berhad are mainly rubber glove manufacturing companies involved in the production of natural and/or synthetic rubber gloves used across various sectors including medical, manufacturing, industrial and food processing. The scope of work for this Executive Summary of the IMR report will thus address the following two (2) areas:

- (i) The end-user market served by HLT Global Berhad, namely the Rubber Glove Industry; and
- (ii) The industry in which HLT Global Berhad operates, namely the Glove-dipping Line Industry in Malaysia and the Glove-dipping Line Industry in Thailand.

This Executive Summary of the IMR report will conclude with a summary of the future growth prospects for HLT Global Berhad in relation to the future outlook of (i) and (ii) above.

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## 2 THE RUBBER GLOVE INDUSTRY

### Introduction

Rubber gloves are protective garments designed to be worn over the hands to protect the wearer from physical, biological, chemical or mechanical hazards. They are mainly used in the healthcare industry but are also commonplace in other sectors such as industrial, food processing, semiconductor and electronics, as well as beauty. There are thus many types of gloves available in the market to conform to the needs of the user(s), based on the contaminants the user will come into contact with and the level of protection needed.

Generally, there are two (2) categories of rubber gloves, i.e. natural rubber ("NR") gloves and synthetic rubber ("SR") gloves:

- **NR gloves**

NR or latex gloves are popular due to their durability, flexibility, tactile sensitivity, comfort and superior barrier protection. Latex, which is the sap of rubber trees called *Hevea brasiliensis*, is harvested by carving a rubber tree and collecting its sap in a cup. The latex is centrifuged to separate it from water, proteins and impurities, after which chemicals are added to aid the vulcanization process to make its properties more stable and less susceptible to temperature changes. Rubber possesses many properties that render it useful in the manufacturing of a wide range of products. It is highly elastic, durable, water-resistant, can be easily moulded to a variety of shapes, and does not dissolve easily. Malaysia's tropical climate is conducive to growing rubber trees, due to the abundance of sunlight and rain. Furthermore, its proximity to several other top rubber-producing countries means that transportation costs are lower, making it more cost-effective to procure raw materials for NR glove manufacturing.

Historically, global production of NR gloves has varied from year to year as a result of vulnerability of market prices of latex and other factors affecting production of latex such as weather conditions, natural disasters as well as shortage of skilled rubber tappers. In 2014, Southeast Asia experienced a drought which affected the agricultural sector in the highest rubber-producing countries in the region, namely Malaysia, Indonesia and Thailand. Rubber production decreased and the volatile supply of latex led to higher prices of NR gloves.

- **SR gloves**

SR gloves are close substitutes for NR gloves in a variety of applications due to its inherent characteristics in terms of stability and physical properties, with the added advantage of being able to cater to users with latex allergies and the absence of dependency on the availability and prices of NR.

The development of SR gloves was spurred during World War II when the United States of America ("USA") and Germany experienced supply shortages of NR, leading to vast improvements in varieties of SR gloves for military use. Anti-vesicant SR gloves were used to provide protection during chemical warfare, where blistering agents such as sulphur mustard were used to incapacitate the enemy by causing burns, nausea, breathing difficulties and even death. SR gloves were developed to improve the physical and chemical properties of NR gloves in order to tailor it to specific industry applications. NR gloves mainly comprise polymers of isoprene that occur naturally. SR gloves are artificially produced through the polymerisation of monomers such as butadiene, isoprene, styrene and chloroprene, which are derived from plants and/or petrochemicals. This has led to a wide range of SR glove varieties in the market, with different physical and chemical properties and applications.

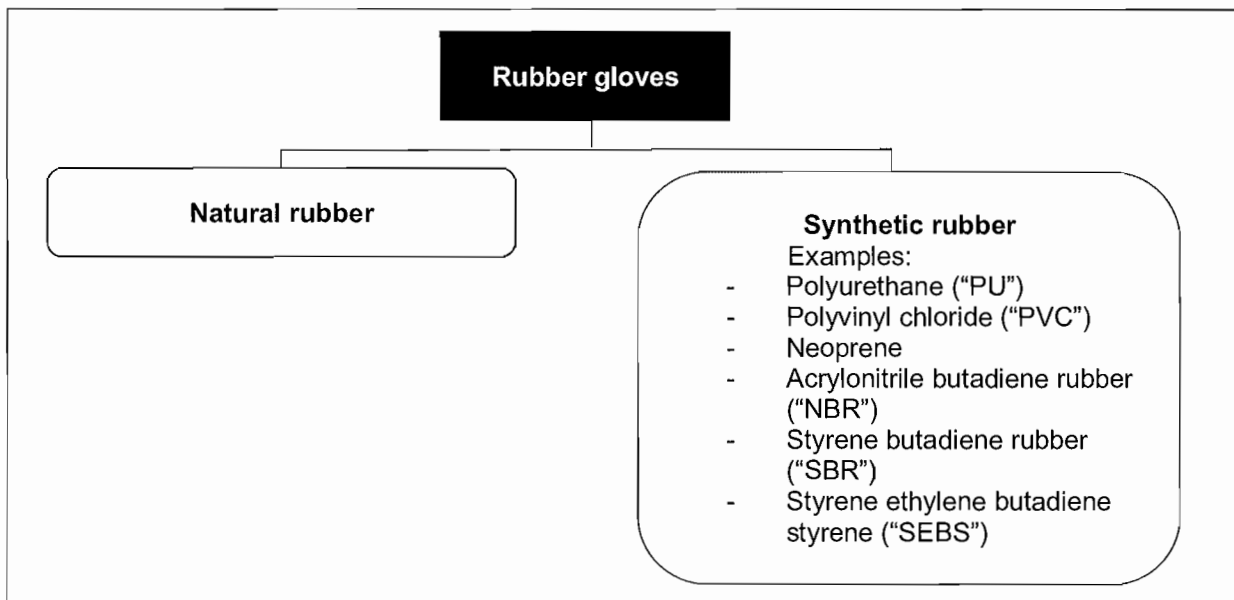
There are over 200 varieties of SR available commercially, with the most consumed forms for glove-making being polyurethane ("PU"), polyvinyl chloride ("PVC"), neoprene, acrylonitrile butadiene

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

rubber ("NBR") (i.e. nitrile rubber), styrene butadiene rubber ("SBR") and styrene ethylene butadiene styrene ("SEBS").

The most popular kind of SR gloves are nitrile gloves which are made from NBR, a crude oil by-product. Nitrile gloves are gaining popularity among medical professionals and those who work with chemicals or infectious material, due to their superiority in terms of puncture-resistance and protection against chemicals and oils, in addition to having a longer shelf life. They also tear easily once there is a puncture, alerting the wearer that there is a compromise. However, they are more expensive and less flexible than NR gloves. Nitrile gloves are mostly powder-free as they are not as difficult to don as latex gloves.

Rubber glove industry segmentation (Global), 2016



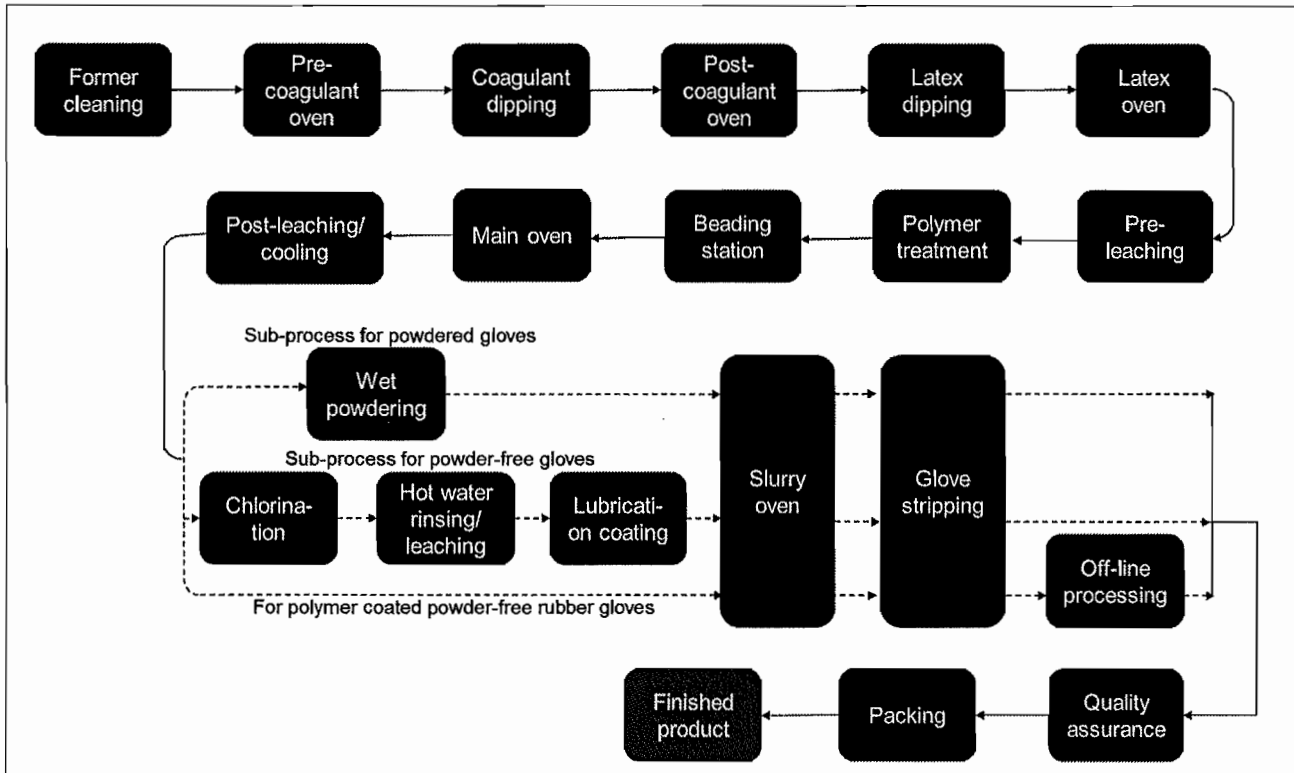
Rubber gloves are manufactured using a glove-dipping line, which is a production line consisting of components such as conveyor chain tracks, former holders, ceramic formers, dipping tanks, heating system, oven and beading brushes. A glove-dipping line is designed to allow raw materials, such as coagulant, and natural or synthetic liquid latex, to undergo the required sequential steps in glove-making to produce rubber gloves.

The glove-making process begins with the cleaning of formers or hand-shaped moulds. Next, these formers are dried before being dipped in a coagulant, and then dried in an oven. Following this, the formers are dipped in natural or synthetic liquid latex, which turns into a film after going through a heated oven. The gloves on the moulds are then pre-leached in water to remove residual proteins and chemicals. Subsequently, the gloves are then dipped in polymer, which will coat the inner surface of gloves to ease donning. Beading brushes are then used to push back the cuffs on the gloves for added strength and to ease donning. The gloves go through a vulcanization process in the main oven, which involves heating the glove films to enhance strength and elasticity, thus preventing them from tearing easily. After that, they are post-leached/ cooled to remove any chemicals or proteins that have bloomed to the surface.

Traditionally, the next step is powdering the gloves by dipping them in a slurry of corn starch to ensure that they do not stick to other gloves after they have been stripped from the formers. However, to produce powder-free rubber gloves, this step is replaced with chlorination or polymer coating to lubricate the rubber gloves, followed by hot water rinsing and lubrication coating. Both of these rubber glove types will then be dried in the slurry oven. For polymer coated powder-free rubber gloves, rubber gloves will be dried in the slurry oven once it has been post-leached/ cooled. At the final stages of the glove-making process, rubber gloves are dried, stripped from the formers, and inspections are carried out to ensure

that there are no visual defects, air leaks or water leaks, as well as to test tensile strength, before they are packed.

**Rubber glove manufacturing process**



Rubber gloves are used in a variety of end-user industries, including medical, industrial, food processing, semiconductor and electronics, beauty and retail industries. One of the largest end-user industries for rubber gloves is the medical industry, where rubber gloves are typically used for medical examinations or surgical purposes. There are also rubber gloves that provide extra protection for those who administer chemotherapy drugs and radiation therapy.

During industrial processes, rubber gloves are used for protection against electrical shock, mechanical hazards, chemicals, liquids, cuts and abrasions, thermal heat hazards and manual handling injuries. The use of disposable rubber gloves in the food processing industry is becoming routine as people have higher standards regarding hygiene practices during food preparation, distribution and service. In the semiconductor and electronics industry, rubber gloves are required during manufacturing of semiconductors and electronics in cleanroom environments, as well as in laboratories, to minimise exposure to pollutants. Rubber gloves are also used to prevent infections in beauty salons, spas, hair salons and tattoo studios.

**Description of rubber glove uses in end-user industries (Global), 2016**

End-user industry	Description of uses
Medical	Medical examination, surgery, chemotherapy, radiation therapy
Industrial	Electrical safety, mechanical protection, chemicals, liquids, cuts and abrasions, thermal protection, manual handling
Food processing	Food preparation, distribution and service
Semiconductor and electronics	Assembly and testing of semiconductor components in cleanroom facilities and laboratories
Beauty	Beauty salons, spas, hair salons, tattoo studios

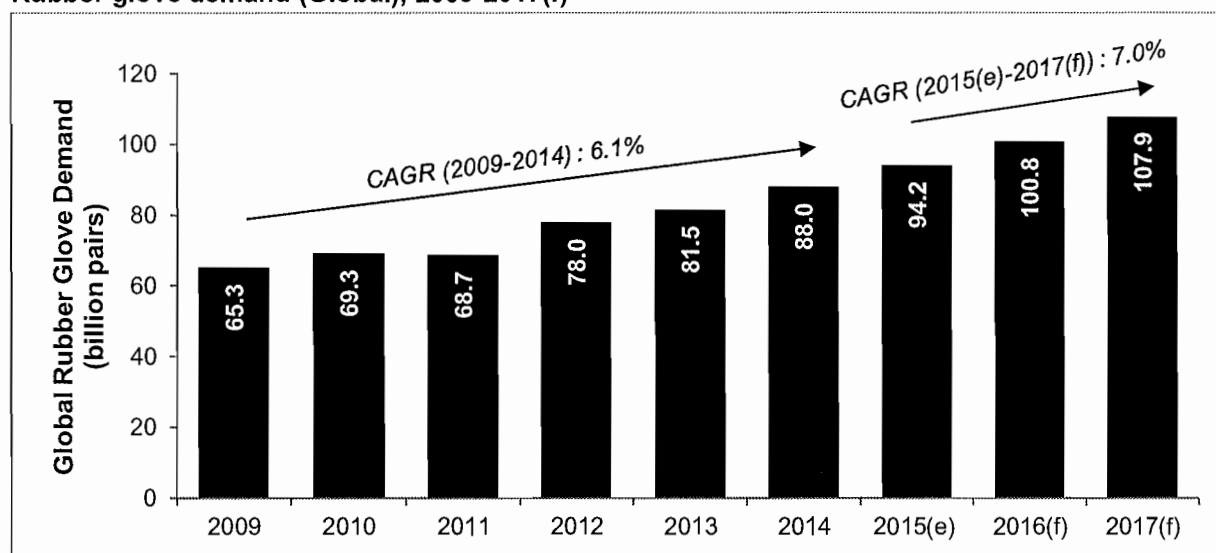
## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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**Industry Performance, Size and Growth - Global**

The rubber glove industry is a vibrant and growing industry, as evidenced by global rubber glove demand which has grown from 65.3 billion pairs in 2009 to 88.0 billion pairs in 2014, registering a compound annual growth rate ("CAGR") of 6.1%. Much of this growth was driven by the growing end-user industries, particularly the healthcare industry where rubber gloves play a significant role.

SMITH ZANDER forecasts rubber glove demand to increase from an estimated 94.2 billion pairs in 2015 to 107.9 billion pairs in 2017, at a CAGR of 7.0% during the period.

**Rubber glove demand (Global), 2009-2017(f)**

Year	Global rubber glove demand (billion pairs)	Growth (%)
2009	65.3	-
2010	69.3	6.1
2011	68.7	-0.8
2012	78.0	13.4
2013	81.5	4.5
2014	88.0	8.0
2015(e)	94.2	7.0
2016(f)	100.8	7.0
2017(f)	107.9	7.0
<b>CAGR (2009-2014)</b>	<b>6.1%</b>	
<b>CAGR (2015(e)-2017(f))</b>	<b>7.0%</b>	

Notes:

Latest available information is as at 2014

(e) - estimate

(f) - forecast

Malaysia is the world's largest producer of rubber gloves, with its total local production meeting an estimated 63.1% of global demand in 2015. Malaysia is also among the largest producers of NR in the world. Please refer to **Chapter 3 – The Glove-dipping Line Industry in Malaysia (Demand Conditions: Key Growth Drivers)** of this Executive Summary of the IMR Report for further details of the world's producers of NR.

