

7. APPROVALS AND CONDITIONS

7.1 Approvals obtained from the relevant authorities

The Flotation Exercise is conditional upon the approvals of the following:

- (i) SC and SC (Equity Compliance Unit under the FIC Guidelines), which was obtained vide the letter dated 13 March 2007 for the Flotation Exercise.

On 4 December 2007, the SC had granted approval for the following:

- the extension of time of further 6 months until 12 March 2008 for us to complete the implementation of the Flotation Exercise;
- the declaration of a tax exempt dividend of RM12.1 million in respect of the FYE 2008 by HHB to the Vendors of HSB; and
- revision to the number of Offer Shares to be allocated under the Offer for Sale and EES.

On 4 December 2007, the SC (Equity Compliance Unit under the FIC Guidelines) had granted approval for the revision to the number of Offer Shares to be allocated under the Offer for Sale and EES.

On 22 February 2008, the SC had granted approval for the following:

- the extension of time from 12 March 2008 until 30 April 2008 for us to complete the implementation of the Flotation Exercise; and
- revisions to the number of Shares to be offered for sale by each of the Offerors and the number of Shares to be transferred from each of the Offerors to HISB.

On 21 March 2008, the SC had granted approval for a waiver for HHB from complying with the requirements under paragraph 6.23(a) of the SC's Policies and Guidelines on Issues/ Offer for Securities, i.e. to allow the Offer Shares under Section 2.3.1(iii) of this Prospectus to be offered pursuant to the Offer for Sale, notwithstanding that irrevocable undertakings to subscribe for these Offer Shares have not been procured and these Offer Shares are not underwritten.

- (ii) MITI, which was obtained vide its letters dated 8 March 2007 and 15 March 2007 for the following:

- the Flotation Exercise;
- recognition of the Bumiputera equity content in HHB; and
- revision to the equity condition imposed on HSB to reflect that of HHB upon completion of the Flotation Exercise.

On 25 January 2008, MITI had granted approval for the revision to the number of Offer Shares to be allocated under the Offer for Sale and EES.

On 11 February 2008 and 21 February 2008, MITI had granted approval for the revision to the number of Shares to be offered for sale by each of the Offerors and the number of Shares to be transferred from each of the Offerors to HISB respectively.

7. APPROVALS AND CONDITIONS (Cont'd)

- (iii) Approval-in-principle from Bursa Securities, for the listing of and quotation for the entire issued and paid-up share capital of HHB pursuant to the Flotation Exercise on the Main Board of Bursa Securities, which was obtained vide its letter dated 11 March 2008.

Further, on 19 March 2008, Bursa Securities had granted our Company an extension of time of six (6) months from the date of our Company's listing on the Main Board of Bursa Securities for us to comply with the public shareholding spread requirement under paragraph 3.05(1) of the Listing Requirements.

7.2 Conditions to the approvals and compliance thereof

Authority	Conditions imposed	Status of compliance
SC vide its letter dated 13 March 2007	(i) With regards to trade debtors, HHB is to comply with the following conditions:	
	(a) Fully disclose in the listing prospectus the debtors' position, the ageing analysis and, for amounts exceeding the credit period (if any), comments by directors on the recoverability of the amounts;	Complied with. Please refer to Section 11.4(vi) of this Prospectus.
	(b) Full provision should be made for all overdue trade debtors (if any) which are in dispute or under legal action, or for amounts which have been outstanding for more than 6 months (if any). The directors of HHB should confirm to the SC that this condition has been complied with prior to the issuance of the listing prospectus; and	Complied with. Please refer to Section 11.4(vi) of this Prospectus. The confirmation from our Directors was submitted to the SC on 27 February 2008.
	(c) The directors of HHB should confirm and submit a declaration to the SC that trade debtors exceeding the credit period which have not been provided for as doubtful debts, excluding those in (b) above, are recoverable;	Complied with. The confirmation cum declaration from our Directors was submitted to the SC on 27 February 2008.
	(ii) HHB to put the proceeds from the Offer for Sale in a trust account until the listing of HHB Shares on Bursa Securities;	To be complied with.
	(iii) RHB Investment Bank/ HHB to submit the list of placees upon completion of the placement exercise which contain the following information:	To be complied with after the allotment of the Offer Shares to the identified placees.
	(a) Name of placees/ ultimate beneficiaries for nominee companies (if any);	
	(b) Identity card/ passport/ company registration number;	
	(c) Central Depository System number;	
(d) Home/ business address;		
(e) Occupation/ principal activities;		
(f) Date of listing of placement shares;		
(g) Number of placement shares allocated;		

7. APPROVALS AND CONDITIONS (Cont'd)

Authority	Conditions imposed	Status of compliance
	(h) Issue price of the placement shares; and (i) Name of the placement agent.	
	(iv) RHB Investment Bank to submit a confirmation to the SC that the placement exercise complies with Guidance Note 6D of the SC's Policies and Guidelines on Issue/ Offer of Securities ("SC Guidelines");	To be complied with after the allotment of the Offer Shares to the identified places.
	(v) HHB complying with the National Development Policy ("NDP") requirement whereby Bumiputera investors holding at least 30% of the enlarged share capital of HHB to be recognised/ approved by the MITI;	Complied with. The existing Bumiputera shareholders of HHB, who collectively hold 30.03% of the total issued and paid-up share capital of HHB, have been recognised/ approved by the MITI via its letter dated 8 March 2007.
	(vi) RHB Investment Bank / HHB to inform SC of MITI's decision on the Proposed Flotation Exercise of HHB and the revision to the equity condition imposed on HSB by MITI pursuant to the manufacturing licence of HSB issued by MITI on 22 September 2006;	Complied with. The letter from MITI dated 8 March 2007 (wherein MITI approved the Flotation Exercise and the revision to the equity condition on HSB) was submitted to the SC on 27 March 2007.
	(vii) RHB Investment Bank / HHB to inform SC of the status of compliance with the NDP requirement upon completion of the listing exercise; and	To be complied with after the Listing.
	(viii) HHB is to fully comply with all the relevant requirements as specified by the SC Guidelines.	Complied with, where applicable.
SC vide its letter dated 4 December 2007	HHB to update the SC and include in its prospectus the exact quantum of the damages or potential damages in relation to Tillotson Corporation's allegation once it has been determined (if any) as well as the effects on HHB's financial performance.	Complied with. Refer to disclosures under Sections 11.9, 11.10 and 17.5 of this Prospectus.

7. APPROVALS AND CONDITIONS (Cont'd)

Authority	Conditions imposed	Status of compliance
SC vide its letter dated 21 March 2008	RHB Investment Bank and HHB to obtain Bursa Securities' approval in relation to recognition of lower percentage of public shareholding spread and extension of time for HHB to comply with the public shareholding spread, prior to the issuance of the Prospectus.	Complied with. The approval from Bursa Securities for an extension of time for HHB to comply with the public shareholding spread was obtained vide Bursa Securities' letter dated 19 March 2008. A copy of Bursa Securities' letter was furnished to the SC on 21 March 2008.
MITI vide its letter dated 8 March 2007	(i) HHB is required to obtain the SC's approval for the Flotation Exercise and to comply with the FIC Guidelines;	Complied with. The SC's approval for the Flotation Exercise was obtained vide SC's letters dated 13 March 2007 and 4 December 2007.
	(ii) MITI agrees to recognise the Bumiputera equity holding as follows:	Noted.