In 2000, the world's top exporter of rubber gloves was Malaysia, standing at USD876.1 million (RM3.3 billion) or 45.0% of the world export share. This was followed by Thailand (USD358.5 million or RM1.4

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

billion, 18.4%), USA (USD85.0 million or RM323.0 million, 4.4%), Mexico (USD82.5 million or RM313.4 million, 4.2%) and Indonesia (USD66.4 million or RM252.3 million, 3.4%).

By 2014, Malaysia's share of world exports for rubber gloves had increased to 50.0%, exporting USD3.3 billion (RM10.7 billion) worth of rubber gloves. Thailand and Indonesia remained top exporters in 2014, with export values of USD1.1 billion or RM3.7 billion (17.1%) and USD236.4 million or RM773.8 million (3.6%) respectively. China (USD541.9 million or RM1.8 billion, 8.3%) and Germany (USD241.0 million or RM788.8 million, 3.7%) were new entrants to the list of top exporters.

**Top exporters of rubber gloves (Global), 2000 and 2014**

2000				2014			
Export partner	Export value (USD '000)	Export value (RM '000)	Percentage share of export value (%)	Export partner	Export value (USD '000)	Export value (RM '000)	Percentage share of export value (%)
Malaysia	876,114	3,329,233	45.0	Malaysia	3,270,636	10,706,753	50.0
Thailand	358,547	1,362,480	18.4	Thailand	1,116,339	3,654,446	17.1
USA	85,011	323,041	4.4	China	541,889	1,773,928	8.3
Mexico	82,476	313,407	4.2	Germany	240,966	788,827	3.7
Indonesia	66,398	252,311	3.4	Indonesia	236,377	773,802	3.6

Note:  
Latest available information is as at 2014

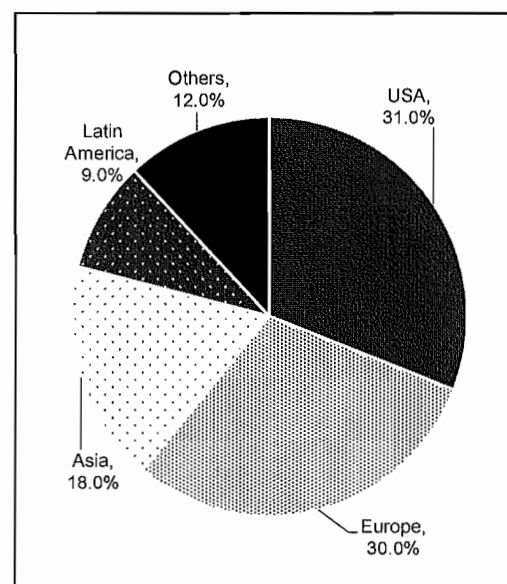
Source: Comtrade

In 2014, USA was the largest consumer of rubber gloves in the world, with an estimated 31.0% share of the global rubber glove market. This was followed closely by Europe which held 30.0% of the global rubber glove market share. Other large consumers were Asia (18.0%), Latin America (9.0%) and others (12.0%).

In 2000, the top importer of rubber gloves was USA with USD964.4 million (RM3.7 billion) worth of rubber gloves or 44.4% of the world market share. The second largest importer was the United Kingdom ("UK") with USD128.6 million (RM488.7 million) or 5.9%. This was followed closely by Germany (USD126.7 million or RM481.6 million, 5.8%), Japan (USD102.9 million or RM391.1 million, 4.7%) and Italy (USD97.4 million or RM370.3 million, 4.5%).

USA remained the top importer of rubber gloves in 2014 with 30.9% of the global market share, valued at USD2.0 billion (RM6.7 billion). Germany (USD554.2 million or RM1.8 billion, 8.4%), Japan (USD365.7 million or RM1.2 billion, 5.5%) and UK (USD287.1 million or RM939.9 million, 4.4%) remained top importers with significant increase in import value. Brazil was the fifth largest importer in 2014 (USD214.4 million or RM701.8 million, 3.3%).

**Rubber glove market (Global), 2014(e)**



Note:  
Latest available information is as at 2014

Source: Konzept Analytics

## Top importers of rubber gloves (Global), 2000 and 2014

2000				2014			
Import partner	Import value (USD '000)	Import value (RM '000)	Percentage share of import value (%)	Import partner	Import value (USD '000)	Import value (RM '000)	Percentage share of import value (%)
USA	964,410	3,664,760	44.4	USA	2,040,146	6,678,621	30.9
UK	128,594	488,658	5.9	Germany	554,163	1,814,107	8.4
Germany	126,724	481,551	5.8	Japan	365,693	1,197,132	5.5
Japan	102,932	391,142	4.7	UK	287,103	939,861	4.4
Italy	97,443	370,284	4.5	Brazil	214,372	701,768	3.3

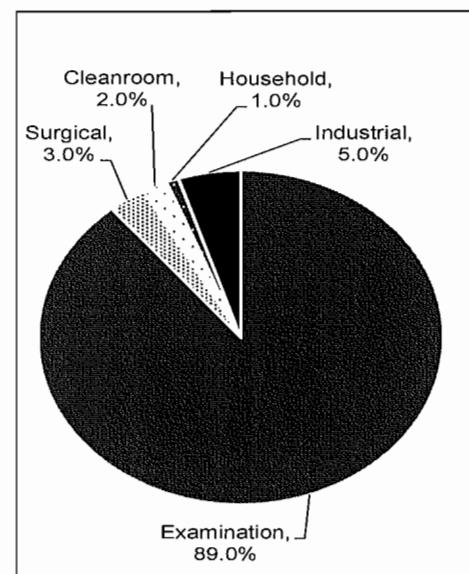
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Latest available information is as at 2014

Source: Comtrade

The growth of the medical and healthcare industry is a key demand driver for rubber gloves, as indicated by global rubber glove exports in 2014, whereby 89.0% of exports consisted of examination rubber gloves and 3.0% consisted of surgical rubber gloves. The remainder of rubber glove exports comprised rubber gloves for the cleanroom (2.0%), household (1.0%) and industrial (5.0%) sectors.

#### Rubber glove exports by usage (Global), 2014



Note:

Latest available information is as at 2014

#### Industry Performance, Size and Growth - Malaysia

Malaysia is the world's largest manufacturer of rubber gloves, with its local production of rubber gloves meeting an estimated 63.1% of global demand in 2015. Malaysia's rubber gloves are more competitively priced than its closest competitor, Thailand, as production costs are lower due to higher labour productivity, efficient transportation system and lower fuel costs.

Malaysia dominates the global rubber glove industry as the largest producer and exporter, producing 59.4 billion pairs and exporting 658,016.0 tonnes of rubber gloves in 2015. Malaysia is the sixth largest producer of NR in the world, in addition to importing raw materials from neighbouring Thailand and Vietnam to boost its rubber glove industry. Aside from the abundance of raw material, Malaysia holds advantage in terms of advanced infrastructure, research and development ("R&D") programmes, development of supporting industries and support from government agencies. As the rubber glove industry is a major contributor to the Malaysian economy, the government has taken measures to boost



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

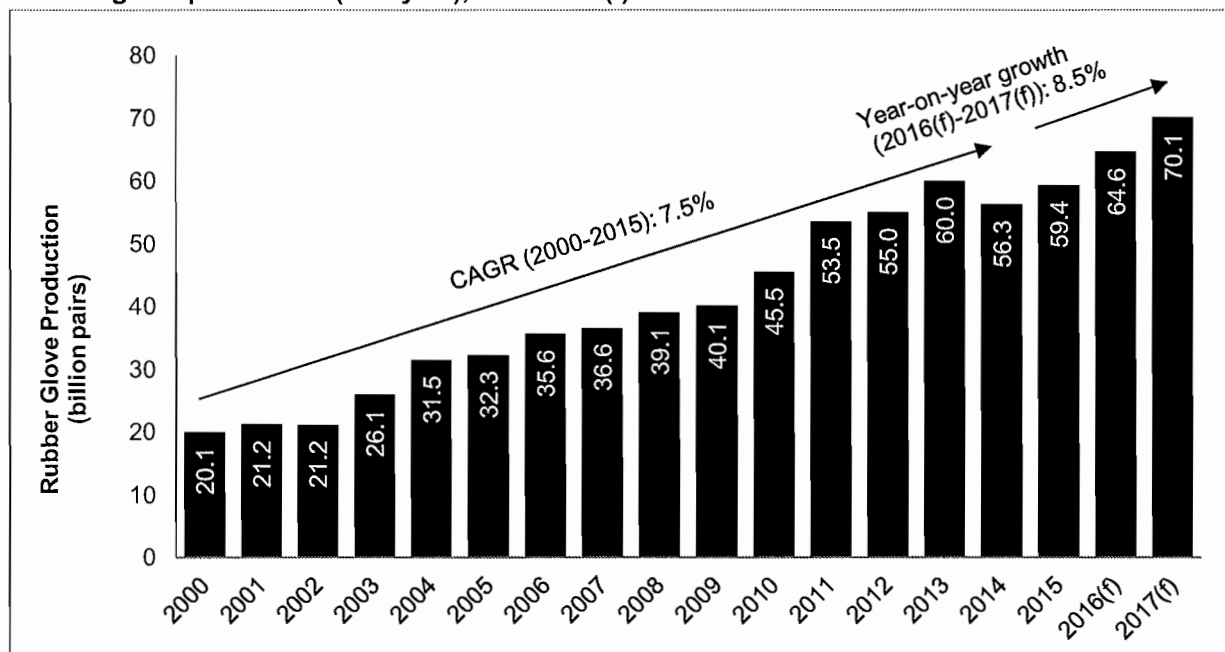
SMITH ZANDER

the development of this industry. The Tun Abdul Razak Research Centre ("TARRC") is a unit of the Malaysian Rubber Board and promotes the Malaysian rubber and rubber product industries, besides researching on advancement of the industry through science and technology, processing and design.

Demand for rubber gloves is growing due to its significance to the healthcare industry, which is enhanced by epidemic and pandemic disease outbreaks. In 2003 and 2004, the number of gloves manufactured increased by 23.4% and 20.6% respectively, due to outbreaks of H5N1 bird flu and Severe Acute Respiratory Syndrome ("SARS"). There was a 13.5% growth in 2010 because of a worldwide H1N1 swine flu pandemic, which carried over to 2011, increasing production by 17.7%. In 2013, there was a surge of 9.1% in production to cope with the outbreaks of H7N9 bird flu and Ebola virus disease ("Ebola").

The outbreak of Middle East Respiratory Syndrome ("MERS") in South Korea contributed to the growth in rubber glove production in 2015. Rubber glove production of Malaysia grew by 5.5% to 59.4 billion pairs in 2015, from 56.3 billion pairs in 2014.

Moving forward, SMITH ZANDER forecasts the rubber glove industry in Malaysia to grow by 8.5%, from the estimated 64.6 billion pairs in 2016 to reach 70.1 billion pairs in 2017. This is expected to be driven by the on-going outbreak of the Zika virus disease, which began in 2015.

**Rubber glove production (Malaysia), 2000-2017(f)**

Year	Number of rubber gloves manufactured (billion pairs)	Year-on-year growth (%)
2000	20.1	-
2001	21.2	5.7
2002	21.2	-0.4
2003	26.1	23.4
2004	31.5	20.6
2005	32.3	2.6
2006	35.6	10.4
2007	36.6	2.7
2008	39.1	6.9
2009	40.1	2.6
2010	45.5	13.5

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

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Year	Number of rubber gloves manufactured (billion pairs)	Year-on-year growth (%)
2011	53.5	17.7
2012	55.0	2.8
2013	60.0	9.1
2014	56.3	-6.2
2015	59.4	5.5
2016(f)	64.6	8.8
2017(f)	70.1	8.5
<b>CAGR (2000-2015)</b>	<b>7.5%</b>	
<b>Year-on-year growth 2016(f)-2017(f)</b>	<b>8.5%</b>	

Note:

(f) – forecast

Source: Malaysian Rubber Board, Department of Statistics Malaysia

Malaysia's export of rubber gloves include both NR and SR gloves used in multiple industries, such as healthcare, industrial and general purpose rubber gloves. In 2010, Malaysia exported 526,519.7 tonnes of rubber gloves valued at RM8.9 billion. By 2015, this figure had grown to 658,016.0 tonnes at the value of RM13.1 billion, registering a CAGR of 4.6%.

## Rubber glove exports (Malaysia), 2010-2015

Year	Quantity (kilograms)	Value (RM million)
2010	526,519,723	8,915.5
2011	486,775,101	9,891.6
2012	567,102,697	10,560.0
2013	845,357,887	10,533.4
2014	781,021,191	10,705.1
2015	658,015,979	13,097.0
<b>CAGR (2010-2015)</b>	<b>4.6%</b>	-

Source: Malaysian Rubber Glove Manufacturers Association ("MARGMA"), Department of Statistics Malaysia

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In 2015, the top destination for rubber gloves manufactured in Malaysia is the USA where 34.3% of locally manufactured rubber gloves are exported to. This is followed by Germany (7.5%), Japan (6.1%), UK (4.8%), Brazil (3.6%), Italy (2.8%), China (2.6%), Belgium (2.3%), France (2.3%), Spain (2.2%) and others (31.4%).

The Malaysian Rubber Board implemented a certification program known as Standard Malaysian Gloves ("SMG") in 1998 which applies to latex or NR medical examination gloves. Rubber glove manufacturers in Malaysia who apply for this certification will need to undergo testing on their products to determine whether they meet international standards in terms of quality, protein levels and barrier effectiveness. After being awarded this certificate, regular auditing will be conducted to ensure continuous compliance. Rubber glove manufacturers in Malaysia who are interested in exporting their products to developed countries will first have to be certified. The purpose of this certification program is to ensure that exported rubber gloves meet the regulatory requirements and standards set by the USA Food and Drug Administration ("FDA") and ASTM International.

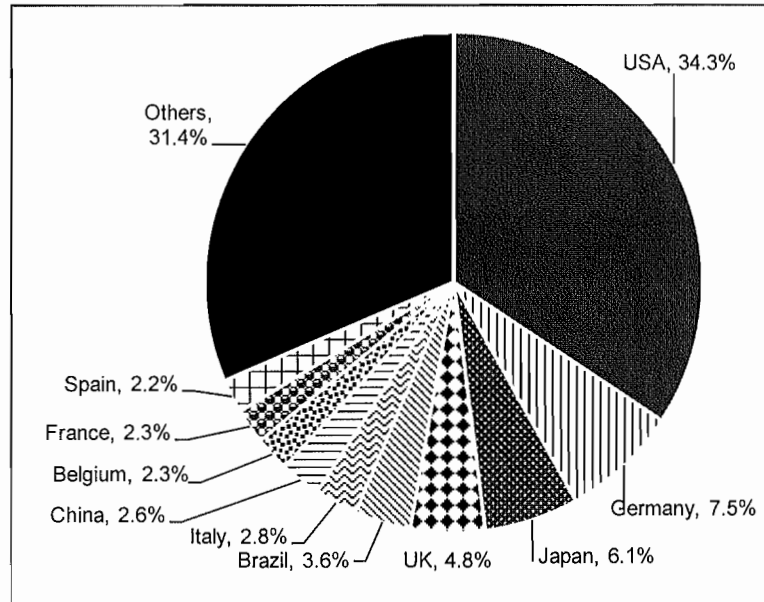
As of 2016, there are over 60 rubber glove companies in Malaysia. The major rubber glove manufacturers in Malaysia consist of both public listed companies as well as smaller private companies. The majority of these manufacturers produce rubber gloves exclusively.

Examples of identified major rubber glove manufacturers in Malaysia are shown as follows:

- Careplus Group Berhad
- Hartalega Holdings Berhad
- Kossan Rubber Industries Berhad
- Latexx Partners Berhad
- Rubberex Corporation (M) Berhad
- Supermax Corporation Berhad
- Top Glove Corporation Berhad

Malaysia's position as the world's largest manufacturer and exporter of rubber gloves provides a strong customer base for glove-dipping line manufacturers, as there are a large number of rubber glove producers in Malaysia, including some of the world's largest producers. Over the years, the glove-dipping line industry in Malaysia has developed in support of the domestic rubber glove industry, and has grown to serve overseas rubber glove manufacturers as well.

**Top export destinations for rubber gloves manufactured in Malaysia (Global), 2015**



Source: MARGMA

### 3 THE GLOVE-DIPPING LINE INDUSTRY IN MALAYSIA

#### Definitions and Segmentation

A glove-dipping line is a production line that manufactures rubber gloves and consists of components such as conveyor chain tracks, former holders, ceramic formers, dipping tanks, heating system, oven and beading brushes. Additional modules can be installed, such as pneumatic air jets to automate stripping of the rubber gloves from the formers, water tightness testing machine or special packing equipment for sterile rubber gloves. A centralised control panel can be put in to monitor and set the parameters for the production process.