	Scenario I [^]		Scenario II [#]	
	No. of HHB Shares held ('000)	%	No. of HHB Shares held ('000)	%
Dato' Mohamed Zakri bin Abdul Rashid	309	0.13	309	0.13
BTSB	28,852	11.91	45,814	18.91
BTSB (via HISB)	16,962	7.00	-	-
KCSB	10,909	4.50	10,909	4.50
KJSB	10,909	4.50	10,909	4.50
TISB	4,836	2.00	4,836	2.00
Total	72,777	30.03	72,777	30.03

Notes:

[^] Scenario I reflects the completion of the Proposed Share Transfer after the listing of the HHB Shares on the Main Board of Bursa Securities whereby BTSB shall transfer a total of 16,962,000 HHB Shares held by BTSB to HISB

[#] Scenario II reflects the completion of the Proposed Share Transfer before the listing of the HHB Shares on the Main Board of Bursa Securities whereby BTSB shall transfer a total of 16,962,000 HHB Shares held by BTSB to HISB

7. APPROVALS AND CONDITIONS (Cont'd)

Authority	Conditions imposed	Status of compliance
	(iii) The recognition of the existing Bumiputera shareholders as set out above is subject to the condition that 30% of the recognised Bumiputera shareholdings is allowed to be sold within 3 months after the Listing and the remaining 70% is allowed to be sold in stages upon obtaining MITI's prior approval;	Noted.
	(iv) HHB is required to inform MITI on the Bumiputera shareholding in the Company 6 months after the Listing;	To be complied with after the Listing.
	(v) MITI also agreed to the revision to the equity condition imposed on HSB (pursuant to the manufacturing licence of HSB issued by MITI on 22 September 2006) that at least 70% of HSB's shares must be purchased and held by Malaysians including at least 30% must be held by Bumiputera; and	Complied with. HSB is a wholly owned subsidiary of HHB, which is a company incorporated in Malaysia and with a Bumiputera shareholding of 30.03% upon completion of the Offer for Sale and EES.
	(vi) HHB is required to inform MITI upon the completion of the Flotation Exercise.	To be complied with after the completion of the Flotation Exercise.
MITI vide its letter dated 25 January 2008	(i) HHB is required to obtain the SC's approval for the variation to the Offer for Sale and EES and to comply with the FIC Guidelines;	Complied with. The SC's approval for the revision to the number of Offer Shares to be allocated under the Offer for Sale and EES was obtained vide SC's letter 4 December 2007.
	(ii) The other conditions imposed by MITI vide its letters dated 8 March 2007 and 15 March 2007 shall remain; and	Noted.
	(iii) HHB is required to inform MITI upon completion of the Flotation Exercise.	To be complied with after the completion of the Flotation Exercise.

7. APPROVALS AND CONDITIONS (Cont'd)

Authority	Conditions imposed	Status of compliance
MITI vide its letter dated 11 February 2008	(i) HHB is required to obtain the SC's approval for the revision to the number of Shares to be offered for sale by each of the Offerors and to comply with the FIC Guidelines;	Complied with. The SC's approval for the revision to the number of Shares to be offered for sale by each of the Offerors and the number of Shares to be transferred from each of the Offerors to HISB was obtained vide SC's letter dated 22 February 2008.
	(ii) The other conditions imposed by MITI vide its letters dated 8 March 2007 and 15 March 2007 shall remain; and	Noted.
	(iii) HHB is required to inform MITI upon the completion of the Flotation Exercise.	To be complied with after the completion of the Flotation Exercise.
MITI vide its letter dated 21 February 2008	(i) HHB is required to obtain the SC's approval for the revision to the number of Shares to be transferred by each of the Offerors to HISB and to comply with the FIC Guidelines;	Complied with. The SC's approval for the revision to the number of Shares to be transferred by each of the Offerors to HISB was obtained vide SC's letter dated 22 February 2008.
	(ii) The other conditions imposed by MITI vide its letters dated 8 March 2007, 15 March 2007 and 11 February 2008 shall remain; and	Noted
	(iii) HHB is required to inform MITI upon the completion of the Flotation Exercise.	To be complied with after the completion of the Flotation Exercise.

7. APPROVALS AND CONDITIONS (Cont'd)

Authority	Conditions imposed	Status of compliance
Bursa Securities vide its letter dated 19 March 2008	HHB is required to obtain the SC's approval on the waiver sought in relation to compliance with paragraph 6.23(a) of the SC's Policies and Guidelines on Issue/ Offer of Securities.	Complied with. The SC's approval for the waiver sought in relation to compliance with paragraph 6.23(a) of the SC's Policies and Guidelines on Issue/ Offer of Securities was obtained vide SC's letter dated 21 March 2008. A copy of the SC's letter was furnished to Bursa Securities on 21 March 2008.

The SC (under the FIC Guidelines) had, vide its letter dated 13 March 2007, noted that upon implementation of the Flotation Exercise, the equity structure of HHB would change as follows:

	Before Proposal ¹ (%)	After Proposal (%)
Bumiputera	-	32.47 ²
Non-Bumiputera	100.00	67.53
Foreign	-	-
Total	100.00	100.00

Notes:

1. *As at incorporation*
2. *Subject to approval from MITI*

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8. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS

8.1 Interests in similar business

Our Directors and substantial shareholders do not have any interest, whether direct or indirect, in any other business or corporation carrying on similar trade as our Group.

8.2 Related party transactions and conflict of interests

The existing/ proposed related party transactions between our Group and our Directors, substantial shareholders, persons connected to them and/or our Group's key management and key technical personnel are as follows:

Companies outside of our Group	Business activities of the company	Nature of the transactions	Value of transaction (RM)					Interested Substantial Shareholder/ Director/ Key management and technical personnel ("Interested Persons")	Nature of Interest	
			FYE 2005	FYE 2006	FYE 2007	6 months FPE 30 September 2007	FYE 2008*		Direct	Indirect
Red Energy Sdn Bhd	Investment holding, trading of conveyor belts and footwears, providing management services and as commission agents and contractor	Supplier to the HSB Group	321,664	72,600	-	-	-	Ching Hean Chong	18.4	-
Timol Weaving Sdn Bhd	Manufacturer of woven labels	Landlord of HSB for the sales and marketing office in Kepong	60,000	60,000	60,000	5,000	-	Kuan Kam Hon @ Kwan Kam Onn Kuan Kam Peng	43.0	-
									43.0	-

8. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS (Cont'd)