The dipping line is designed and built based on customer-specified requirements such as speed, length, type of heating system, production output, thickness and type of rubber glove to be produced. The size and design of the machinery is also based on the factory layout and floor space available. The structure is fitted piece by piece, with an engineer on-site to monitor installations. The entire dipping line goes through a dry run, followed by a wet run to ensure that everything is working smoothly before being handed over to the customer.

#### Components of glove-dipping lines (Global), 2016

Component	Function
Former cleaning system	A former washing system cleans formers before the start of the next production cycle and it consists of the following components:- <ul style="list-style-type: none"> <li>▪ acid tank, which contains nitric acid for the purpose of removing residues from the surface of formers from the previous production cycle;</li> <li>▪ hot water rinse tank, which serves to wash away acid from the surface of formers;</li> <li>▪ alkaline tank, which contains alkaline cleaning solution for the purpose of neutralising formers after washing from acid tank as well as removing non-rubber and other organic residues from the surface of formers; and</li> <li>▪ rotational and horizontal brush tank, which contains nylon brushes for mechanical scrubbing for the purpose of removing remaining residues from the surface of formers.</li> </ul>
Dipping tank	Dipping tanks serve to contain chemical solutions such as coagulant, latex, polymer and corn starch slurry, and will be installed at different stages of a glove-dipping line. As formers pass through, they will be dipped into the solution contained in the dipping tanks for coating purpose.
Water tank	Water tanks, such as hot water rinse tank, cooling tank, pre-leaching tank and post-leaching tank, serve to contain water for the purpose of rinsing and cooling, and will be installed at different stages of a glove-dipping production line.
Fibreglass tank	There are three (3) types of fibreglass tanks, i.e. neutraliser tank, soak rinse tank and chlorination tank. A neutralizer tank serves to ensure excessive chlorine solution is neutralised before proceeding to the post-leaching process, while a soak rinse tank washes away excessive chlorine solution from the surface of rubber gloves. A chlorination tank serves to subject rubber gloves to chlorine solution at controlled concentration for the purpose of surface treatment to provide a slippery effect on the surface of rubber gloves to ease donning.
Oven	Ovens will be installed at different stages of a glove-dipping production line for the purpose of drying formers before coagulant dipping and after coagulant and latex dipping. It also facilitates the eventual vulcanisation process, which serves to dry and vulcanise the latex film on formers into a more durable material.
Beading station	A beading station rolls the cuff of rubber gloves to form a bead for added strength to prevent tearing and to ease removal of rubber gloves from formers.
Main steel structure of the entire glove-dipping production line	The main steel structure of the entire glove-dipping production line, including other ancillary components attached (such as steel platforms, staircases, piping support and tank support), which forms the mainframe which holds up all of the glove-dipping line components.

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

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Component	Function
Centralised control panel	A centralised control panel, which forms the control unit of a glove-dipping line, serves to control the entire rubber glove manufacturing process based on predetermined parameters.
Conveyor chain and conveyor chain track	A conveyor chain is a chain-driven mechanical handling component of a glove-dipping line, which will be fitted onto the conveyor chain track. It serves to carry and move former holders together with formers in a uniform circular motion throughout the glove-dipping line on a continuous basis powered by main drive motors.
Former holder track, former holders and formers	A former holder track runs in parallel with the conveyor chain track and it serves as a resting track for former holders. A former holder attaches former to the conveyor chain and can be arranged in single or double rows, depending on whether it is a single or double former glove-dipping line.
Main drive motor	An electric motor converts electrical energy into kinetic energy thereby powering the conveyor chain of a glove-dipping line.

The glove-dipping line industry supports the rubber glove industry, where glove-dipping line manufacturers design and build glove-dipping lines in order to enable rubber glove industry players to manufacture rubber gloves. There are no differing segments within the industry.

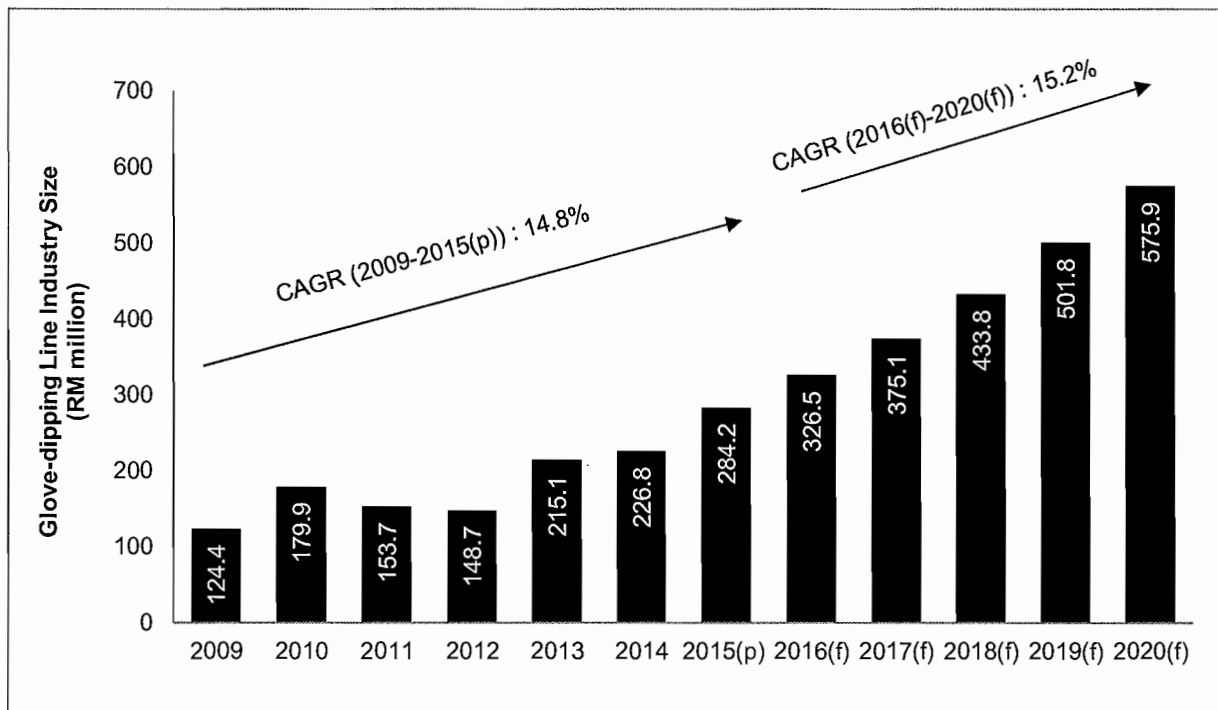
### Industry Performance, Size and Growth

The glove-dipping line industry comprises companies which are involved in the design, fabrication, installation, testing and commissioning of glove-dipping lines. Among the key industry players in the glove-dipping line industry in Malaysia are Control Instruments (M) Sdn Bhd, HLT Global Berhad, Kendek Products Sdn Bhd, KSG Engineering Sdn Bhd, MPMT Industries Sdn Bhd, RIPCOL Industries Sdn Bhd, Sama Kejuruteraan Sdn Bhd and Xin Xin Engineering Sdn Bhd.

The glove-dipping line industry size can be computed based on revenues of identified glove-dipping line industry players in Malaysia. The glove-dipping line industry in Malaysia demonstrated a healthy CAGR of 14.8%, growing from RM124.4 million in 2009 to RM284.2 million in 2015. The industry grows in tandem with rubber glove demand, as rubber glove manufacturers typically increase their capital expenditure on glove-dipping lines to expand their production capacity during the period when demand for rubber gloves is high. As such, the surge in the Malaysian rubber glove production in 2010 due to a worldwide H1N1 swine flu pandemic led to a spike in demand for glove-dipping lines during the period, where the glove-dipping line industry in Malaysia recorded an increase of 44.6% between 2009 and 2010. Similarly, the increase in the Malaysian rubber glove production in 2013 due to the outbreaks of H7N9 bird flu and the Ebola virus in Central Africa, resulted in an increase of 44.7% in glove-dipping line industry size between 2012 and 2013.

The glove-dipping line industry in Malaysia is estimated to illustrate positive growth in 2016. Moving forward, SMITH ZANDER forecasts the glove-dipping line industry in Malaysia to grow at a healthy CAGR of 15.2%, from an estimated RM326.5 million in 2016 to RM575.9 million in 2020. This is expected to be driven by the growing end-user industries and particularly the healthcare industry, due to the outbreak of the Zika virus disease. Please refer to **Chapter 3 – The Glove-dipping Line Industry in Malaysia (Demand Conditions: Key Growth Drivers)** of this Executive Summary of the IMR report for further details on key demand drivers.

## Glove-dipping line industry size (Malaysia), 2009-2020(f)



Notes:

(p) – preliminary

(f) – forecast

Source: Suruhanjaya Syarikat Malaysia (“SSM”)

## Demand Conditions: Key Growth Drivers

## Growth in demand for rubber gloves resulting from growing end-user markets

The glove-dipping line industry relies on the growth of the rubber glove industry, and the global rubber glove industry is expected to grow at a CAGR of 7.0% between 2015 and 2017. The increasing demand for rubber gloves has led, and will continue to lead, to a need for rubber glove production capacity expansion, thereby increasing demand for glove-dipping lines.

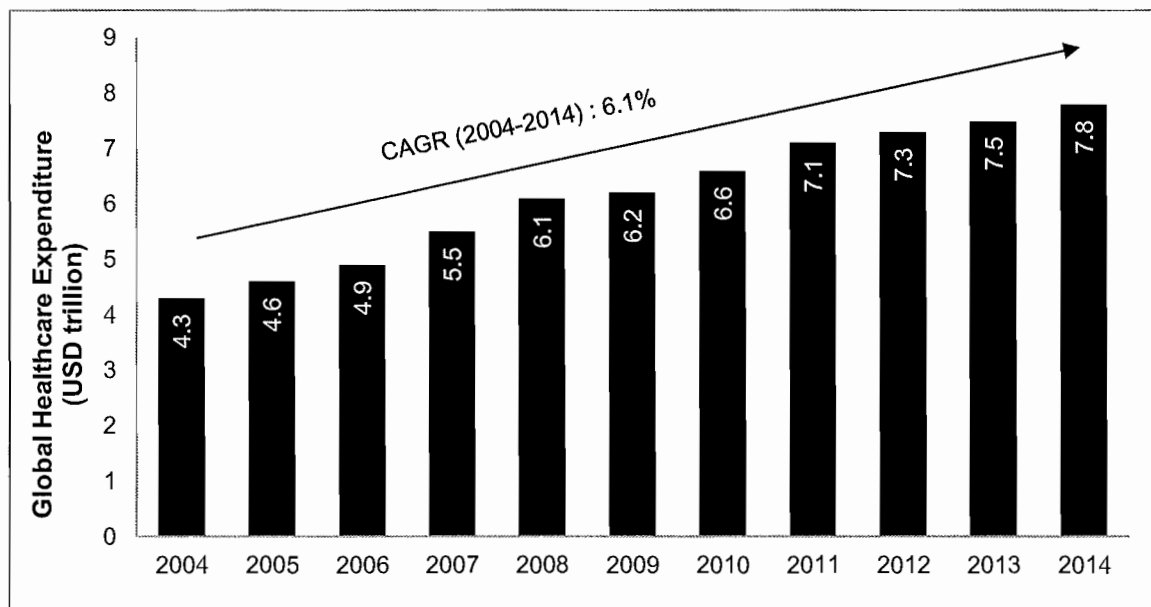
Malaysia dominates the rubber glove industry, having produced 59.4 billion pairs in 2015. The growth of the industry is attributed to low production costs, easy access to raw materials and stringent testing to meet international standards, making Malaysian-produced rubber gloves reliable and cost-effective. The Malaysian Government recognises the rising demand from end-user markets and has invested in R&D and infrastructure to support the rubber glove industry. Please refer to **Chapter 2 – The Rubber Glove Industry (Industry Performance, Size and Growth)** of this Executive Summary of the IMR Report for further details on the growth in rubber glove production.

Much of the growth in the rubber glove industry is attributable to the growing end-user markets:

(i) **Growth in the global and domestic healthcare industry**

Healthcare expenditure is defined as the provision of public and private healthcare products and services. Healthcare expenditure has been growing across global regions, illustrating that there is growing accessibility to healthcare services. Overall, the global healthcare services industry grew, in terms of healthcare expenditure per annum, from USD4.3 trillion (RM16.3 trillion) in 2004 to USD7.8 trillion (RM25.5 trillion) in 2014, registering a healthy CAGR of 6.1% during the period.

**Healthcare expenditure (Global), 2004-2014**



Note:

Latest available information is as at 2014

Source: World Bank

Epidemics and pandemics are outbreaks of a contagious disease that occur across a large geographical area or even worldwide. Various strains of influenza, Ebola, SARS and MERS can spread quickly by air or through bodily fluids, which increases the need for protective measures such as wearing rubber gloves and face masks when coming in contact with an infected person. In many cases, these diseases are transmitted to healthcare staff, which has led to more stringent regulations regarding infection prevention.

Governments are taking preventive health measures before diseases spread and also increasing people's awareness about how to protect themselves from getting infected. In Malaysia specifically, the Ministry of Health ("MOH") Malaysia plays a pivotal role in increasing health awareness in Malaysia by diligently organising various health-oriented campaigns and events to educate and create awareness of the importance of controlling the spread of contagious disease and the methods that can be employed to prevent infection. In many public spaces, hand-sanitizing gel is provided so that people can reduce the risk of infection. Airports also screen passengers for raised temperatures in order to prevent the spread of communicable diseases such as influenza or Ebola. Healthcare workers are educated on the importance of protecting themselves by wearing disposable medical rubber gloves when treating patients.

Consumption of rubber gloves increases drastically when there is a major disease outbreak. Rubber gloves are the most basic form of protective equipment used by hospitals when there are cases of

diseases that are highly contagious. In developed countries, rubber gloves are seen as a basic necessity to contain the disease and avoid an increase in the number of fatalities. As such, there will usually be a spike in demand for medical rubber gloves during major incidences of disease outbreaks, leading to a surge in production.

In February 2003, the first case of SARS was identified in Hanoi, Vietnam. There were a total of 8,096 reported cases worldwide including Asia, Europe, North America, Africa and Australia. The virus was successfully contained by July 2003, but with 774 casualties. Avian influenza H5N1, more commonly known as bird flu, spreads from poultry to humans. It first infected humans in 1997 in Hong Kong and re-emerged in 2003 and 2004, spreading from Asia to Europe and Africa. As a result of these outbreaks, Malaysia's rubber glove production increased by 23.4% and 20.6% in 2003 and 2004 respectively.

The H1N1 swine influenza pandemic occurred from 2009 to 2010. The outbreak started in Mexico in March 2009 and spread worldwide. The confirmed figure for H1N1 deaths is 18,449 but the USA Centers for Disease Control and Prevention estimates the number of deaths at more than 284,000. This is because many of the people who died of flu-related causes were not tested for the virus. This resulted in a 13.5% growth in Malaysia's rubber glove production in 2010, which carried over to 2011, increasing production by 17.7%.

In March 2013, the first case of H7N9 bird flu was reported in China. There have been 571 reported cases, including 212 deaths as of February 2015. These cases all occurred in China, as well as several cases of travellers from China to Canada and Malaysia. Rubber glove production in Malaysia increased by 9.1% in 2013 to cope with this outbreak.

A major outbreak of Ebola started in March 2014 in Guinea and is ongoing. There were 27,479 reported cases with 11,222 deaths. The disease spread quickly in Africa, along with several cases in Europe and USA. Due to the lack of healthcare infrastructure and shortage of protective equipment in Africa, many health workers became infected when treating patients. Malaysia donated over 20 million rubber gloves to West Africa following the Ebola outbreak to help curb the spread of infection.

MERS was first detected in Saudi Arabia in 2012, spreading throughout the Middle East and to Asia, USA and Africa. There was an outbreak in May 2015 in South Korea, with 182 confirmed cases and 1 in China, resulting in 32 deaths so far. This has contributed to the growth in rubber glove production numbers in 2015.

Towards the end of 2015, there was an outbreak of the Zika virus disease which has led to serious neurological birth defects. Since then, the virus has spread to 58 countries and territories, and is likely to continue spreading to new areas. This pandemic is expected to influence rubber glove production in 2016.

Furthermore, the increasing incidence of chronic lifestyle diseases is mainly attributed to the leading of more stressful lifestyles, consumption of processed food with higher saturated fat content and lower nutritional values, and a more sedentary lifestyle with lack of regular exercise. Rapid urbanisation has also led to a change in lifestyle of the Malaysian population, to becoming increasingly busy as more women join the labour workforce and people work longer hours. As a result, chronic diseases such as hypertension, cancer, diabetes and obesity are becoming more prevalent. This growing change in lifestyle is a concern in all developing countries as people find it difficult to balance their health with their stressful lifestyles, leading to high morbidity rates.



An ageing population is defined as a shift in the distribution of a country's population towards an older age group, which is mainly caused by the ageing of the baby boomers<sup>1</sup>, who are moving into retirement age, and further exacerbated by low birth rate, low mortality rate and improved life expectancy. The world's population aged above 80 has been increasing at a rate of approximately 3.0% over the past 20 years. Malaysia's percentage of young population (0 to 14 years) has decreased from 27.4% in 2010 to 25.0% in 2015 while the ageing population (65 years and above) has increased from 5.0% of the total population in 2010 to 5.9% of the total population in 2015. Low birth rate is attributed to urbanisation, increasing costs of raising a child and better employment opportunities for women. Low mortality rate and improved life expectancy are primarily the result of better living conditions from increased wealth, access to better nutrition, healthcare and sanitation, as well as political stability. Malaysia is a newly industrialised country with a growing economy and

Socioeconomic indicators (Malaysia), 2010 and 2015(p)	2010	2015(p)
<b>GDP (RM billion)</b> (current prices)	821.4	1,062.8
<b>GDP per Capita (RM)</b> (current prices)	28,733	37,324
<b>Population (million)</b>	28.6	31.0
0-14 years (%)	27.4	25.0
15-64 years (%)	67.6	69.1
65 years and above (%)	5.0	5.9
<b>Total Employed (million)</b>	11.1	14.1
<b>Household Income Distribution<sup>(a)</sup>:</b>		
RM2,999 and below	24.3%	
RM3,000- RM7,999	54.1%	
RM8000 and above	21.6%	

Notes:

<sup>(a)</sup> The only publicly available data is as at 2014.

(p) – preliminary

Source: Department of Statistics Malaysia

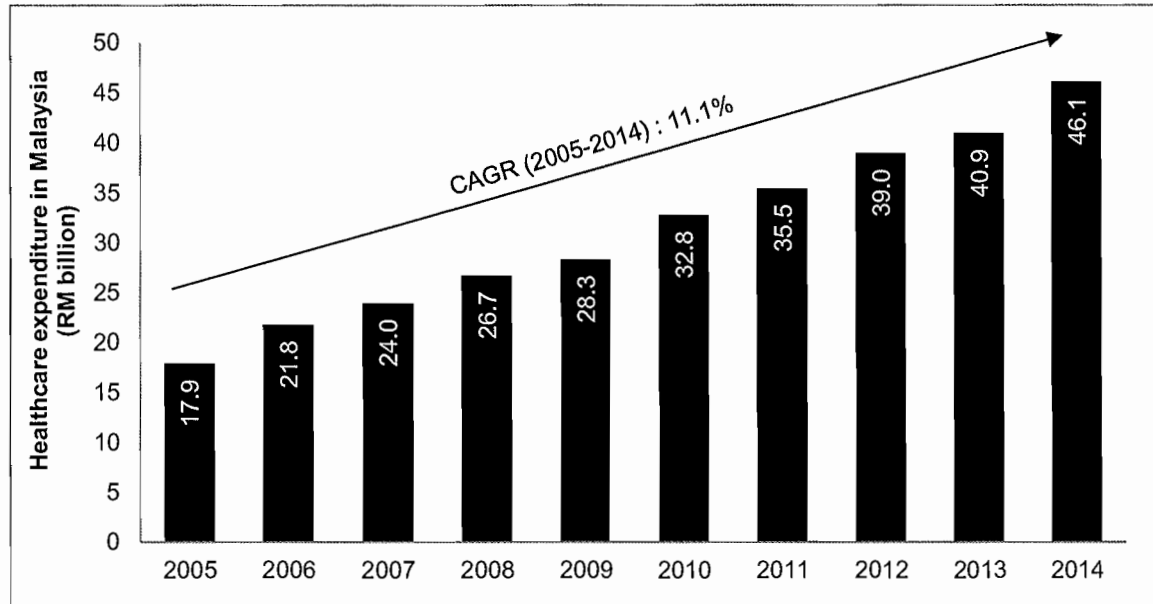
power of Malaysians, including for healthcare services. During the 10-year period from 2005 to 2014, total healthcare expenditure in Malaysia, comprising public and private healthcare expenditure, steadily increased from RM17.9 billion in 2005 to RM46.1 billion in 2014, at a CAGR of 11.1%.

increasing wealth. The country is supported by a large productive population (aged 15 to 64 years) and a high employed segment, which contributes to the increasing wealth of the population and a growing middle income group. Its gross domestic product ("GDP") per capita is higher than in most Southeast Asian countries with the exception of Singapore and Brunei.

As the average age of the population increases, medical and healthcare facilities such as nursing homes are anticipated to increase their expenditure for disposable gloves in order to accommodate growing patient volumes. The increased cases of illnesses and diseases within the country are expected to lead to greater demand for healthcare services, thus benefitting the healthcare industry. Furthermore, as the country develops further, rising disposable income will increase the purchasing

<sup>1</sup>The baby boomers refer to those born during the 1940s -1960s

## Healthcare expenditure (Malaysia), 2005-2014



Note:

Latest available information for total healthcare expenditure is in 2014

Source: World Bank

Likewise, the ageing population has led to increased demand for healthcare services on a global level. This is evidenced by global healthcare expenditure per annum having grown from USD4.3 trillion (RM16.3 trillion) in 2004 to USD7.8 trillion (RM25.5 trillion) in 2014 at a CAGR of 6.1%. China has abolished their one-child policy as the low birth rates have led to increasing healthcare expenditure for the growing ageing population, in addition to a shrinking workforce and gender imbalance as a result of preference for male heirs. As rubber gloves are indispensable to the healthcare industry, the growth of the global ageing population will continue to drive the demand for rubber gloves.

**(ii) Increasing demand arising from other end-user markets such as manufacturing**

Other than the healthcare industry, there is increasing demand for rubber gloves from other manufacturing industries such as food processing, refined petroleum products, chemicals and chemical products and pharmaceutical products, fabricated metal products, machinery and equipment, computers and peripheral equipment, electrical equipment, electronic components and boards, communication equipment and consumer electronics, as well as motor vehicles and transport equipment.

Globally, manufacturing activities have been increasing over the years, as a result of an increase in demand for products contributed by the growth in world population. Global manufacturing activities have increased by a CAGR of 3.3%, from USD9.8 trillion (RM34.5 trillion) in 2009 to USD11.5 trillion (RM37.6 trillion) in 2014.

**Manufacturing activities (Global), 2009-2014**

Manufacturing, value added	2009	2010	2011	2012	2013	2014
Global (USD billion)	9,802.9	11,034.1	12,007.4	12,126.0	12,423.9	11,491.4

*Notes:*

1. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs.
2. No deductions are made for depreciation of fabricated assets or depletion and degradation of natural resources.
3. Latest available data is in 2014.

*Source: World Bank*

In Malaysia, GDP from the manufacturing industry has grown from RM192.5 billion in 2010 to RM263.7 billion in 2015, registering a CAGR of 6.5%. The rapid growth of this industry translates into opportunities for growth in the rubber glove industry as well, since many manufacturing facilities use rubber gloves during their processes.

One of the manufacturing subsectors with the highest potential for advancing the growth of the rubber glove industry is food processing, which grew from RM8.4 billion in 2010 to RM12.1 billion in 2015, at a CAGR of 7.6%. The demand for hygienic food practices has seen an increase in the use of disposable rubber gloves to prevent contamination during food preparation and service.

The refined petroleum products division grew from RM28.0 billion to RM34.2 billion, at a CAGR of 4.1%. When manufacturing products such as petrol, liquefied petroleum gas, diesel and kerosene, workers are prone to industrial accidents and chemical exposure. Rubber gloves are a necessity in protecting workers from burns, abrasions and chemical contaminants.

Chemicals, chemical products and pharmaceutical products manufacturing increased from RM21.0 billion in 2010 to RM30.7 billion in 2015, at a CAGR of 7.8%. Employee safety is a top priority when working with chemical substances, which calls for protective garments such as rubber gloves to safeguard against these hazards. As for pharmaceutical products which are produced in a cleanroom environment, rubber gloves must be worn at all times to prevent contamination and maintain the highest level of hygiene.

The fabricated metal products subsector grew from RM8.5 billion in 2010 to RM14.4 billion in 2015, at a strong CAGR of 11.0%. The manufacturing process involves labour-intensive processes such as forging, stamping, machining and welding to transform metal into useful products such as structural metal parts for building or machinery. During these processes, workers have to wear rubber gloves for protection against electrical shock, mechanical hazards, burns and manual handling injuries.

The manufacturing of machinery and equipment grew from RM5.7 billion in 2010 to RM8.1 billion in 2015 at a CAGR of 7.4%. The manufacturing processes involve manual handling and working with machinery, leaving workers exposed to mechanical and physical hazards. To reduce the risk of accident and injury, workers need to wear protective garments such as rubber gloves.

The computers and peripheral equipment subsector declined at a CAGR of 6.2% from RM6.1 billion to RM4.5 billion. This could be due to lower manufacturing costs in other countries such as China. Nevertheless, it is still a sizeable market and production processes require the usage of rubber gloves to avoid oils transferring to electronic components.

The electrical equipment manufacturing industry grew from RM3.4 billion in 2010 to RM4.6 billion in 2015 at a CAGR of 6.1%. In this industry, one of the preventive measures to protect workers from electrical shock and physical hazards is by wearing rubber gloves.

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

## SMITH ZANDER

The largest subsector within the manufacturing industry is electronic components and boards, communication equipment and consumer electronics, which grew from RM33.2 billion in 2010 to RM49.4 billion in 2015, at a CAGR of 8.3%. The manufacturing of electronics is done in controlled environments called cleanrooms which are designed to maintain a low level of pollutants such as dust and microbes. Therefore, workers are required to wear protective garments such as rubber gloves, face masks and booties to minimise environmental contamination.

The GDP for manufacturing of motor vehicles and transport equipment grew from RM17.9 billion in 2010 to RM26.7 billion in 2015, at a CAGR of 8.3%. Rubber gloves are a necessity in production lines that involve mechanical and chemical hazards. As technology progresses, production capacity will constantly improve to meet increasing demand for motor vehicles, which will affect the consumption of rubber gloves as well.

**GDP by economic activity at current prices (Malaysia), 2010-2015(p)**

Economic activity	2010 (RM million)	2011 (RM million)	2012 (RM million)	2013 (RM million)	2014(e) (RM million)	2015(p) (RM million)	CAGR (%)
Food processing	8,379	9,452	10,588	10,929	11,682	12,067	7.6
Refined petroleum products	28,022	33,881	37,325	36,468	38,162	34,239	4.1
Chemicals & chemical products and pharmaceutical products	21,043	24,941	26,587	26,671	29,261	30,668	7.8
Fabricated metal products	8,535	10,645	12,238	13,510	13,950	14,378	11.0
Machinery and equipment	5,653	6,231	6,630	6,741	7,524	8,091	7.4
Computers and peripheral equipment	6,146	4,367	4,178	4,367	4,463	4,473	-6.2
Electrical equipment	3,406	3,845	4,047	4,076	4,365	4,588	6.1
Electronic components & boards, communication equipment and consumer electronics	33,189	32,468	33,743	36,677	42,993	49,408	8.3
Motor vehicles and transport equipment	17,889	17,391	19,496	22,350	25,130	26,703	8.3
Others (e)	60,231	69,397	69,898	70,870	75,807	79,102	5.6
<b>Total manufacturing</b>	<b>192,493</b>	<b>212,618</b>	<b>224,730</b>	<b>232,659</b>	<b>253,337</b>	<b>263,717</b>	<b>6.5</b>

Notes:

(e) – estimate

(p) – preliminary

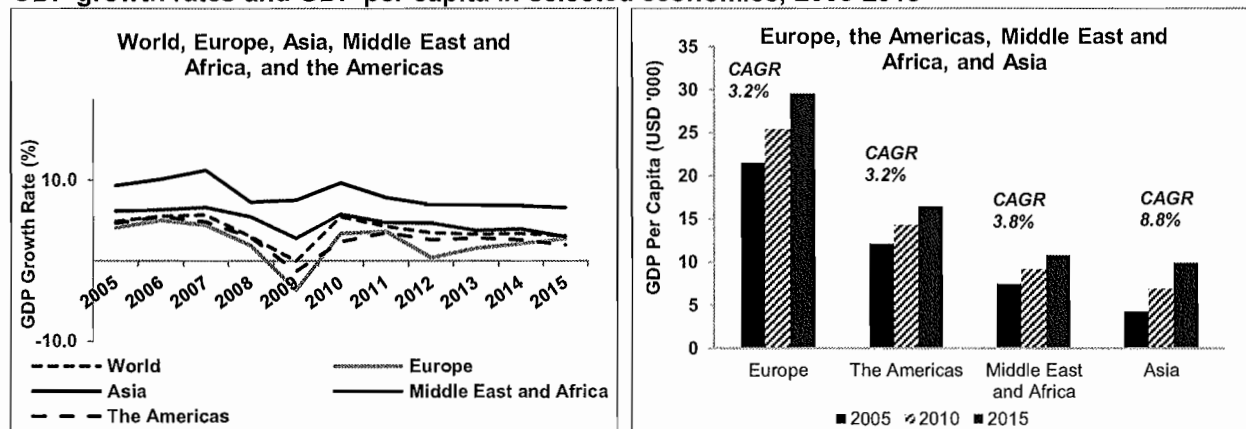
(a) Others include other economic activities that may not be relevant to the rubber glove industry. These economic activities include the manufacture of vegetable and animal oil and fats, beverages, tobacco products, textile and wearing apparel, leather and related products, wood products, printing and reproduction of recorded media, non-metallic mineral products, basic metals, fabricated metal products, manufacture of medical, precision and optical instruments, watches and clocks, furniture and other manufacturing repair and installation of machinery and equipment.

Source: Department of Statistics Malaysia

### Continued growth in the global economy, leading to greater spending power amongst consumers and thus benefiting the end-user industries

Overall, the GDP in most economies have been growing, albeit a dip in 2008 and 2009 due to the global financial crisis during that period. Higher growth is witnessed in Asia, as many countries within this region are emerging and developing economies. The following chart illustrates the historical and forecast GDP growth rates for the World, Europe, Asia, Middle East and Africa, and the Americas between 2005 and 2015, and the GDP per capita in 2005, 2010 and 2015 for Europe, the Americas, Middle East and Africa, and Asia.

#### GDP growth rates and GDP per capita in selected economies, 2005-2015



Notes:

1. GDP growth rates are based on GDP in constant prices
2. CAGRs in the GDP per capita chart pertain to the period from 2005 to 2015.
3. Data in the GDP per capita chart is based on GDP per capita data in current prices in USD

Source: World Economic Outlook ("WEO") Database, April 2016 published online by the International Monetary Fund ("IMF")

An increase in wealth implies a trend towards the improvement of basic living standards, including better nutrition, sanitation and healthcare. Growth rates in GDP per capita appear to be fastest in Asia (8.8%) between 2005 and 2015, particularly driven by newly developed and emerging economies such as China, Bangladesh, Indonesia, India, Malaysia and Singapore. A surge in disposable income will result in a more affluent population with greater spending power and higher standards not only towards healthcare, but also in other areas such as hygienic food processing.

#### Availability of raw materials utilised in the manufacturing of rubber gloves

Global production of rubber increased from 22.8 million tonnes in 2008 to 26.3 million tonnes in 2014 at a CAGR of 2.4%. During the same period, the production of NR increased from 10.1 million tonnes to 12.1 million tonnes while the production of SR increased from 12.7 million tonnes to 14.2 million tonnes.

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

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Globally, the key producing countries of NR are China, India, Indonesia, Malaysia, Thailand and Vietnam. Between 2008 and 2014, Thailand has consistently emerged as the top producing country of NR, growing at a CAGR of 5.3% from 3.2 million tonnes to 4.3 million tonnes. Indonesia is the second largest NR producing country, growing at a CAGR of 2.3% from 2.8 million tonnes to 3.2 million tonnes over the same period. During this period, China witnessed the highest growth rate as its NR production increased from 0.5 million tonnes to 0.8 million tonnes at a CAGR of 7.4%. While Malaysia remains a key NR producing country, its NR production volume contracted at a rate of 7.6% from 1.1 million tonnes to 0.7 million tonnes, largely as a result of the declining planted areas for rubber due to the continued preference for the oil palm crop. Thailand, Indonesia, Vietnam, India, China and Malaysia collectively produced 10.6 million tonnes in 2014, comprising 87.8% of global NR production volume in the said year.