Companies outside of our Group	Business activities of the company	Nature of the transactions	Value of transaction (RM)					Interested Substantial Shareholder/ Director/ Key management and technical personnel ("Interested Persons")	Nature of Interest		
			FYE 2005	FYE 2006	FYE 2007	6 months FPE 30 September 2007	FYE 2008*		Direct	Indirect	
Symphony Share Registrars Sdn Bhd	Provision and/or undertaking of share registration services	Share registrar of HHB	-	-	-	-	-	50,000	Abdul Hamid bin Sh Mohamed	-	-
Malaysian Issuing House Sdn Bhd	Administering the process of share issuance and offers for sale in relation to the initial public offerings	Issuing house for the Offer for Sale and EES	-	-	-	-	-	40,000	Abdul Hamid bin Sh Mohamed	-	-

Notes:

- * The value of these transactions are estimates and provisional in nature, and as such, may vary and is subject to changes
1. Ceased supplying to the HSB Group in May 2006
 2. The sales and marketing office has been relocated to our new head office located at C-G-9, Jalan Dataran SD1, Dataran SD, PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur in February 2007

8. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS (Cont'd)

Besides the above transactions, our Group had also entered into the following agreements with our Directors:

- (i) On 23 March 2006, HSB disposed of 12,600 ordinary shares in PAPL to a director of PAPL namely, David Wee Tze Teng, for a cash consideration of RM33,378;
- (ii) On 25 November 2006, HSB had entered into a sale and purchase agreement with Prayouth Sopitpongstorn to dispose of its entire equity interest in HTCL comprising 800,000 ordinary shares of Baht 30 each, for a cash consideration of RM1,518,096; and
- (iii) On 21 March 2001, David Teng and Susan Teng have granted a rent free tenancy in respect of the property located at 1, Oslo Street, Marsfield, NSW 2122 to PAPL with effect from 23 March 2001 on a monthly basis. This tenancy was terminated in April 2007.

All the related party transactions disclosed above would not give rise to any conflict of interest situation and were transacted based on negotiated basis which are not detrimental to the interest of our Group. Pursuant to the M&A of HSB, the non-interested shareholders' approvals were not required for the related party transactions and the interested shareholders were not required to abstain from voting.

However, we will, after our Listing, procure a mandate from our shareholders, if necessary, for all our recurrent transactions of revenue or trading in nature or those necessary for our day to day operations. Further, the interested persons shall abstain from voting on the resolution(s) approving other related party transactions.

8.3 Promotion of any assets acquired/ to be acquired

Save for the Acquisition of HSB as disclosed in Section 5.3 of this Prospectus and as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in the promotion of, or in any material assets acquired, leased or disposed or proposed to be acquired, leased or disposed by our Group or to our Group within the past 3 FYE 2005 to 2007 and the subsequent financial period immediately preceding the date of this Prospectus:

- (i) On 23 March 2006, HSB disposed of 12,600 ordinary shares in PAPL to a director of PAPL namely, David Wee Tze Teng, for a cash consideration of RM33,378. The disposal was completed on 23 March 2006; and
- (ii) On 25 November 2006, HSB had entered into a sale and purchase agreement with Prayouth Sopitpongstorn to dispose of its entire equity interest in HTCL comprising 800,000 ordinary shares of Baht 30 each, for a cash consideration of RM1,518,096. The disposal was completed on 14 December 2006.

8.4 Outstanding loans

There are no outstanding loans and/or guarantees of any kind made by us or our subsidiaries to or for the benefit of our related parties.

8.5 Transactions that are unusual in nature or condition

Our Group has not entered into any transactions that are unusual in nature or conditions, involving any goods, services, tangible or intangible assets, to which our Company or our subsidiaries was a party.

8. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS (Cont'd)

8.6 Declarations by advisers

- (i) RHB Investment Bank confirms that there is no existing or potential conflict of interest in its capacity as the Financial Adviser, Managing Underwriter, Underwriter and Placement Agent for the Flotation Exercise.
- (ii) Moore Stephens confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for the Flotation Exercise.
- (iii) Lee, Perara & Tan confirms that there is no existing or potential conflict of interest in its capacity as the Solicitors for the Flotation Exercise.
- (iv) Vital Factor Consulting Sdn Bhd confirms that there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants for the Flotation Exercise.

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9. OTHER INFORMATION

9.1 Major licences and permits

HSB

(i) Certificates of fitness for mechanical hoists and unfired pressure vessels under the Factories and Machinery Act 1967