Global production of SR grew at a rate of 1.8% from 12.7 million tonnes in 2008 to 14.2 million tonnes in 2014. SR is produced through the polymerisation of petroleum-derived monomers and most SRs are made up of two (2) or more monomers, thereby creating superior properties for this compound. There are over 200 varieties of SR available in the market. Key producers of SR globally are China, Germany, Japan, and Russia. China was the world's largest producer of SR during this period where its production volume increased from 3.0 million tonnes to 5.5 million tonnes at a strong CAGR of 10.9%. In addition to production trends and market prices of its substitute NR, global production of SR is also dependent on the availability of butadiene feedstock, a by-product of ethylene and propylene during the crude oil refinery process. Crude oil prices have been dropping since mid-2014, which has a direct impact on the price of raw materials and enables manufacturers to sell nitrile gloves at competitive prices. Supply of SR is also less volatile than NR, which is an important contributor to the growth of the nitrile glove market as demand increases.

**Production volume of NR and SR (Selected key rubber producing nations), 2008-2014**

Country	Production volume ('000 tonnes)							CAGR (%)
	2008	2009	2010	2011	2012	2013	2014	
<b>NR</b>								
Thailand	3,167	3,090	3,052	3,349	3,625	3,863	4,324	5.3
Indonesia	2,751	2,440	2,735	2,990	3,012	3,108	3,153	2.3
Vietnam	660	711	752	790	877	949	954	6.3
India	865	831	862	800	900	900	705	-3.4
China	548	619	691	751	802	865	840	7.4
Malaysia	1,072	857	939	996	923	826	668	-7.6
Rest of world	1,035	1,175	1,362	1,540	1,477	1,706	1,472	6.0
<b>Total</b>	<b>10,098</b>	<b>9,723</b>	<b>10,393</b>	<b>11,216</b>	<b>11,616</b>	<b>12,217</b>	<b>12,115</b>	<b>3.1</b>
<b>SR</b>								
China	2,960	2,749	3,195	3,671	3,974	4,088	5,496	10.9
Japan	1,651	1,300	1,595	1,611	1,627	1,644	1,599	-0.5
Russia	1,173	1,121	1,379	1,447	1,443	1,482	1,319	2.0
Germany	1,027	958	1,076	1,077	1,033	1,149	1,269	3.6
Rest of world	5,936	6,281	6,879	7,298	7,012	7,108	4,496	-4.5
<b>Total</b>	<b>12,747</b>	<b>12,409</b>	<b>14,124</b>	<b>15,104</b>	<b>15,089</b>	<b>15,471</b>	<b>14,179</b>	<b>1.8</b>

Note:

Latest available data is in 2014, as at 21 November 2016

Source: The Thai Rubber Association, Rubber Association of Indonesia, The Vietnam Rubber Association, Rubber Board India, Malaysia Rubber Board, Association of Natural Rubber Producing Countries, International Rubber Study Group, Food and Agriculture Organization ("FAO"), National Bureau of Statistics of China, Federal Statistical

*Office of Germany, Statistics Bureau of Japan, Russian Federal State Statistics Service, United Nations Industrial Commodity Statistics Database*

### **Continuous technological advancements of glove-dipping lines, leading to a need for modifications of existing glove-dipping lines**

The glove-dipping line industry experiences continuous developments in terms of performance and technology. This is a result of the continuous need for rubber glove manufacturers to reduce cost and achieve economies of scale, in order to remain competitive in the rubber glove industry. One of the most common aspects of technological advancements in glove-dipping lines is the increase in performance of glove-dipping lines. Continuous R&D is typically performed by established glove-dipping line manufacturers, in order to increase the number of rubber gloves manufactured in an hour through a single glove-dipping line. Another common aspect involves the manufacture of energy-saving glove-dipping lines, where glove-dipping line manufacturers are constantly undertaking R&D activities to reduce the energy and utility resources required to fuel their glove-dipping lines.

Glove-dipping lines also undergo technological advancements to cater for the increasing application of rubber gloves, and for the increasing needs and demands from consumers. For instance, certain glove-dipping lines can now also manufacture scented rubber gloves so as to prevent any latex odour on consumers' hands after wearing the rubber gloves.

The continuous technological advancement of glove-dipping lines opens the glove-dipping line market to the possibility of machinery modifications for existing glove-dipping lines (to the extent possible) and the manufacturing of new glove-dipping lines using the advanced technology. This thus indicates that there will be continuous demand for glove-dipping lines from rubber glove manufacturers, as they strive to remain relevant to the latest trends in the market, contributing to the growth of the glove-dipping line industry.

## **Supply Conditions and Dependencies**

### **Availability of labour and equipment for the manufacturing of glove-dipping lines**

The manufacturing of glove-dipping lines requires human labour and in most cases, the use of equipment. Equipment utilised in the manufacturing of glove-dipping lines include, amongst others, welding machinery, laser-cutting machinery, and punching, drilling and bending equipment. As many industry players typically manufacture more than one (1) type of product in accordance with the needs of their customers, human labour is still required to transfer the materials from one equipment to another, and to assemble the different components and parts to form the final product. Both equipment and labour required in the manufacturing of glove-dipping lines are readily available, with equipment available for purchase from local or foreign suppliers and manufacturers, and domestic and foreign workers hired as labour for the manufacturing process.

### **Availability of raw materials and supplies**

The raw materials and supplies used in the manufacturing of glove-dipping lines are primarily steel materials such as steel plates, sheets, tubes and bars. Components and parts such as conveyor chains, ceramic formers and beading brushes are also essential to the manufacturing of glove-dipping lines.

Most of these raw materials and supplies are generally readily available, and glove-dipping line manufacturers source these raw materials and supplies from local suppliers as well as foreign distributors or manufacturers. However, glove-dipping line manufacturers must ensure the quality of these raw materials and supplies as the product manufactured must meet the expectations and safety requirements set out by their customers.

### Product/Service Substitution

Glove-dipping lines are essential for the production of rubber gloves, with no alternative production equipment or methods. As such, there are no effective product substitutes for glove-dipping lines.

### Reliance and Vulnerability to Imports

The value of imports of machinery and parts of machinery for working rubber/plastics or for the manufacture of products from these materials<sup>2</sup> was USD143.3 million (RM504.8 million) in 2009 and grew to USD170.2 million (RM664.9 million) by 2015, at a CAGR of 2.9%. It is important to note that these machinery and machine parts do not just encompass glove-dipping lines, but also machinery and machine parts for other rubber and plastic-based products. Nevertheless between 2009 and 2015, the glove-dipping line industry illustrated a higher CAGR (i.e. 14.8%) relative to the CAGR of imports of these machinery and machine parts of 2.9%. This illustrates that the domestic glove-dipping line industry is growing faster than imports of foreign glove-dipping lines into Malaysia, thus indicating that demand for domestic glove-dipping lines are growing at a faster rate relative to demand for foreign glove-dipping lines. As such, it can be deduced that there is a reducing vulnerability of the glove-dipping line industry in Malaysia to imports as the domestic glove-dipping line industry in Malaysia grows.

#### Imports of machinery and machine parts for rubber and plastic-based product manufacturing (Malaysia), 2009-2015

Year	Imports	
	USD million	RM million
2009	143.3	504.8
2010	209.1	672.8
2011	231.4	707.9
2012	207.6	641.5
2013	252.5	795.7
2014	175.7	575.2
2015	170.2	664.9
<b>CAGR (2009-2015)</b>	<b>2.9%</b>	

Note:

Exchange rates from USD to RM between 2009 and 2015 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia:

2009: USD1 = RM3.5236

2010: USD1 = RM3.2182

2011: USD1 = RM3.0594

2012: USD1 = RM3.0898

2013: USD1 = RM3.1511

2014: USD1 = RM3.2736

2015: USD1 = RM3.9073

Source: Comtrade

<sup>2</sup> HS codes 847780 and 847790 may include machinery and parts of machinery involved in products other than rubber gloves.



## Relevant Laws and Regulations

### Environmental Quality Act 1974

Malaysia's Department of Environment (DOE) is responsible for the implementation and monitoring of Malaysia's environmental regulations and policies. The Environmental Quality Act 1974 prohibits industrial activities which cause air, sound, soil and water pollution without obtaining a valid license. Therefore, the burning of waste or rubbish or any open burning without obtaining the necessary licenses or permits is prohibited. Under this Regulation, effluent shall not be diluted, whether raw or treated, at any time or point after it is treated, without first obtaining a written authorisation which approves treatment of effluent according to terms and conditions of the authorisation.

### Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 is an Act introduced with the objective of maintaining the coordination, orderly development and growth of Malaysia's manufacturing sector. As the glove-dipping line industry is part of the manufacturing sector, thus a license is required for the manufacturing of glove-dipping lines. The Act requires manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time employees in Malaysia to apply for a manufacturing license for approval by the Ministry of International Trade and Industry ("MITI").

Applications for the manufacturing license are to be submitted to the Malaysian Industrial Development Authority ("MIDA"), in which it will subsequently be approved and issued by MITI. The licenses are non-transferable without prior approval obtained from MITI.

### Occupational Safety and Health Act 1994

The manufacturing industry, which includes the glove-dipping line industry, is also regulated by the Occupational Safety and Health Act 1994. As part of the manufacturing industry, all glove-dipping line manufacturers possess a general duty of care to their employees, to provide and maintain production facilities and systems that are practicable, safe and without risks or hazard to employees' health and safety. It is also the obligation of the employer to provide employees with the training, knowledge, information and supervision, in providing a safe working environment without risks to their health, safety and welfare. The Department of Occupational Safety and Health ("DOSH") is mandated by the Government of Malaysia to ensure that companies take proper steps to ensure a safe working environment for their employees.

DOSH also stipulates that for most manufacturing industries, including the glove-dipping line industry, companies that employ more than 500 employees are required to appoint a safety and health officer, who will be responsible for ensuring due observance of the statutory obligations with regards to workplace health and safety as well as the promotion of a safe and healthy working environment. A health and safety committee should also be formed to monitor the implementation of the safety measures during work, to promote and also plan measures to ensure employees' safety and health.

### Factories and Machinery Act 1967

DOSH also requires compliance with the Factories and Machinery Act 1967. The Factory and Machinery Act 1967 provides for the regulation of factories with respect to matters relating to the safety, health and welfare of employees, and also the registration and inspection of facilities. Under this Act, it is stated that no person shall operate or be permitted to operate any machinery in respect of which a certificate of fitness is prescribed, without first obtaining a valid certificate of fitness. This approval needs to be obtained from DOSH.

**Employment Act 1955**

The Employment Act 1955 stipulates the rights and welfare benefits that employees are entitled to, and which all employers are required to comply. This Act also states that an employer is required to obtain a license to import legal foreign workers under the contract of services, and ensure their welfare and rights are fulfilled in terms of wages, working hours, rest days, and sick and annual leaves. The Ministry of Human Resources is responsible for monitoring and ensuring that companies are in compliance with this Act and protecting the welfare of employees.

**Competitive Overview**

The glove-dipping line industry is a niche industry in Malaysia, where industry players manufacture specialised machinery for the production of rubber gloves in which they are required to have in-depth knowledge of the rubber glove industry. Due to the specialised nature of the industry, the competitive landscape in Malaysia comprises a select group of manufacturers, and as such, the industry is moderately competitive. Industry players generally compete on technical expertise, product quality, customer service levels and pricing.

The industry is in its growth stage, and as such the industry size is expected to grow in line with the growing demand for local glove-dipping lines from both domestic and international markets.

**Key Industry Players**

For the purpose of this report, glove-dipping line manufacturers include all companies which have been identified to be involved in the design and fabrication of glove-dipping lines and are deemed comparable companies to HLT Global Berhad. A list of identified glove-dipping line manufacturers in Malaysia is shown as follows:

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

## SMITH ZANDER

Company Name	Principal Activity	Location of Manufacturing Plant	Latest Financial Year Ending	Revenue (RM '000) <sup>c</sup>	Gross Profit (RM '000)	Gross Profit Margin (%) <sup>f</sup>	Profit Before Tax ("PBT") Margin (%) <sup>g</sup>	Profit After Tax ("PAT") (RM '000)	PAT Margin (%) <sup>h</sup>	Gearing Ratio (times) <sup>i</sup>	Current Ratio (times) <sup>j</sup>	Return on Assets (%) <sup>k</sup>	Return on Equity (%) <sup>l</sup>
Control Instruments (M) Sdn Bhd	Contracting and assembling industrial control instruments and engineering equipment	Malaysia	31 December 2015	61,515.1	5,008.0	8.14	12.52	7,009.2	11.39	0.44	1.68	17.11	32.63
HLT Global Berhad	Involved in the design, fabrication, installation, testing and commissioning of glove-dipping production lines	Malaysia	31 December 2015	75,697.3	15,223.3	20.11	16.03	12,134.0	16.03	0.05	2.12	23.15	41.46
Kendek Products Sdn Bhd	Manufacturing of component parts, machinery and equipment and provision for turnkey engineering and production solution for the dipped latex industry	Malaysia	31 December 2015	74,764.8	13,943.2	18.65	12.14	7,098.5	9.49	0.13	2.29	7.56	11.55
KSG Engineering Sdn Bhd <sup>a</sup> (subsidiary of K Seng Corporation Berhad)	Engineering works, fabrication and installation of glove dipping line and trading of glove dipping line parts namely former holders connecting links, bearings, motor, speed reducer, sprocket gear, belting pulley, coupling and others	Malaysia	31 December 2014	23,677.4 <sup>a</sup>	5,248.6	22.17	9.51	1,674.5	7.07	0.14	1.17	8.32	51.11

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

## SMITH ZANDER

Company Name	Principal Activity	Location of Manufacturing Plant	Latest Financial Year Ending	Revenue (RM '000) <sup>c</sup>	Gross Profit (RM '000)	Gross Profit Margin (%) <sup>f</sup>	Profit Before Tax ("PBT") Margin (%) <sup>g</sup>	Profit After Tax ("PAT") (RM '000)	PAT Margin (%) <sup>h</sup>	Gearing Ratio (times) <sup>i</sup>	Current Ratio (times) <sup>j</sup>	Return on Assets (%) <sup>k</sup>	Return on Equity (%) <sup>l</sup>
MPMT Industries Sdn Bhd	Manufacturing machines for automation and metal fabrication	Malaysia	31 December 2014	2,671.3	322.3	12.07	0.46	14.8	0.55	**	1.91	2.55	4.04
RIPCOL Industries Sdn Bhd	Trading engineering products and air pollution control systems and rendering of engineering services	Malaysia	31 December 2014	11,882.9 <sup>e</sup>	2,955.2	24.87	2.59	216.6	1.82	2.69	1.05	2.23	11.96
Sama Kejuruteraan Sdn Bhd	Manufacturing machineries and machinery components	Malaysia Thailand	31 December 2011 <sup>b</sup>	31,786.9	2,539.0	7.99	1.99	419.4	1.32	0.65	1.49	1.70	4.87
Xin Xin Engineering Sdn Bhd	Trading and machineries engineering construction works	Malaysia	30 June 2015	39,496.0	6,860.8	17.37	4.33	1,248.5	3.16	0.35	1.23	8.04	36.67
				<b>Average</b>	<b>16.42</b>	<b>7.45</b>	<b>6.35</b>	<b>0.64</b>	<b>1.62</b>	<b>8.83</b>	<b>24.29</b>		

## Notes:

The key identified glove-dipping line manufacturers include all glove-dipping line manufacturers that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.

<sup>a</sup> Financial information does not include manufacturing and sale of conveyor chains as HLT Global Berhad does not undertake the manufacturing of conveyor chains. KSG Engineering Sdn Bhd's detailed financial information for the FYE 31 December 2015 is not yet publicly available, save for revenue for the FYE 31 December 2015 of RM17,364,719, which has been included in the industry size.

<sup>b</sup> Latest publicly available financial information is for the FYE 31 December 2011.

<sup>c</sup> Revenues of all industry players, except for HLT Global Berhad, may include revenue from other types of engineering and fabrication works, as well as services.

<sup>d</sup> Based on financial information before intra-group elimination.

<sup>e</sup> RIPCOL Industries Sdn Bhd's revenue for the FYE 31 December 2014 was based on a 15-month period.

<sup>f</sup> Computed based on gross profit over revenue, and multiplied by 100%.

<sup>g</sup> Computed based on PBT over revenue, and multiplied by 100%.

<sup>h</sup> Computed based on PAT over revenue, and multiplied by 100%.

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

SMITH ZANDER

<sup>i</sup> Computed based on total borrowings over total equity.

<sup>j</sup> Computed based on total current assets over total current liabilities.

<sup>k</sup> Computed based on PAT over total assets, and multiplied by 100%.

<sup>l</sup> Computed based on PAT over total equity, and multiplied by 100%.