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
PMD21835	Jabatan Keselamatan dan Kesihatan Pekerjaan Selangor ("JKKP Selangor")	HSB shall operate or cause or permit to be operated the thermal oil heater* (K0208/1) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	26 Jan 2007	8 Apr 2008 [^]	Nil.	Not applicable
PMD21836	JKKP Selangor	HSB shall operate or cause or permit to be operated the thermal oil heater* (K0208/12) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	26 Jan 2007	8 Apr 2008 [^]	Nil.	Not applicable
SL PMD 534	JKKP Selangor	HSB shall operate or cause or permit to be operated the thermal oil heater* (05-D323) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	20 Oct 2006	28 Nov 2007 [#]	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
PMT104654	JKKP Selangor	HSB shall operate or cause or permit to be operated the "Bekas udara" (KB/97/511) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMT104655	JKKP Selangor	HSB shall operate or cause or permit to be operated the "Bekas udara" (KB/97/40) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMT104656	JKKP Selangor	HSB shall operate or cause or permit to be operated the "Bekas udara" (KB/97/4) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMT104657	JKKP Selangor	HSB shall operate or cause or permit to be operated the "Bekas udara" (KB/97/510) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
PMT104658	JKKP Selangor	HSB shall operate or cause or permit to be operated the oil separator (265383) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMT104659	JKKP Selangor	HSB shall operate or cause or permit to be operated the oil separator (266227) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMT125245	JKKP Selangor	HSB shall operate or cause or permit to be operated the air receiver (VE/560/96) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMT125248	JKKP Selangor	HSB shall operate or cause or permit to be operated the air receiver (GV12001) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
PMA89477	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61822344/98) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMA89479	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61514786/94) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMA89481	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61312076/92) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
PMA89482	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61400477/93) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMA89483	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61821896/97) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMA89484	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61617662/93) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMA89485	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61617661/93) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
PMA89486	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61417427/93) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMA89487	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (EC 9710153) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMA89489	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61818647/97) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
SL PMA1057	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61351207/03) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
SL PMA1058	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61273683/01) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
SL PMA1304	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61351208/03) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
SL PMA1305	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61458956/03) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
SL PMA1306	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61458957/03) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
SL PMA1307	JKKP Selangor	HSB shall operate or cause or permit to be operated the electric chain hoist (61458959/03) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
SL PMA3876	JKKP Selangor	HSB shall operate or cause or permit to be operated the monorail hoist (3000720LN) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
SL PMA3877	JKKP Selangor	HSB shall operate or cause or permit to be operated the monorail hoist (3000520LN) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
SL PMA3878	JKKP Selangor	HSB shall operate or cause or permit to be operated the goodhoist (16-36602B) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
SL PMA3879	JKKP Selangor	HSB shall operate or cause or permit to be operated the goodhoist (16-36602A) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	21 Jun 2007	20 Mar 2008 [^]	Nil.	Not applicable
PMD17439	JKKP Selangor	HSB shall operate or cause or permit to be operated the thermal oil heater (K15M1036(992914)) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	23 Jun 2007	9 Jul 2008	Nil.	Not applicable
PMD17438	JKKP Selangor	HSB shall operate or cause or permit to be operated the thermal oil heater (M1103600/A(1036/1A)) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	23 Jun 2007	9 Jul 2008	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
PMD17437	JKKP Selangor	HSB shall operate or cause or permit to be operated the thermal oil heater (M111066000(M1066/1)) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	19 Apr 2006	3 Oct 2007 [#]	Nil.	Not applicable
PMD17556	JKKP Selangor	HSB shall operate or cause or permit to be operated the thermal oil heater (20-8335) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	19 Apr 2006	3 Oct 2007 [#]	Nil.	Not applicable
SL PMT 7970	JKKP Selangor	HSB shall operate or cause or permit to be operated the oil separator (0433393) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	18 Sep 2007	18 Jul 2008	Nil.	Not applicable
SL PMT 7967	JKKP Selangor	HSB shall operate or cause or permit to be operated the oil separator (384604) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	18 Sep 2007	18 Jul 2008	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
SL PMT 6662	JKKP Selangor	HSB shall operate or cause or permit to be operated the vertical air receiver (V044000006) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	4 Jan 2007	3 Mar 2008 [^]	Nil.	Not applicable
SL PMT 6661	JKKP Selangor	HSB shall operate or cause or permit to be operated the vertical air receiver (VE/IR/204/06) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	4 Jan 2007	3 Mar 2008 [^]	Nil.	Not applicable
SL PMT 6660	JKKP Selangor	HSB shall operate or cause or permit to be operated the vertical air receiver (VE/IR/205/06) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	4 Jan 2007	3 Mar 2008 [^]	Nil.	Not applicable
SL PMD 215	JKKP Selangor	HSB shall operate or cause or permit to be operated the boiler (HI186) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	5 May 2007	14 Jun 2008	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
SL PMT 2442	JKKP Selangor	HSB shall operate or cause or permit to be operated the pneumatic tank (KB/04/446) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	5 May 2007	14 Jun 2008	Nil.	Not applicable
SL PMT 2443	JKKP Selangor	HSB shall operate or cause or permit to be operated the softener (KDA3123A) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	5 May 2007	14 Jun 2008	Nil.	Not applicable
PMD 17542	JKKP Selangor	HSB shall operate or cause or permit to be operated the thermal oil heater (K00341) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	4 Sep 2007	12 Nov 2008	Nil.	Not applicable
SL PMD 726	JKKP Selangor	HSB shall operate or cause or permit to be operated the thermal oil heater (1036/1B) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	6 Sep 2007	12 Nov 2008	Nil.	Not applicable

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
PMD 21673	JKKP Selangor	HSB shall operate or cause or permit to be operated the thermal oil heater (K01431) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	4 Sep 2007	12 Nov 2008	Nil.	Not applicable
SL PMA 7873	JKKP Selangor	HSB shall operate or cause or permit to be operated the goods hoist (41677064) at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	20 Nov 2006	21 Nov 2007 [#]	Nil	Not applicable

Notes:

* These are the biomass heaters 1, 2 and 3 presently installed at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan. "Thermal Oil Heater", a generic name for biomass heater, heats up thermal oil which flows through a series of piping between the biomass heaters and the production line ovens to supply heat

The remaining certificates of fitness relating to "Thermal Oil Heaters" refer to the older diesel/fuel-oil/gas heaters (non-biomass), which HSB has been using before the installation of the biomass heaters

^ These certificates of fitness have expired. HSB has requested JKKP Selangor, vide its letters dated 14 September 2007 and 5 November 2007 to conduct "pemeriksaan ulangan" on these machineries, a pre-requisite for the issuance of renewed certificates. JKKP Selangor has conducted the inspections on these machineries of which the receipt of the renewed certificates are still pending as at the date hereof

^ HSB had on 18 February 2008 submitted the applications to the relevant authorities to renew these certificates/ permits

9. OTHER INFORMATION (Cont'd)

(ii) Certificate of Fitness for Occupation ("CF")

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance
A 0192	Majlis Daerah Kuala Selangor ("MDKS")	CF for factory on Lot P.T. No. 2990, Mukim Batang Berjuntai, Daerah Kuala Selangor*	9 May 1995	-	Nil.	Not applicable
A 0248	MDKS	CF for a single-storey factory adjacent to the existing factory on Lot P.T. 2990, Mukim Batang Berjuntai, Daerah Kuala Selangor*	11 Feb 2003	-	<ul style="list-style-type: none"> All schedule wastes must first obtain the approval of Jabatan Alam Sekitar ("JAS") for storage and disposal; and 	<ul style="list-style-type: none"> Complied with. The schedule wastes of HSB are handled by Kualiti Alam Sdn Bhd, which is a licenced scheduled waste contractor recognised by JAS
A 0295	MDKS	CF for a single-storey warehouse "Biomass storage" and a single-storey factory "Vyncke heater" on a portion of Lot 3394 (Lot P.T.2989), Kawasan Perusahaan Suria, Mukim Batang Berjuntai, Daerah Kuala Selangor*	23 Dec 2003	-	<ul style="list-style-type: none"> To comply with all conditions imposed by JAS and MDKS. To comply with all conditions imposed by MDKS and JAS from time to time until works relating to road maintenance and public drains are taken over by MDKS. 	<ul style="list-style-type: none"> Complied with

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance
A 0452	MDKS	CF for single-storey factory, canteen with 2-storey office together with a single-storey store extended behind boiler, warehouse and Tenaga Nasional Berhad's sub-station on Lot 3394 (Lot P.T. 2989), Mukim Batang Berjuntai, Daerah Kuala Selangor*	14 Jun 2006	-	<ul style="list-style-type: none"> To comply with all conditions imposed by MDKS and Jabatan Teknikal and JAS; and Developer/ owner is required to provide the remaining car park in accordance with the letter dated 22 May 2006 in the Phase III expansion plan. 	<ul style="list-style-type: none"> Complied with HSB has acquired the vacant land adjacent to its present manufacturing plant, i.e. industrial land held under H.S.(D) 1157, PT No. 2988, Mukim Batang Berjuntai, Daerah Kuala Selangor, Negeri Selangor, from Perishine Development Sdn Bhd vide the sale and purchase agreement dated 14 August 2006. The said land is intended partially to be used as car park to comply with the condition as imposed in the CF

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance
1985	Majlis Perbandaran Petaling Jaya	14 units of shop/ office, 4½ storey building, together with basement carpark and 4 units of shop/ office, 5 storey building, together with basement carpark on Lot 23204, Jalan Dataran SD 1 and Jalan Dataran SD 2, Jalan Dataran SD, PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur	5 Jan 2006	Nil	Nil	Not applicable

Note:

* These properties have been amalgamated and is now known as H.S.(D) 7634, No. P.T. 6073, Mukim of Batang Berjuntai, Daerah Kuala Selangor, Selangor

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9. OTHER INFORMATION (Cont'd)

(iii) Business/ Trade Licence under the Local Government Act 1973

Bill No./ Account No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance						
200811000126/ 010100000000317	MDKS	Business/ Trade licence for manufacturing work, canteen operation and display of advertising board at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	1 Jan 2008	From 1 Jan 2008 until 31 Dec 2008	<ul style="list-style-type: none"> • Licence cannot be transferred without MDKS' prior approval; • Dust control limit, smoke, etc. and steps taken to control noise exposure must be made in accordance with the requirements of Jabatan Teknikal; • Business hours between 8 a.m. or 9 a.m. until 4 p.m. or 5 p.m. or 7 p.m. or 10 p.m.; 	<ul style="list-style-type: none"> • Noted • Complied with • Business hours are as follows: <table border="1" data-bbox="715 197 938 488"> <tr> <td>Administrative personnel</td> <td>9.00 a.m. to 5.00 p.m.</td> </tr> <tr> <td>Operation personnel</td> <td>9.00 a.m. to 6 p.m.</td> </tr> <tr> <td>Factory workers</td> <td>24 hours*</td> </tr> </table> 	Administrative personnel	9.00 a.m. to 5.00 p.m.	Operation personnel	9.00 a.m. to 6 p.m.	Factory workers	24 hours*
Administrative personnel	9.00 a.m. to 5.00 p.m.											
Operation personnel	9.00 a.m. to 6 p.m.											
Factory workers	24 hours*											

Note:

* MDKS had vide its letter dated 8 November 2006 stated that it had no objection to the application made by HSB requesting to extend its operating hours to 24 hours

9. OTHER INFORMATION (Cont'd)

Bill No./ Account No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance
					<ul style="list-style-type: none"> A fine of RM2,000 or 1 year imprisonment or both with an additional fine of RM200 will be imposed for any breach under Undang-undang Kecil Perlesenan, Tred, Perniagaan dan Perindustrian 1987; and MDKS has the absolute discretion to suspend, cancel or refuse any renewal without assigning any reason thereof. 	<ul style="list-style-type: none"> Noted Noted

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9. OTHER INFORMATION (Cont'd)

(iv) Licence under the Sales Tax Act 1972 ("STA") – Manufacturer's Licence

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
B10-A030932/89	Royal Customs and Excise Malaysia	Manufacturer's licence to manufacture Rubber Gloves at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	26 Jul 2002	With effect from 1 Jul 1988	<ul style="list-style-type: none"> • The STA requires that a return of taxable sales be made in respect of each taxable period and that tax be paid thereon on or before the twenty-eight day of the following month; • A new licence is required when: <ul style="list-style-type: none"> (a) a partner withdraws or a new partner is added to a partnership; or (b) a registered company takes over a licenced business or company which is not a registered company; or (c) a business is leased. • In the case of any alteration to the name of the licenced business or company the licence should be forwarded to the Senior Officer of Sales Tax in-charge of the district in which the company has your principal place of business for amendment. 	<ul style="list-style-type: none"> • Complied with. The required return of taxable sales for each taxable period and the tax is paid within the stipulated time • Noted • Noted

9. OTHER INFORMATION (Cont'd)

(v) Licence / authority for controlled items under the Control of Supplies Act 1961 ("CSA")

Letter of authority No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
32/2006	Kementerian Perdagangan Dalam Negeri Dan Hal Ehwal Pengguna	A letter of authority for HSB to purchase controlled items, namely diesel up to 20,000 litres at any one time and to be stored at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	10 May 2007	From 10 May 2007 until 9 May 2008	<ul style="list-style-type: none"> Company shall not have in their possession such controlled items exceeding the quantity as stated in the approval letter; Letter of authority is not transferable; The controlled items are meant for use of the company and not for sale or export; Company is to maintain a stock book on the purchase of controlled items for inspection. For imported controlled items, the Controller must be notified of the quantity, date and name of country; and Company shall not, save with the Controller's written approval, store the controlled items in any place other than that stated above. 	<ul style="list-style-type: none"> Complied with Noted Complied with. The controlled items are meant for HSB's internal usage Complied with. HSB has maintained a stock book on the purchase of controlled items for inspection Complied with. HSB has not stored the controlled items in any place other than that stated in the letter of authority

9. OTHER INFORMATION (Cont'd)

(vi) Manufacturing licence pursuant to the Industrial Co-ordination Act 1975 ("ICA")

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
A 008466 (Serial No. A 024322)	MITI	Licensed to manufacture Examination Gloves and Surgical Gloves at No. 7, Kawasan Perusahahan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	22 Sep 2006	With effect from 8 Sep 1992	<ul style="list-style-type: none"> The licence is subject to the written approval of the relevant state authority and JAS; At least 93% of the company's shares must be held by Malaysian including at least 47% must held by Bumiputera. MITI's approval must be obtained for the disposal of the company's shares; 	<ul style="list-style-type: none"> Complied with MITI had vide its letter dated 8 March 2007 approved the revision to the equity condition of HSB's manufacturing licence to "at least 70% of the company's shares must be purchased and held by Malaysians including at least 30% must be held by Bumiputera". As HSB is a wholly owned subsidiary of HHB, the shareholding structure of HHB shall reflect that of HSB. As at to-date, 30.03% of our issued and paid-up share capital is held by Bumiputera.

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
					<ul style="list-style-type: none"> The company must use its best endeavours to employ and train Malaysian citizens so that technology transfer and skills can be directed at all levels of position; and The company shall undertake its projects as approved and in accordance with the applicable laws and regulations. 	<ul style="list-style-type: none"> Noted Noted

(vii) Licence to purchase and export rubber issued under the Malaysian Rubber Board (Licensing) Regulations 1997 ("MRB Regulations")

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
B04-10741- 001-1	MRB	Licence C (issued pursuant to Regulation 12 of the MRB Regulations) <ul style="list-style-type: none"> Buy rubber for the manufacture of rubber products at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan 	11 May 2007	From 1 Jul 2007 to 30 Jun 2008	<ul style="list-style-type: none"> The company is required to dispose/destroy "sisa-sisa getah terovulkan" in accordance with the directions of the MRB. 	<ul style="list-style-type: none"> Complied with

9. OTHER INFORMATION (Cont'd)

Licence Certificate No./Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
EE 028	MRB	<p>Licence EE (issued pursuant to Regulation 43 of the MRB Regulations)</p> <ul style="list-style-type: none"> • Ship rubber or Rubber Gloves for export at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan 	9 Jan 2008	From 1 Feb 2008 to 31 Jan 2009	<ul style="list-style-type: none"> • The extractable protein content of all natural rubber medical gloves and general purpose gloves to be exported should not exceed 400 microgram/gram as determined by ASTM D5712:99 test method. 	<ul style="list-style-type: none"> • Complied with

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9. OTHER INFORMATION (Cont'd)