\*\* Not applicable as MPMT Industries Sdn Bhd does not have any outstanding borrowings.

Source: SSM

HLT Global Berhad recorded a revenue of RM75.7 million in the FYE 2015, outperforming other industry players.

Compared to the industry average for PAT margin of 6.35%, HLT Global Berhad's PAT margin of 16.03% was 9.68 percentage points higher than that of the industry average. Among some of the possible reasons HLT Global Berhad has achieved a higher profit margin include:-

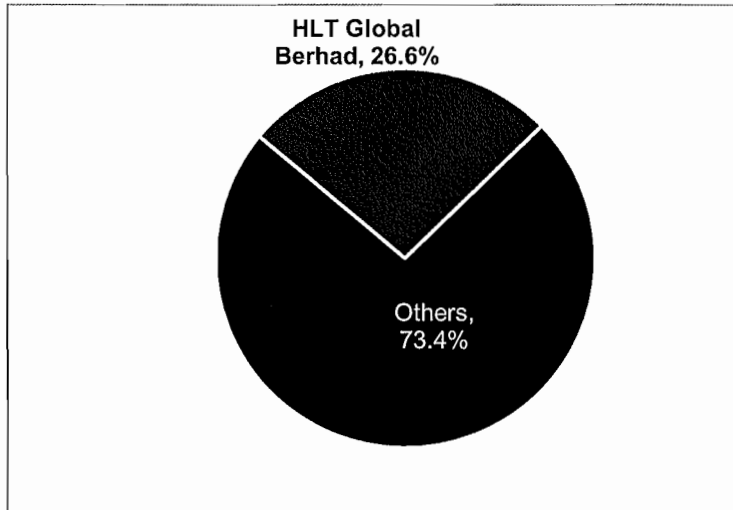
- their gross profit margin of 20.11%, which is above the industry average of 16.42%;
- their PBT margin of 16.03%, which is significantly higher than the industry average of 7.45%, due to lower overhead costs compared to other industry players; and
- their tax as a percentage of PBT of 0.03%, which is significantly lower than the industry average of 20.80%.

SMITH ZANDER is not able to comment further as it does not have sufficient information on the industry players. This is due to the fact that only limited information on these industry players are publicly available.

While for the gearing ratio, HLT Global Berhad recorded a lower ratio of 0.05 times, in comparison to the industry average of 0.64 times. HLT Global also showed a strong current ratio of 2.12 times, which was above the industry average of 1.62 times. With regards to return on assets, HLT Global Berhad had a ratio of 23.15%, in comparison to the industry average of 8.83%. HLT Global Berhad's return on equity was 41.46%, which was also higher than the industry average of 24.29%.

**Industry Revenue Share**

In 2015, the glove-dipping line industry size in Malaysia was approximately RM284.2 million. HLT Global Berhad garnered an estimated industry revenue share of 26.6% in 2015, based on its revenue contribution of RM75.7 million for the FYE 31 December 2015.

**Estimated industry revenue share (Malaysia), 2015****Note:**

*In the absence of segmental information on local and export sales for all industry players, the industry size has taken into account total revenues derived from these industry players (inclusive of both local and/or export sales). As such, the Group's industry revenue share is computed based on local and/or export sales.*

*In the absence of segmental information on local and export sales for all industry players, industry revenue share is a common approach to demonstrate a company's industry standing.*

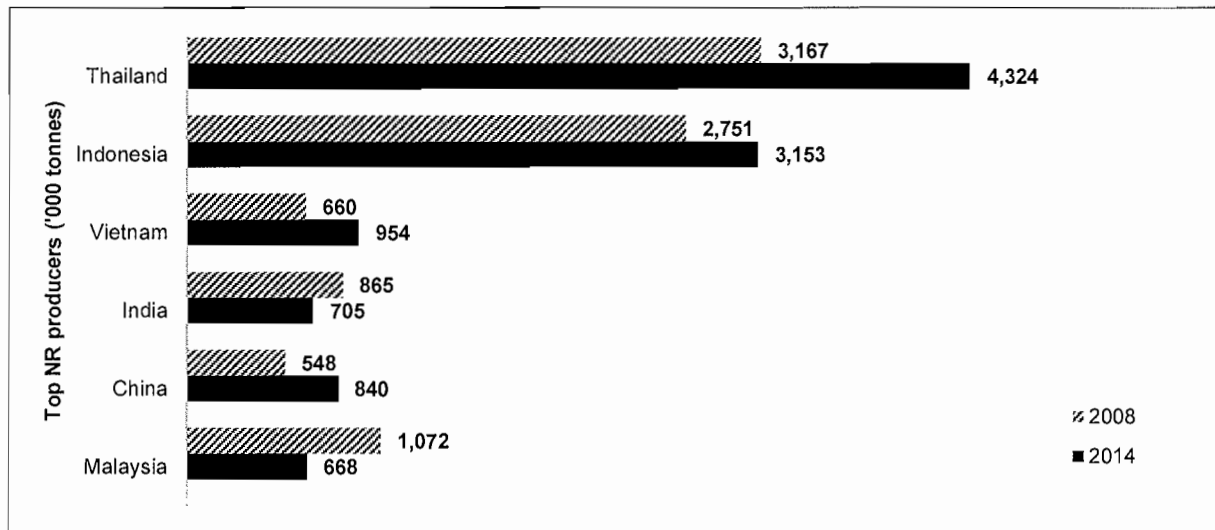
Source: SSM, HLT Global Berhad

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## 4 OVERVIEW OF THE GLOVE-DIPPING LINE INDUSTRY IN THAILAND

Thailand is the world's top producer of natural rubber. Between 2008 and 2014, Thailand has consistently emerged as the top producing country of NR, growing at a CAGR of 5.3% from 3.2 million tonnes to 4.3 million tonnes.

### Top NR producers (Global), 2008 and 2014

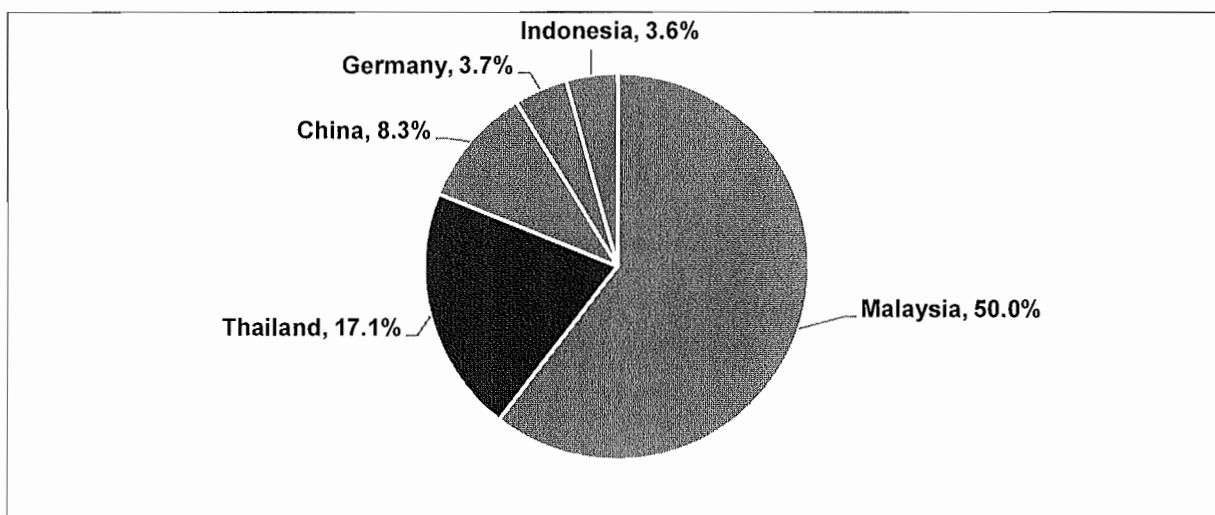


Note:

Latest available data is in 2014, as at 21 November 2016

Source: The Thai Rubber Association, Rubber Association of Indonesia, The Vietnam Rubber Association, Rubber Board India, Malaysia Rubber Board, Association of Natural Rubber Producing Countries, International Rubber Study Group, FAO, United Nations Industrial Commodity Statistics Database

### Top exporters of rubber gloves (Global), 2014



Note:

Latest available data is in 2014

Source: Comtrade

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

SMITH ZANDER

Due to the availability of raw materials, Thailand, along with Malaysia, are major rubber glove producers. Thailand accounted for approximately 17.1% of global rubber glove exports in 2014, and is among the world's top five (5) exporters.

Since Thailand is a major rubber glove producer, the country is also a major market for glove-dipping lines. Accordingly, the glove-dipping line industry in Thailand is expected to benefit from demand arising from this country.

According to the Thai Rubber Glove Manufacturers Association, the competitive landscape in Thailand is largely dominated by foreign glove-dipping line manufacturers from Malaysia. These foreign glove-dipping line manufacturers include HLT Global Berhad, Kendek Industry (Thailand) Co. Ltd. and Sama Kejuruteraan (Thailand) Co. Ltd. There are also local industry players in Thailand which are involved in the manufacturing of glove-dipping lines and/or components such as Poon Engineering & Supply Co. Ltd. and RPM Power Co. Ltd.

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## 5 PROSPECTS AND OUTLOOK FOR HLT GLOBAL BERHAD

The prospects for growth in the glove-dipping line industry in Malaysia are positive as the industry is expected to continue being driven by the growth in demand for rubber gloves globally as well as domestically. The rubber glove industry is a vibrant and growing industry, as evidenced by global rubber glove demand which has grown from 65.3 billion pairs in 2009 to an estimated 88.0 billion pairs in 2014, registering a CAGR of 6.1%. In particular, Malaysia dominates the global rubber glove industry as the largest producer and exporter, producing 59.4 billion pairs and exporting 658,016.0 tonnes of rubber gloves in 2015.

Much of the growth in the global and domestic rubber glove industry is driven by the growing end-user industries, particularly the healthcare industry where rubber gloves play a significant role. Global healthcare expenditure has demonstrated strong positive growth over the last decade, from USD4.3 trillion (RM16.3 trillion) in 2004 to USD7.8 trillion (RM25.5 trillion) in 2014, representing a CAGR of 6.1% over the period. Meanwhile, total healthcare expenditure in Malaysia also grew from RM17.9 billion in 2005 to RM46.1 billion in 2014, at a CAGR of 11.1%.

Consumption of rubber gloves increases drastically when there is a major disease outbreak. Rubber gloves are the most basic form of protective equipment used by hospitals when there are cases of diseases that are highly contagious. In developed countries, rubber gloves are seen as a basic necessity to contain the disease and avoid an increase in the number of fatalities. As such, there will usually be a spike in demand for medical rubber gloves during major incidences of disease outbreaks, leading to a surge in production.

Other than the healthcare industry, there is increasing demand for rubber gloves from other manufacturing industries such as food processing, refined petroleum products, chemicals and chemical products and pharmaceutical products, fabricated metal products, machinery and equipment, computers and peripheral equipment, electrical equipment, electronic components and boards, communication equipment and consumer electronics, as well as motor vehicles and transport equipment. Globally, manufacturing activities have been increasing over the years, as a result of an increase in demand for products contributed by the growth in world population. Global manufacturing activities have increased by a CAGR of 3.3%, from USD9.8 trillion (RM34.5 trillion) in 2009 to USD11.5 trillion (RM37.6 trillion) in 2014. In Malaysia, GDP from the manufacturing industry has grown from RM192.5 billion in 2010 to RM263.7 billion in 2015, registering a CAGR of 6.5%. The rapid growth of this industry translates into opportunities for growth in the rubber glove industry as well, since many manufacturing facilities use rubber gloves during their processes.

In addition, the rubber glove industry is also expected to be supported by the growing global economy, availability of rubber as a raw materials, as well as the continuous technological advancement of glove-dipping lines.

Premised on the above, the glove-dipping line industry in Malaysia is forecast to grow at a healthy CAGR of 15.2%, from an estimated RM326.5 million in 2016 to RM575.9 million in 2020. HLT Global Berhad, as one of the key industry players in the glove-dipping line industry in Malaysia, shows potential to gain from the growing domestic and international demand. In 2015, HLT Global Berhad's industry revenue share in Malaysia was 26.6% based on its revenue of RM75.7 million for the FYE 31 December 2015. With their track record and technical capabilities, as well as their strong position in the domestic market, HLT Global Berhad is poised to increase its presence in the glove-dipping line industry, as well as capture opportunities in the export markets.

**8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT****8.1 SUBSTANTIAL SHAREHOLDERS AND PROMOTERS****8.1.1 Shareholdings of Substantial Shareholders and Promoters**

The shareholdings of our substantial shareholders and Promoters in our Company before and after the IPO are as follows:-

Substantial Shareholders and Promoters	(I) Before the IPO <sup>(1)</sup>			(II) After the IPO <sup>(2)</sup>			(III) After (II) and full exercise of the 1 <sup>st</sup> Tranche ESOS Options <sup>(3)</sup>					
	Direct		Indirect <sup>(4)</sup>	Direct		Indirect <sup>(4)</sup>	Direct		Indirect <sup>(4)</sup>			
	No. of Shares	% No. of Shares		No. of Shares	% No. of Shares		No. of Shares	% No. of Shares		No. of Shares	% No. of Shares	
Chan Yoke Chun	114,408,300	51.00	109,921,700	49.00	96,911,000	36.72	93,110,000	35.28	97,111,000	36.52	93,310,000	35.09
Wong Kok Wah	109,921,700	49.00	114,408,300	51.00	93,110,000	35.28	96,911,000	36.72	93,310,000	35.09	97,111,000	36.52

**Notes:-**

- (1) Based on our issued and paid-up share capital of 224,330,000 Shares after the Acquisition.  
(2) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after the IPO.  
(3) Based on our enlarged issued and paid-up share capital of 265,921,000 Shares after the IPO and assuming full exercise of the 1<sup>st</sup> Tranche ESOS Options.  
(4) Deemed interest by virtue of his/her spouse's direct interest in our Company.

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**8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)****8.1.2 Changes in Shareholdings of Substantial Shareholders and Promoters**

Save for the following, there has been no change in the shareholdings of our substantial shareholders and the Promoters in our Company since its incorporation:-

Substantial Shareholders and Promoters	(I)				(II)			
	As at the date of incorporation <sup>(1)</sup>				As at the LPD <sup>(3)</sup>			
	Direct		Indirect <sup>(2)</sup>		Direct		Indirect <sup>(2)</sup>	
No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Chan Yoke Chun	50	50.00	40	40.00	114,408,300	51.00	109,921,700	49.00
Wong Kok Wah	40	40.00	50	50.00	109,921,700	49.00	114,408,300	51.00
Maisarah Binti Rahmat	10	10.00	-	-	-	-	-	-

**Notes:-**

- (1) Based on our issued and paid-up share capital as at the date of incorporation of RM10 comprising 100 Shares.
- (2) Deemed interest by virtue of his/her spouse's direct interest in our Company.
- (3) After the transfer of 10 initial subscriber's shares from Maisarah Binti Rahmat to Wong Kok Wah on 31 December 2015 and subsequent to the issuance of 224,329,900 Shares to the Vendors on 20 October 2016 pursuant to the Acquisition.

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## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.1.3 Profile of Substantial Shareholders and Promoters

- (i) **Chan Yoke Chun**, a Malaysian female aged 53, is our Promoter, substantial shareholder and Executive Director/CEO. She was appointed to our Board on 22 October 2015. She is responsible for overseeing the overall management and operations of our Group.

She graduated from Universiti Kebangsaan Malaysia with a Bachelor of Economics in 1986. Upon graduation, she joined Chan Brothers, a local food processing machinery engineering firm, as an Executive where she was responsible for sales and marketing, and administration functions. She was with Chan Brothers for 7 years until 1993.

After a short break in her career between 1994 and 1995, Chan Yoke Chun started her involvement in the operations of Hup Lek (Partnership) in 1995 as a business partner. Hup Lek (Partnership) was initially involved in metal fabrication works for various industrial applications and gradually expanded its business activities to include design, fabrication, installation, testing and commissioning of glove-dipping lines, where she was involved in sales and marketing, as well as finance and administration functions. Together with our Deputy Chairman/Executive Director, Wong Kok Wah, and another partner of Hup Lek (Partnership), namely the late Liew Wah Thiam, she later co-founded Hup Lek Engineering, a company mainly involved in glove-dipping line manufacturing, in 1998 to assume the business operations of Hup Lek (Partnership) before the latter ceased its operations. As a Director of Hup Lek Engineering, she was then responsible for overseeing its overall management and operations until her resignation as a Director on 28 December 2015 following the disposal by her and Wong Kok Wah of their collective 100.0% equity interests in Hup Lek Engineering to third parties on 28 December 2015.