(viii) Medical Device Licence issued by Therapeutic Products Directorate Medical Devices Bureau of Canada under Section 36 of the Medical Devices Regulations

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
68520	Medical Devices Bureau of the Therapeutic Products Directorate, Health Canada	Licence to HSB to manufacture Nitrile Examination Gloves/ Class 2	31 May 2005	-	Nil.	Not applicable
68521	Medical Devices Bureau of the Therapeutic Products Directorate, Health Canada	Licence to HSB to manufacture latex medical Examination Gloves/ Class 2	31 May 2005	-	Nil.	Not applicable

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9. OTHER INFORMATION (Cont'd)

(ix) Approval for fuel burning equipment and chimney under the Environmental Quality (Clean Air) Regulations 1978

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
Letter dated 30 September 2000	Department of Environment ("DOE")	Approval to erect, install, resite or alter the following diesel burning equipments: (a) 4 units of 'Babcock Wanson Thermopac' boiler model 2000B and 4 units of chimneys (cerobong) no. 1, 2, 3 & 4; (b) 3 units of 'Bertrams Konus Thermopac' boiler model KH2, 5/25-50 and 3 units of chimneys no. 5, 6 & 7; and (c) 1 unit of 'Bertrams Konus Thermopac' boiler model KH4, 0/25 and 1 unit of chimney no. 8.	30 Sep 2000	Not applicable*	Company is to comply with the provisions of the Environmental Quality Act 1974 and all regulations thereunder	• Noted

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9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
		<p>Other specifications are:</p> <ul style="list-style-type: none"> The rate of fuel consumption are to be at 237.00 kg/ hr for items (a) and (b), and 474.00 kg/ hr for item (c); The permissible height of the chimney is to be fixed at 33.528 metres; and The efflux velocity cannot be less than 8 metres/second; <p>at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan</p>				
APB/143/2002	DOE	<p>Approval to erect, install, resite or alter 2 thermal oil heaters (biomass heaters 1 & 2) with the following specifications:</p> <ul style="list-style-type: none"> capacity of 15 Gcal/h; consuming EFB-fibres and shells type of fuel; 	10 Sep 2002	Not applicable*	<ul style="list-style-type: none"> Prior approval from Ketua Pengarah Kualiti Alam Sekeliling must be obtained for any modification to fuel burning equipment and chimney The approval must be prominently displayed at the company's premises Company is to comply with the provisions of the Environmental Quality Act 1974 and all regulations thereunder 	<ul style="list-style-type: none"> Noted Complied with Noted

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
AK/092/2004	DOE	<ul style="list-style-type: none"> • rate of fuel consumption at 7500 kg/hour; • minimum height of chimney shall be at 50 metres; and • the efflux velocity of the chimney shall be at 19.2 metres/second; <p>at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan</p> <p>Approval to erect, install, resite or alter 2 scrubbers (alat kawalan udara) and 2 units of chimneys and with a minimum height of chimney to be at 3 metres from the highest roof and with an efflux velocity of 8 metres/second</p>	10 Aug 2004	Not applicable*	<ul style="list-style-type: none"> • Prior approval from Ketua Pengarah Kualiti Alam Sekeliling must be obtained for any modification to fume scrubber • The approval must be prominently displayed at the company's premises • Company is to comply with the provisions of the Environmental Quality Act 1974 and all regulations thereunder 	<ul style="list-style-type: none"> • Noted • Complied with • Noted

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
APB/265/2006	DOE	<p>Approval to erect, install, resite or alter 1 thermal oil heater (biomass heaters 3) together with 1 chimney, with the following specifications:</p> <ul style="list-style-type: none"> • capacity of 11 Gcal/h; • consuming EFB-fibres and shells type of fuel; • rate of fuel consumption at 5280 kg/hour; • minimum height of chimney shall be at 50 metres; and • the efflux velocity of the 25.6 metres/second; <p>at No. 7, Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan</p>	28 Nov 2006	Not applicable*	<ul style="list-style-type: none"> • Prior approval from Ketua Pengarah Kualiti Alam Sekeliling must be obtained for any modification to fuel burning equipment • The approval must be prominently displayed at the company's premises • Company is to comply with the provisions of the Environmental Quality Act 1974 and all regulations thereunder 	<ul style="list-style-type: none"> • Noted. • Complied with • Noted

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
AKUP/179/2007	DOE	Approval to erect/ install 4 units of "cerobong" (no. 24, 25, 26 & 27) from 4 units of fume scrubber (spray chamber - FDVS-600) in respect on-line chlorination process for rubber glove dipping machine with the following dimension/ capacity and specifications: <ul style="list-style-type: none"> • 15,000 mm length • 20,000 pcs/hrs • height of "pemadat (teller rosette)" shall be 3.3 m and 82 mm of size • "bebanan gas" shall be 4kg/ hr • scrubbing solution - potassium hydroxide (5%), caustic soda (5%) and water (95%) • height of "cerobong" shall be 28.3 m with 152 mmWG static pressure and capacity of 60,000 cfm at 30 degree celcius, at Lot 3392 & 3393, Kawasan Perusahaan Suria, Mukim Batang Berjuntai, 45600 Batang Berjuntai, Selangor Darul Ehsan	23 Aug 2007	Not applicable*	<ul style="list-style-type: none"> • Assessment report and condition of fume scrubber must be prepared by a qualified engineer and submitted to Pengarah Jabatan Alam Sekitar Negeri Selangor every 5 years • Prior approval from Ketua Pengarah Kualiti Alam Sekeliling must be obtained for any modification to "sistem kawalan pencemaran udara" • Any non-compliance in the installation of "sistem kawalan pencemaran udara" may result in the approval being withdrawn or cancelled • The approval must be prominently displayed at the company's premises 	<ul style="list-style-type: none"> • To be complied with • Noted • Noted • Complied with

9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
SPE/073/2007	DOE	Approval to erect/ install effluent treatment system/ "loji" for effluent treatment with "kadarair" of 480 m ³ / hour (11520 m ³ / day) following the specifications set out in Annexure A thereto and performance monitoring as per Annexure B thereto, at No. 7 Kawasan Perusahaan Suria, 45600 Batang Berjuntai, Selangor Darul Ehsan	20 Nov 2007	Not applicable*	<ul style="list-style-type: none"> • Company is to adopt good house keeping practise; • Processing and main operations processing units must be labelled and flow directions for all effluent conduit pipes or effluents must be marked; • Company is to comply with the provisions of the Environmental Quality Act 1974 and all regulations thereunder; and • The approval must be prominently displayed at the company's premises 	<ul style="list-style-type: none"> • Complied with • Complied with • Noted • Complied with

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9. OTHER INFORMATION (Cont'd)