In 2006, she co-founded our wholly-owned subsidiary, HL Advance, together with our Deputy Chairman/Executive Director, Wong Kok Wah. Chan Yoke Chun took up the role of Executive Director/CEO of HL Advance in 2009 when HL Advance commenced business operations.

As at the LPD, she also sits on the board of several private limited companies as disclosed in Section 8.2.3 of this Prospectus.

- (ii) **Wong Kok Wah**, a Malaysian male aged 50, is our Promoter, substantial shareholder and Deputy Chairman/Executive Director. He was appointed to our Board on 22 October 2015. He is responsible for overseeing our Group's business development and sales as well as our entire manufacturing operations.

Wong Kok Wah studied at SJK (C) Chung Kwo in Kuala Lumpur until 1978, after which he continued with his secondary education at Sekolah Menengah Kebangsaan San Peng until 1980. In 1981, he was hired as an apprentice in a metal fabrication business in Johor. During this apprenticeship, he learned the trade of metalworking, and honed his skills in metal and steel fabrication.

In 1983, he returned to Kuala Lumpur, and continued to work in metal and steel fabrication as a freelance subcontractor before he co-founded Hup Lek (Partnership) in 1990. He subsequently co-founded Hup Lek Engineering in 1998, alongside his spouse, Chan Yoke Chun, and another partner of Hup Lek (Partnership), namely the late Liew Wah Thiam. It was during these years when he fine-tuned his expertise in the manufacturing of glove-dipping lines, as well as acquired knowledge and understanding of rubber glove manufacturing. He resigned as a Director of Hup Lek Engineering on 28 December 2015 following the disposal by him and Chan Yoke Chun of their collective 100.0% equity interests in Hup Lek Engineering to third parties on 28 December 2015.

Wong Kok Wah co-founded our wholly-owned subsidiary, HL Advance, with Chan Yoke Chun in 2006, which subsequently commenced business operations in the manufacturing of glove-dipping lines in 2009.

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**8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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As at the LPD, he also sits on the board of several private limited companies as disclosed in Section 8.2.3 of this Prospectus.

**8.1.4 Persons Exercising Control over our Company**

Save for our Promoters who will collectively hold a total of 190,021,000 Shares representing approximately 72.00% of our enlarged issued and paid-up share capital upon our Listing, as disclosed in Section 8.1.1 of this Prospectus, we are not aware of any other persons who, directly or indirectly, jointly or severally, exercise control over our Company.

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**8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)****8.2 DIRECTORS****8.2.1 Shareholdings of Directors**

The direct and indirect shareholdings of our Directors in our Company before and after our IPO are as follows:-

Directors	(I) Before the IPO <sup>(1)</sup>			(II) After the IPO <sup>(2)</sup>			(III) After (II) and full exercise of the 1 <sup>st</sup> Tranche ESOS Options <sup>(3)</sup>				
	Direct		Indirect <sup>(4)</sup>	Direct		Indirect <sup>(4)</sup>	Direct		Indirect <sup>(4)</sup>		
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	%	No. of Shares	%		
Wong Wai Tzing	-	-	-	200,000	0.08	-	-	280,000	0.11	-	-
Wong Kok Wah	109,921,700	49.00	114,408,300	93,110,000	35.28	96,911,000	36.72	93,310,000	35.09	97,111,000	36.52
Chan Yoke Chun	114,408,300	51.00	109,921,700	96,911,000	36.72	93,110,000	35.28	97,111,000	36.52	93,310,000	35.09
Yau Ming Teck	-	-	-	200,000	0.08	-	-	280,000	0.11	-	-
Wong Koon Wai	-	-	-	100,000	0.04	-	-	180,000	0.07	-	-

**Notes:-**

- (1) Based on our issued and paid-up share capital of 224,330,000 Shares after the Acquisition.
- (2) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after the IPO and assuming full subscription by our Directors of their respective entitlements for Pink Form Shares, where applicable.
- (3) Based on our enlarged issued and paid-up share capital of 265,921,000 Shares after the IPO and assuming full exercise of the 1<sup>st</sup> Tranche ESOS Options.
- (4) Deemed interest by virtue of his/her spouse's direct interest in our Company.

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**8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**8.2.2 Profiles of Directors**

The profile of our Executive Directors, namely Wong Kok Wah and Chan Yoke Chun, who are also our Promoters and substantial shareholders, are disclosed in Section 8.1.3 of this Prospectus. The profiles of our other Directors are as follows:-

- (i) **Wong Wai Tzing**, a Malaysian female aged 59, is our Independent Non-Executive Chairman. She was appointed to our Board on 8 January 2016.

Wong Wai Tzing started her career as a legal secretary in Joseph Tan & Tang in 1979 where she was mainly involved in the preparation of statutory forms required under the National Land Code 1965. With her licentiateship of the Institute of Chartered Secretaries and Administrators obtained in 1984, she joined C.A. Corporate Services Sdn Bhd in 1987 as manager and she was appointed as company secretary of several companies under the care of C.A. Corporate Services Sdn Bhd.

In 1989, Wong Wai Tzing graduated with a Bachelor of Laws degree from the University of London and she left C.A. Corporate Services Sdn Bhd in 1990 to commence her pupillage in Cheang & Ariff. She became a legal assistant in Cheang & Ariff in 1991 and was subsequently made a partner in the same firm in 1996. In 1999, she left Cheang & Ariff and co-founded the legal firm known as Tay & Helen Wong. She has actively been involved in corporate and commercial legal work since 1991 covering, inter alia, mergers and acquisitions, take-overs, initial public offerings, joint ventures and franchising arrangements.

As at the LPD, she also sits on the board of Genetec Technology Berhad, a company listed on Bursa Securities, and a private limited company as disclosed in Section 8.2.3 of this Prospectus.

- (ii) **Yau Ming Teck**, a Malaysian male aged 45, is our Senior Independent Non-Executive Director. He was appointed to our Board on 30 October 2015.

Yau Ming Teck graduated with an Economics Degree from Monash University, Melbourne in 1994. Currently, he is a qualified Certified Practising Accountant of the CPA Australia and a Chartered Accountant of the Malaysian Institute of Accountants. In 1994, he started his career in the Insolvency & Corporate Division of Coopers & Lybrand (now known as PricewaterhouseCoopers) and remained there for about three (3) years. Whilst with Coopers & Lybrand, he handled a portfolio of clients with different background and industries.

In 1996, he joined Promet Berhad, which was then listed on the Main Board (now known as Main Market) of Bursa Securities, as Executive, Special Projects. He left Promet Berhad and joined Tai Wah Garments Manufacturing Berhad, which was then listed on the Main Board (now known as Main Market) of Bursa Securities, in 1998 as Assistant Manager, Corporate Finance and served as its Financial Controller from January 2002 until he left the company in 2003. During his tenure in these public listed companies, his main functions were taking charge of various corporate exercises and their implementations. Leveraging on his accounting and corporate experience as well as his written and oral skills in English and Mandarin, he had since 2004 worked as a freelance project consultant for China based clients that embarked on corporate exercises such as merger and acquisition, and fund raising involving public listed companies in Singapore and Australia.

As at the LPD, he sits on the board of UMS-Neiken Group Berhad and Oversea Enterprise Berhad, both listed on Bursa Securities as well as several private limited companies as disclosed in Section 8.2.3 of this Prospectus.

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**8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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- (iii) **Wong Koon Wai**, a Malaysian male aged 41, is our Independent Non-Executive Director. He was appointed to our Board on 8 January 2016.

Wong Koon Wai graduated with a Bachelor Degree in Business (Accountancy) from the Royal Melbourne Institute of Technology, Melbourne in 1999. He joined Poh & Co. as Audit Assistant in 2000 and left to join the audit department of RSM Robert Teo, Kuan & Co. in 2001. He left RSM Robert Teo, Kuan & Co. as Audit Senior in 2003 to join Crowe Horwath in the same year as Senior Assistant. He left the firm after 8 years in 2011, as Senior Manager. Throughout his tenure with RSM Robert Teo, Kuan & Co. and Crowe Horwath, he has gained knowledge in external audit and corporate transactions.

Wong Koon Wai joined Oriental Castle Sdn Bhd in 2011 as its Financial Controller where he was responsible to oversee the finance and accounting functions of the company and its group of companies in Malaysia, Singapore, China, Vietnam and Indonesia. He left the company in 2012 and joined the Malaysian Institute of Accountants as its Director of the Professional Standards & Practices Division, where he was responsible for the overall leaderships, direction and coordination of all activities of the said division.

In 2014, Wong Koon Wai left the Malaysian Institute of Accountants and joined Poh & Tan as Audit Principal where he was involved in accounting, audit, tax and transaction advisory services. In 2015, he left Poh & Tan for Global Line Network Sdn Bhd, where he joined as its Chief Operating Officer and is responsible on planning, directing and coordinating the company's operational policies, rules, initiatives and goals. As at the LPD, he also sits on the board of Xian Leng Holdings Berhad, a company listed on Bursa Securities as well as a private limited company as disclosed in Section 8.2.3 of this Prospectus.

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## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.2.3 Principal Directorships in Other Corporations and Principal Business Activities Performed Outside Our Group

Save as disclosed below, our Directors do not have any other principal directorship in other corporations or any principal business activities performed outside our Group for the past five (5) years prior to the LPD:-

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
<u>Wong Wai Tzing</u> <u>Present</u> <u>Directorships</u>	Genetec Technology Berhad <sup>(1)</sup>	Investment holding and designing and building of customised factory automation equipment and integrated vision inspection systems from conceptual design, development of prototype to mass replication of equipment, whilst its subsidiaries are principally involved in, inter alia, fabrication of machine parts and toolings for equipment and replications of systems and equipment	Independent Non-Executive Director	26.1.2011	-	-
	Budi Tamadun Sdn Bhd	Consultancy, library management services and general office administrative services and letting of properties	Executive Director	5.1.2004	-	50.00
<u>Past Directorships</u>	Pappa Resources Sdn Bhd	Operating restaurants	Non-Executive Director	5.1.2011	1.3.2013	-
	Papparich Group Sdn Bhd	Investment holding company, whilst its subsidiaries are principally involved in the operation and franchising of restaurants	Non-Executive Director	5.5.2010	1.3.2013	-
	Roti Roti International Sdn Bhd	Operation and franchising of restaurants and including the manufacture, sourcing, supply, and distribution of food, beverages and bakery related products	Non-Executive Director	5.5.2010	1.3.2013	-

## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
<b>Wong Kok Wah</b> Present	Bukit Merah Arowana Breeding Zone Sdn Bhd	Trading and commercial captive breeding of Arowana fishes	Non-Executive Director	26.9.2014	-	50.00
<u>Directorships</u>	Centennial Insight Sdn Bhd	Property investment and hostel management	Non-Executive Director	5.3.2013	-	25.00
	Ecogreen Biomass Sdn Bhd	Agricultural plantation	Non-Executive Director	4.7.2011	-	45.00
	K-Bioenergy System Sdn Bhd	Trading in thermo oil heater and supply energy of heat ( <i>Status: In the process of being struck off</i> )	Non-Executive Director	5.7.2002	-	25.00
	Life Force Sdn Bhd	Dormant; previously involved in trading of medical equipment ( <i>Status: In the process of being struck off</i> )	Non-Executive Director	1.7.1994	-	50.00
	Megabio Energy Sdn Bhd	Manufacture of biomass wood pellets	Non-Executive Director	3.6.2014	-	(2) -
	Meranti Fishing Farm Sdn Bhd	Renting of leisure and pleasure equipment as an integral part of recreational facilities; hotels and resort hotels; restaurants	Non-Executive Director	12.12.2014	-	30.00
	Meranti Sitiawan Resort Sdn Bhd	Hotels and resort hotels; buying, selling, renting and operating of self-owned or leased real estate – residential buildings; other retail sale not in stores, stalls or markets	Non-Executive Director	25.8.2015	-	30.00

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## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
<u>Wong Kok Wah</u> <u>Present</u> <u>Directorships</u> <u>(Cont'd)</u>	OCL Global Sdn Bhd	Real estate activities with own or leased property; development of building projects for own operation, i.e. for renting of space in these buildings; other transportation support activities	Non-Executive Director	8.5.2015	-	95.00
	Teh Lek Technique & Trading Sdn Bhd	Production of woodchips	Non-Executive Director	25.2.2011	-	30.00
	Sinar Arowana Sdn Bhd	Trading of Arowana fish	Non-Executive Director	26.9.2014	-	50.00
<u>Past Directorships</u>	Hup Lek Engineering & Technical Service Co. Ltd.	Provision of support and maintenance services for the rubber glove industry	Non-Executive Director	1.11.2005	31.5.2016	-
	Green Prospect Sdn Bhd	Manufacturing of surgical and rubber examination gloves	Executive Director	31.1.2012	2.5.2013	-
	Global Surgical Supply Sdn Bhd	Manufacturing and sales of surgical and examination gloves	Non-Executive Director	31.1.2012	2.5.2013	-
	HL Automation & Trading Sdn Bhd <sup>(3)</sup>	Dealers and manufacturers in automation, conveying, custom equipment and its related activities	Non-Executive Director	2.5.2013	28.12.2015	-
	HNB Marketing Sdn Bhd	Wholesaler in medical equipment and pharmaceutical products	Non-Executive Director	5.12.2003	28.12.2015	-
	Hup Lek Engineering & Trading Sdn Bhd	Provision of subcontracting and support services for the manufacturing industry	Executive Director	7.5.1998	28.12.2015	-
	Profound Asia Sdn Bhd	Dormant; previously involved in renovation works ( <i>Dissolved on 31.10.2013</i> )	Non-Executive Director	15.8.1995	-	-

## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
<b>Wong Kok Wah</b> <u>Past Directorships</u> (Cont'd)	Verve HL Steel Centre Sdn Bhd	Dormant	Non-Executive Director	12.6.2014	28.12.2015	-
	YTY Industry Sdn Bhd	Manufacturing and sales of disposable gloves	Executive Director	31.1.2012	2.5.2013	-
	YTY Industry Holdings Sdn Bhd	Investment holdings and manufacturing and sales of rubber examination gloves, whilst its subsidiaries are principally involved in manufacturing and sales of rubber examination gloves	Executive Director	31.1.2012	2.5.2013	-
	YTY Industry (Manjung) Sdn Bhd	Property investment holding	Executive Director	31.1.2012	2.5.2013	-
<b>Chan Yoke Chun</b> <u>Present Directorships</u>	Bukit Merah Arowana Breeding Zone Sdn Bhd	Trading and commercial captive breeding of Arowana fishes	Non-Executive Director	26.9.2014	-	50.00
	Centennial Insight Sdn Bhd	Property investment and hostel management	Non-Executive Director	5.3.2013	-	25.00
	Ecogreen Biomass Sdn Bhd	Agricultural plantation	Non-Executive Director	4.7.2011	-	45.00
	Megabio Energy Sdn Bhd	Manufacture of biomass wood pellets	Non-Executive Director	3.6.2014	-	(2) -
	Sinar Arowana Sdn Bhd	Trading of Arowana fish	Non-Executive Director	26.9.2014	-	50.00

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## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
<b>Chan Yoke Chun</b> Present <u>Directorships</u> (Cont'd)	Teh Lek Technique & Trading Sdn Bhd	Production of woodchips	Non-Executive Director	25.2.2011	-	25.00
<u>Past Directorships</u>	Hup Lek Engineering & Technical Service Co. Ltd.	Provision of support and maintenance services for the rubber glove industry	Non-Executive Director	1.11.2005	31.5.2016	-
	HL Automation & Trading Sdn Bhd <sup>(3)</sup>	Dealers and manufacturers in automation, conveying, custom equipment and its related activities	Non-Executive Director	2.5.2013	28.12.2015	-
	HNB Marketing Sdn Bhd	Wholesaler in medical equipment and pharmaceutical products	Non-Executive Director	5.12.2003	28.12.2015	-
	Hup Lek Engineering & Trading Sdn Bhd	Provision of subcontracting and support services for the manufacturing industry	Non-Executive Director	7.5.1998	28.12.2015	-
	Verve HL Steel Centre Sdn Bhd	Dormant	Non-Executive Director	12.6.2014	28.12.2015	-
<b>Yau Ming Teck</b> Present <u>Directorships</u>	Gardenic (M) Sdn Bhd	Trading in fertilizers and flowers seeds	Non-Executive Director	24.1.2000	-	18.13
	Oversea Enterprise Berhad	Investment holding, whilst its subsidiaries are principally restaurant operator, distributor of food products and manufacturer and wholesaler of confectioneries	Independent Non-Executive Director	6.11.2009	-	-
	Sukimi Ventures Sdn Bhd	Wholesale of a variety of goods without any particular specialization (Dissolved on 28.8.2015)	Non-Executive Director	4.9.2013	-	50.00

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## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
<u>Yau Ming Teck</u> Present <u>Directorships</u> (Cont'd)	UMS-Neiken Group Berhad	Investment holding, whilst its subsidiaries are principally involved in designing, manufacturing and trading of electrical wiring accessories, and marketing and trading in electrical products, accessories and appliances	Independent Non-Executive Director	13.4.2015	-	-
	Villania Sdn Bhd	Property investment	Executive Director	29.10.2012	-	50.00
<u>Wong Koon Wai</u> Present <u>Directorships</u>	Digital Chat Sdn Bhd	Dealer of telco's products and services	Non-Executive Director	1.9.2016	-	-
	Xian Leng Holdings Berhad	Investment holding and provision of management services, whilst its subsidiaries are principally involved in commercial captive breeding of Asian Arowana and other ornamental fishes, property holding, and trading of ornamental fishes and aquarium accessories	Independent Non-Executive Director	27.3.2015	-	-
<u>Past Directorship</u>	O&C Resources Berhad	Investment holding, whilst its subsidiaries are principally involved in manufacturing of rubber products and baby products, trading in baby accessories, apparel and milk powder, and distributing and retailing of baby products	Independent Non-Executive Director	29.6.2011	31.12.2012	-

**Notes:-**

- (1) The automation equipment designed and built by Genetec Technology Berhad are catered for the hard disk drive industry, automotive industry, pharmaceutical industry and semiconductor industry.
- (2) Indirect shareholding of 80.00% via Teh Lek Technique & Trading Sdn Bhd.
- (3) In terms of automation equipment, HL Automation & Trading Sdn Bhd has initially planned to manufacture visual inspection machine. However, the company has yet to commence its business operation.

## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.2.4 Involvement of our Directors in Other Businesses or Corporations

Save as disclosed in Section 8.2.3 of this Prospectus, our Directors are not involved in any other businesses/corporations. Our Directors' current principal directorships and principal business activities performed outside our Group will not give rise to a conflict of interest with our Group in view that none of those companies in which they have involvements carry on similar principal activities as our Group, or are the customers or suppliers of our Group. In respect of their involvements in investment holding companies outside our Group, the subsidiaries of those investment holding companies are not involved in similar principal activities as our Group, hence will not give rise to a conflict of interest with our Group.

Our Executive Directors are of the view that their involvement in other business activities outside our Group is minimal as they are not involved in the day-to-day operations and management of the said companies.

### 8.2.5 Directors' Term of Office

As at the LPD, the details of the date of expiration of the current term of office for each and every Director of our Company and the period for which our Directors have served in that office are as follows:-

Directors	Date of appointment	Date of expiration of the current term of office	No. of years in office
Wong Wai Tzing	8 January 2016	At our Second AGM to be held in 2017	Less than 1 year
Wong Kok Wah	22 October 2015	At our Second AGM to be held in 2017	1 year
Chan Yoke Chun	22 October 2015	At our Third AGM to be held in 2018	1 year
Yau Ming Teck	30 October 2015	At our Third AGM to be held in 2018	1 year
Wong Koon Wai	8 January 2016	At our Fourth AGM to be held in 2019	Less than 1 year

In accordance with our Articles of Association, all our Directors shall retire from office at the first AGM of our Company and one-third (or the number nearest to one-third) of our Directors are required to retire from office at each subsequent AGM of our Company. Accordingly, all our Directors are required to retire from office at least once in every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he retires. An election of Directors shall take place each year.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

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## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.2.6 Directors' Remuneration and Benefits

The aggregate remuneration (including any benefits-in-kind) paid in FYE 2015 and proposed to be paid in FYE 2016 to our Directors for services rendered in all capacities to our Group in the band of RM50,000 are as follows:-

Directors	Remuneration Band	
	FYE 2015	Proposed for FYE 2016
Wong Wai Tzing	-	50,001 – 100,000
Wong Kok Wah	600,001 – 650,000	700,001 – 750,000
Chan Yoke Chun	550,001 – 600,000	700,001 – 750,000
Yau Ming Teck	-	50,001 – 100,000
Wong Koon Wai	-	Less than 50,000

Save for the issuance of Shares by our Company as consideration pursuant to the Acquisition to our Promoters, our Directors' respective entitlement for the Pink Form Shares, the 1<sup>st</sup> Tranche ESOS Options and as disclosed above, no other amounts or benefits has been paid or was intended to be paid to any of our Promoters, substantial shareholders or Directors within the two (2) years preceding the date of this Prospectus.

The remuneration for our Directors, which includes salaries, bonuses, fees, allowances and other benefits-in-kind, is required to be considered and recommended by the Remuneration Committee and subsequently approved by our Board. Our Directors' fees are required to be further approved by our shareholders at a general meeting.

### 8.2.7 Audit Committee

Our Audit Committee was established on 8 January 2016 and its members are appointed by our Board. The members of our Audit Committee are as follows:-

Name	Designation	Directorship
Yau Ming Teck	Chairman	Senior Independent Non-Executive Director
Wong Wai Tzing	Member	Independent Non-Executive Chairman
Wong Koon Wai	Member	Independent Non-Executive Director

The main functions of our Audit Committee include, inter-alia, the review of audit plans and audit reports with our external auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope, functions, competency and resources of the internal audit function of which the internal auditors should report directly to the Audit Committee, review of the quarterly and yearly financial statements, appointment and re-appointment of the external auditors, review of related party transactions and review of the criteria for allocation of ESOS Options.

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## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.2.8 Remuneration Committee

Our Remuneration Committee was established on 8 January 2016 and its members are appointed by our Board. The members of our Remuneration Committee are as follows:-

Name	Designation	Directorship
Wong Koon Wai	Chairman	Independent Non-Executive Director
Yau Ming Teck	Member	Senior Independent Non-Executive Director
Chan Yoke Chun	Member	Executive Director/CEO

The main functions of our Remuneration Committee include, inter-alia, the recommendation to our Board regarding the remuneration packages of the Directors, assisting our Board in assessing the responsibility and commitment undertaken by our Directors and assisting our Board in ensuring the remuneration of the Directors are reflective of the responsibility and commitment of the Directors concerned.

### 8.2.9 Nomination Committee

Our Nomination Committee was established on 8 January 2016 and its members are appointed by our Board. The members of our Nomination Committee are as follows:-

Name	Designation	Directorship
Yau Ming Teck	Chairman	Senior Independent Non-Executive Director
Wong Wai Tzing	Member	Independent Non-Executive Chairman
Wong Koon Wai	Member	Independent Non-Executive Director

The main functions of our Nomination Committee include, inter-alia, the review of all nominations for the appointment or re-appointment of members of our Board and to determine the selection criteria thereof, review of the structure, size and composition of our Board, to assess and evaluate the performance of each Director of the Company, and to ensure that all our Directors undergo appropriate introduction and training programmes.

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**8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)****8.3 KEY MANAGEMENT****8.3.1 Shareholdings of Key Management**

Save for the direct and indirect shareholdings of Chan Yoke Chun and Wong Kok Wah in our Company which are disclosed in Section 8.2.1 of this Prospectus, the direct and indirect shareholdings of our key management in our Company before and after our IPO are as follows:-

Key Management	(I)				(II)				(III)			
	Before the IPO <sup>(1)</sup>		Indirect		After the IPO <sup>(2)</sup>		Indirect		After (II) and full exercise of the 1 <sup>st</sup> Tranche ESOS Options <sup>(3)</sup>		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Muhammad Idris Yap Bin Abdullah	-	-	-	-	185,000	0.07	-	-	330,000	0.12	-	-
Chui Mee Chuen	-	-	-	-	185,000	0.07	-	-	330,000	0.12	-	-
Yam Chee Leong	-	-	-	-	150,000	0.06	-	-	280,000	0.11	-	-
Choong Siew Meng	-	-	-	-	150,000	0.06	-	-	280,000	0.11	-	-
Chin Shiau Wan	-	-	-	-	150,000	0.06	-	-	280,000	0.11	-	-

**Notes:-**

- (1) Based on our issued and paid-up share capital of 224,330,000 Shares after the Acquisition.
- (2) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after the IPO and assuming full subscription by our key management of their respective entitlements for Pink Form Shares.
- (3) Based on our enlarged issued and paid-up share capital of 265,921,000 Shares after the IPO and assuming full exercise of the 1<sup>st</sup> Tranche ESOS Options.

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## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

### 8.3.2 Profiles of Key Management

The profile of Wong Kok Wah, our Deputy Chairman/Executive Director, and Chan Yoke Chun, our Executive Director/CEO, are disclosed in Section 8.1.3 of this Prospectus. The profiles of our other key management personnel are as follows:-

- (i) **Muhammad Idris Yap Bin Abdullah**, a Malaysian male aged 51, is the General Manager of Operations of our Group. He assists our Executive Directors in managing the overall operations of our Group.

Muhammad Idris Yap Bin Abdullah graduated from Universiti Malaya with a Bachelor of Science (Hons) degree majoring in Chemistry in 1988. He began his career in the rubber glove industry in 1988 as Chemist cum Production Supervisor with Setia Aircond Glove Manufacturer Sdn Bhd, a company principally involved in rubber glove manufacturing. He left the company in 1989 and joined Alfa Seal Sdn Bhd, a rubber glove manufacturer, as Assistant Factory Manager. In 1991, he joined another rubber glove manufacturing company, Wurlin-Soplamed (M) Sdn Bhd, as Production Manager. Following that, he joined Smart Glove Corporation Sdn Bhd, a rubber glove manufacturing company, as Factory Manager in 2000. In 2002, he joined Ansell Sdn Bhd, a rubber glove manufacturer, as Technical Manager, before being promoted to Manufacturing Manager in 2005. In 2007, he left Ansell Sdn Bhd to join Avery Dennison Materials Sdn Bhd, a company manufacturing labelling and packaging materials, as Plant Manager before moving back to the rubber glove industry to join Central Medicare Sdn Bhd, a rubber glove manufacturer, as Senior Vice President in 2008. In 2010, he joined our Group as Factory Manager and was promoted to his current position as General Manager of Operations in 2013.

Muhammad Idris Yap Bin Abdullah was awarded a Six Sigma Black Belt certification from Motorola University in 2004 in recognition of him successfully completing the Motorola Six Sigma Black Belt requirements and demonstrating the ability to effectively utilise statistical, problem solving and quality tools. His academic qualification in chemistry and coupled with his 25 years of experience in the rubber glove industry, gives us a competitive edge where we are able to assist our clients on glove-dipping line design, development and process control. One of his notable contributions is the implementation of systematic operational processes, and quality control and safety measures for our Group's production system.

- (ii) **Chui Mee Chuen**, a Malaysian female aged 37, is the Chief Financial Officer of our Group. She is responsible for overseeing the finance and accounting functions of our Group.

Chui Mee Chuen started her career as Audit Assistant with RSM Robert Teo, Kuan & Co. in 2003, after graduating from Tunku Abdul Rahman University College (then known as Tunku Abdul Rahman College) with an Advanced Diploma in Accountancy in the same year. She later joined Crowe Horwath as Audit Assistant in 2005 and left as Audit Senior (Platoon Leader) in 2008. She then joined In-Fusion Solutions Sdn Bhd, a company principally involved in the provision of education and education technology solutions, as Assistant Manager, Corporate Planning, during which she furthered her studies to obtain the Association of Chartered Certified Accountants ("ACCA") certificate and became a Chartered Certified Accountant in 2009. She was awarded the Fellowship of ACCA in 2013. She is also currently a member of the Malaysian Institute of Accountants.

In 2009, she left In-Fusion Solutions Sdn Bhd to join Pearl River Tyre (Holdings) Limited (presently known as Han Tang International Holdings Limited), a company listed on the Hong Kong Stock Exchange, as the Financial Controller. During her tenure with Pearl River Tyre (Holdings) Ltd, a company principally involved in manufacturing of tyre for commercial vehicles, she was involved in the preparation of group accounts and interim financial reports, handling both the internal and external auditors of companies within the group as well as tax planning and annual budget planning. Subsequently, she joined Foshan Niro Ceramic Building Materials Trading Co Ltd in China, a company principally involved in trading of tiles and sanitary ware, as its Finance Manager in 2014, where she led the finance department in preparing financial reports, performing budget variance analysis, as well as reviewing and implementing improved internal control procedures.

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**8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**


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In 2015, Chui Mee Chuen returned to Malaysia and joined our Group as Chief Financial Officer, bringing with her over 10 years of local and international experience in the areas of finance, accounting, cross border tax, internal control and corporate affairs.

- (iii) **Yam Chee Leong**, a Malaysian male aged 55, is the Project Manager of our Group. He is responsible for managing and overseeing on-site operations for our Group.

Yam Chee Leong completed his studies at Sekolah Menengah Rendah Kampar, Perak, after which he began his career at Fei Yin Engineering, an engineering enterprise, in 1979 where he was involved in engineering and fabrication of machinery. In 1984, he started his own business as a subcontractor for pipe fabrication works in the automotive manufacturing industry. Following this, he joined Sri Johani Sdn Bhd in 1989, a rubber glove manufacturing company, as Senior Mechanical Foreman where he gained experience in rubber glove manufacturing processes. He later joined Wembley Rubber Products (M) Sdn Bhd, a company principally involved in rubber glove manufacturing, in 1996 as Superintendent where he was responsible for overseeing and managing the production department. In 1998, he joined Hup Lek Engineering as Project Manager, where he was involved in the manufacturing of glove-dipping lines for local and international rubber glove manufacturers.

Yam Chee Leong left Hup Lek Engineering in 2014 to join our Group as Project Manager, bringing with him over 20 years of experience in the rubber glove industry.

- (iv) **Choong Siew Meng**, a Malaysian male aged 45, is the Factory Manager of our Group. He is responsible for overseeing all fabrication works performed at our factory.

Choong Siew Meng studied at Sekolah Menengah Kebangsaan San Peng until 1986, after which he was an apprentice in a metal fabrication business until 1991. In 1991, he joined Yee Wah Engineering Sdn Bhd, a company involved in the metal fabrication of machinery and equipment, as Mechanic where he was responsible for machinery repair and metal fabrication works until he left the company in 2000. He was later a freelance subcontractor in metal fabrication works from 2000 to 2001, before he rejoined Yee Wah Engineering Sdn Bhd as Mechanic in 2001. He subsequently joined Hup Lek Engineering in 2007 as Supervisor where he was mainly responsible for supervising factory operations.

In 2014, he left Hup Lek Engineering to join our Group as a Factory Manager, bringing with him over 20 years of experience in the manufacturing industry.

- (v) **Chin Shiau Wan**, a Malaysian female aged 38, is the Purchasing and Logistics Manager of our Group. She is responsible for overseeing our purchasing and logistics functions.

Chin Shiau Wan graduated from Kolej Tunku Abdul Rahman with a certificate in Computer Studies in 1998. She began her career in 1999 as Administrative Assistant at TSA Industries Sdn Bhd, a company principally involved in trading of construction and household hardware. She later joined Beye Aluminium Sdn Bhd, a company principally involved in trading of aluminium bars, as Sales Coordinator in 2009.

In 2010, she joined our Group as Administrative Executive and was promoted to her present position as Purchasing and Logistics Manager in 2014.

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## 8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 8.3.3 Involvement of Our Key Management in Other Businesses or Corporations

Save for the involvement of Chan Yoke Chun and Wong Kok Wah in other businesses or corporations which are as set out in Section 8.2.3 above and as disclosed below, none of our key management is involved in other businesses or corporations as at the LPD:-

Key Management	Company	Principal activities	Extent of involvement
Chin Shiau Wan	High Level Medical Sdn Bhd	Trading and supplying of rubber-made gloves and complementary products such as safety helmets, safety footwear and safety harnesses	Director and shareholder with 30.00% shareholding
	MCT Industrial Sdn Bhd	Trading of personal hygiene products and equipment	Director and shareholder with 25.00% shareholding

Our Board is of the opinion that the involvement of our key management in other businesses and/or corporations as highlighted above is not expected to affect the operations of our Group as they are not involved in the day-to-day operations and management of the said companies.

## 8.4 DECLARATION BY DIRECTORS, PROMOTERS AND KEY MANAGEMENT

None of our Directors, the Promoters and our key management is or has been involved in any of the following events, whether in or outside Malaysia:-

- (i) a petition under any bankruptcy or insolvency laws filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgement was entered against him involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) being the subject of any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

## 8.5 FAMILY RELATIONSHIPS

As at the LPD, save for Wong Kok Wah and Chan Yoke Chun who are husband and wife, there is no other family relationship or association between our Promoters, substantial shareholders, Directors and key management.

## 8.6 SERVICE AGREEMENTS

As at the LPD, there is no existing or proposed service agreement entered into or to be entered into between our Group and our Directors or key management.