Licence No./ Certificate No./ Registration No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance with the conditions attached
APB/007/2008	DOE	<p>Approval to erect/ install 3 units of "dandang (MechMar Boilers Sdn Bhd)" and 3 units "cerobong" (no. 28, 29 & 30) with the following specifications:-</p> <ul style="list-style-type: none"> • fuel consumption at 722 kg/hour • height of chimney "cerobong" shall be at 25 m • the efflux velocity of 31.39 m/s, <p>at Lot 3392 & 3393, Kawasan Perusahaan Suria, Mukim Batang Berjuntai, 45600 Batang Berjuntai, Selangor Darul Ehsan</p>	7 Jan 2008	Not applicable*	<ul style="list-style-type: none"> • "Laporan percontohan cerobong" must be submitted to Jabatan Alam Sekitar Negeri Selangor once every year • The operations of "alat pembakaran bahanapi" must be handled by a qualified personnel • Any works which are not in compliance with the approval drawings/ plans may result in the approval being withdrawn or cancelled • The approval must be prominently displayed at the company's premises • Company is to comply with the provisions of the Environmental Quality Act 1974 and all regulations thereunder 	<ul style="list-style-type: none"> • To be complied with • To be complied with • Noted • Complied with • Noted

Note:

* No expiry dates are stated in the abovementioned certificates/ letters. However, the approvals from DOE can be withdrawn or cancelled if the activities are found not to be in compliance with the approved plans

9. OTHER INFORMATION (Cont'd)

PUI

Establishment Registration No./ Licence No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance
2087567	Department of Health and Human Services, USA	Annual Registration of Device which is necessary for all establishments involved in the production and distribution of medical devices intended for marketing or leasing (commercial distribution) in the US.	15 Jan 2008	1 Jan 2008 until 31 Dec 2008	Nil.	<ul style="list-style-type: none"> Not applicable
06-00029958	City of Palm Desert, USA	Certificate for sales and distribution	7 Jun 2007	31 May 2008	Nil.	<ul style="list-style-type: none"> Not applicable
SR EHC 100-397219	State of California, USA (Board Equalization)	Seller's permit pursuant to the Sales and Use Tax Law to engage in the business of selling tangible personal property at: 77530, Enfield Lane, Building 1, Suite 203 Palm Desert California 92211	1 May 2004	Remains valid until revoked or cancelled	<ul style="list-style-type: none"> The permit is not transferable; and The company is to notify the State Board of Equalization in the event the company sells its business or drops out of a partnership, failing which it could be responsible for sales and use taxed owed by the new operator of the business. 	<ul style="list-style-type: none"> Noted Not applicable. There has been no event whereby PUI sells its business or drops out of a partnership

9. OTHER INFORMATION (Cont'd)

Establishment Registration No./ Licence No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or conditions imposed	Status of compliance
3-20116-59227-7	Comptroller of Public Accounts, USA	Texas Sales and Use Tax Permit	-	With effect from 1 Jul 2003 and remains valid subject to timely filing of sales tax and return	<ul style="list-style-type: none"> The company must obtain a new permit if there is a change of ownership, location or business location name; and The permit is not transferable and must be prominently displayed at the company's place of business. 	<ul style="list-style-type: none"> Noted Complied with

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9. OTHER INFORMATION (Cont'd)

PAPL

Licence No./ Certificate No.	Issuing authority	Subject matter/purpose	Date of issue	Validity period/ Date of expiry	Equity condition and/or major conditions imposed	Status of compliance
ARTG No.127794	Department of Health Ageing Therapeutic Goods Administration, Australia	Certificate for inclusion of a medical device and to supply gloves	16 May 2006	With effect from 11 May 2006 ¹	<ul style="list-style-type: none"> PAPL is required to comply with Section 41FN of the Therapeutic Goods Act 1989. 	<ul style="list-style-type: none"> Complied with
Not provided in the certificate	New South Wales ("NSW") State Control Board, Australia	Certificate of appointment as supplier to the tendered products and services under Contract No. 3006	Undated	From 1 Nov 2002 to 31 Oct 2005 ²	Nil	<ul style="list-style-type: none"> Not applicable

Notes:

1. This certificate was issued as a replacement to the previous certificate (Aust L57662) issued on 29 October 1996
2. The Directors of HSB had represented that this certificate of appointment remains valid for so long as the contract between PAPL and the NSW State Control Board remains subsisting. The NSW Department of Commerce has yet to issue new tender for examination gloves. Meanwhile, both contract buyers and suppliers are trading as normal, adhering to the last expired contract terms and conditions. To date, the NSW Department of Commerce has not issued any announcement as to when the new tender will be available

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9. OTHER INFORMATION (Cont'd)

9.2 Material plant and machinery

Details of the material plant and machinery owned by our Group are as follows:

Equipments	Description	Total Capacity	No. of units as at 30 September 2007	Net book value as at 30 September 2007 (RM)
Absorption chiller	Cooling machine that use heat instead of mechanical energy to provide cooling or refrigeration	200 refrigerant tonne	1	460,161
Biomass heaters	An energy plant that uses biofuels such as oil palm kernel to generate energy for production	21 million kilocalories/ hour of thermal energy	3	12,675,962
Offline Chlorination system	A system used to produce powder free gloves by reducing the tackiness by oxidation and additional cross-linking of unbound or partially bound molecules on the glove surface. This makes the glove surface slippery, and therefore negates the requirement to add powder to aid donning.	88 million pieces of gloves / month	6 sets consisting of 4 washers, 1 coating tank and 1 high speed spin dryer	730,204
Cyclone dryer	An oven dryer used after the washing or chlorination process for drying latex gloves	75 million pieces of gloves / month	17	920,536
Glove stripping machine/Robot	A device that uses air pressure and mechanical components to remove latex gloves from the formers	Stripping 3 billion pieces of gloves / year	62	1,910,316
Production lines - Standard	Special designed production line that uses single rows of formers for the dipping process	1.22 billion pieces of gloves / year	15	7,228,513
Production lines - Double former high capacity	Special designed production line that uses two rows of double formers for the dipping process	The capacity available as at the FYE 2007 was 2.1 billion pieces of gloves / year	8	33,886,074

9. OTHER INFORMATION (Cont'd)

Equipments	Description	Total Capacity	No. of units as at 30 September 2007	Net book value as at 30 September 2007 (RM)
Thermal oil heaters	A gas fuel thermal heater used to heat oven	22.3 million kilocalories/hour of thermal energy	7	902,361
Hot water boiler	An equipment that boils water	20 million kilocalories/hour of thermal energy	4	312,942

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9. OTHER INFORMATION (Cont'd)

9.3 Properties

Table 1: Our Group's Properties

Details of the properties owned by our Group are as follows:

Registered/ beneficial owner Postal address/ Title details	Description/ existing use	Tenure of land/ lease (expiry date)	Date of issuance of certificate of fitness	Land area and/or built-up area (square metre)	Restriction in interest/ Encumbrances	Approximate age of building(s)	Audited net book value as at 30 September 2007 (RM)
<u>HSB</u> Postal address: No. 7, Kawasan Perusahaan Suria 45600 Batang Berjuntai Selangor Darul Ehsan	Factory & Office Building	Freehold	9 May 1995 11 Feb 2003 23 Dec 2003 14 Jun 2006	43,157.74 (Land area) 29,628.70 (Built-up area)	Restriction: Nil Encumbrances: Charges in favour of: • RHB Bank Berhad vide presentation no. 10770/1992, 37377/1994, 39469/1995, 8040/1998, 35660/2000 and 7661/2005; and • Bumiputera Commerce Bank Berhad vide presentation no. 291/1996	Between 1 to 11 years	23,825,961 4,901,383
Postal address: No postal address <u>Land Title:</u> H.S. (M) 1742, P.T. No. 2965, Mukim of Batang Berjuntai, Daerah Kuala Selangor, Selangor	Vacant land	Leasehold (99 years lease expiring on 14 March 2090)	N/A	3,237.49 (Land area)	Restriction: The land is restricted from being transferred, leased or charged without prior consent and approval from the State Authority Encumbrances: Nil	N/A	153,320

9. OTHER INFORMATION (Cont'd)

Registered/ beneficial owner Postal address/ Title details	Description/ existing use	Tenure of land/ lease (expiry date)	Date of issuance of certificate of fitness	Land area and/or built- up area (square metre)	Restriction in interest/ Encumbrances	Approximate age of building(s)	Audited net book value as at 30 September 2007 (RM)
Postal address: No postal address Land title: GRN 130471, Lot 3393 (previously known as H.S.(D) 1157, P.T. No. 2988) Mukim of Batang Berjuntai Daerah Kuala Selangor Negeri Selangor	Industrial land (Factory under construction)	Freehold	Not applicable	18,811.1 (Land area)	Restriction: Nil Encumbrances: Charge in favour of: Hong Leong Bank Berhad vide presentation no. 64082/ 2007 and 64083/ 2007	Not applicable	3,459,609
Postal address: No postal address Land title: GRN 130470, Lot 3392 (previously known as H.S.(D) 1156, P.T. No. 2987) Mukim of Batang Berjuntai Daerah Kuala Selangor Negeri Selangor	Industrial land (Factory under construction)	Freehold	Not applicable	19,306.7 (Land area)	Restriction: Nil Encumbrances: Charge in favour of: Hong Leong Bank Berhad Berhad vide presentation no. 64082/ 2007 and 64083/ 2007	Not applicable	3,227,881

9. OTHER INFORMATION (Cont'd)

Registered/ beneficial owner Postal address/ Title details	Description/ existing use	Tenure of land/ lease (expiry date)	Date of issuance of certificate of fitness	Land area and/or built- up area (square metre)	Restriction in interest/ Encumbrances	Approximate age of building(s)	Audited net book value as at 30 September 2007 (RM)
Postal address: No postal address <u>Land title:</u> GRN 130469, Lot 3391 (previously known as H.S.(D) 1155, P.T. No. 2986) Mukim of Batang Berjuntai Daerah Kuala Selangor Negeri Selangor	Industrial land (Factory under construction)	Freehold	Not applicable	19,867.6 (Land area)	Restriction: Nil Encumbrances: Nil	Not applicable	3,321,654
<u>Postal address:</u> C-G-9, Jalan Dataran SD1 Dataran SD, PUJ 9 Bandar Sri Damansara 52200 Kuala Lumpur <u>Title details:</u> PNI8575, Lot 62518 Bandar Sri Damansara Daerah Petaling Negeri Selangor	4½ storey office building	Leasehold (99 years lease expiring on 27 Aug 2102)	5 Jan 2006	190 (Land area) 410 (Built-up area)	Restriction: The land is restricted from being transferred, leased or charged without prior consent and approval from the State Authority Encumbrances: Charge in favour of Hong Leong Islamic Bank Berhad vide presentation no. 1509/ 2008	1-3 years	**

Notes:

^ The proposed 4th and 5th Plants will be constructed on these pieces of land with a built-up area of approximately 34,410 square metres. Our Group had submitted the application to the authorities for the amalgamation of these pieces of land

* The purchase consideration, transaction costs and expenses incurred to complete the acquisition amounted to RM1,821,464. The acquisition was completed subsequent to 30 September 2007

9. OTHER INFORMATION (Cont'd)

All the properties above have been issued with certificates of fitness, where applicable. There are no material non-compliances with the current statutory requirements, land rules or building regulations. In addition, none of the above lands has breached any land-use condition or permissible land-use. The land and buildings as set out above have not been valued.

Table 2: Our Group's leased properties

Details of the properties leased by our Group are as follows:

Postal address/ Title details	Description/ existing use	Landlord	Tenure of tenancy	Date of issuance of certificate of fitness	Land area/ built- up area (square metre)	Approximate age of building	Monthly rental
PUJ 11516, Pagemill Road, Dallas, Texas 75243 USA	Warehouse	Northgate Business Park, Inc	39 months commencing from 15 Jun 2005	Note 1	399 [^] (Rentable area)	22 years	USD1,700
SEMSB Lot 408 Mukim of Batang Berjuntai Daerah Kuala Selangor Negeri Selangor	Rented land for the purpose of temporary storage for biomass (uncovered), maintenance workshop, tumbling and chemical store and sludge drying area	Perbadanan Aset Keretapi	1 Dec 2006 to 30 Nov 2009	11 Oct 1999 (temporary permit)	32,391.04 (Land area) 2,865.86 (Built-up area)	9 years	RM16,000

Notes:

- [^] In a US commercial lease, the rented office or warehouse space is listed as rentable area
1. This property is located in the USA. The landlord has confirmed that there is no material non-compliance with the current requirements, land rules or building regulations and that the property has not breached any land-use condition or permissible land use

9. OTHER INFORMATION (Cont'd)

9.4 Acquisition of properties within the last two (2) years

Save as disclosed below, our Group has not acquired any property during the past two (2) years preceding the date of this Prospectus:

- (i) HSB had on 13 July 2006 entered into a sale and purchase agreement with Yuan Ming Electric Sdn Bhd whereby, HSB will acquire all that piece of leasehold land held under PN 18575, Lot 62518, Bandar Sri Damansara, Daerah Petaling, Negeri Selangor together with a 4½ storey shop office bearing postal address of C-G-9, Jalan Dataran SD 1, Dataran SD, PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur for a cash purchase consideration of RM1,760,000;
- (ii) HSB had on 14 August 2006 entered into a sale and purchase agreement with Perishine Development Sdn Bhd, whereby, HSB will acquire all that piece of vacant freehold industrial land held under H.S.(D) 1157, PT No. 2988, Mukim of Batang Berjuntai, Daerah Kuala Selangor, Negeri Selangor measuring approximately 202,488 square feet in area for a total cash consideration of RM3,341,052;
- (iii) HSB had on 16 November 2006 entered into a sale and purchase agreement with Perishine Development Sdn Bhd, whereby, HSB will acquire all that piece of vacant freehold industrial land held under H.S.(D) 1156, PT No. 2987, Mukim of Batang Berjuntai, Daerah Kuala Selangor, Negeri Selangor measuring approximately 207,816 square feet in area for a total cash consideration of RM3,117,240; and
- (iv) HSB had on 20 March 2007 entered into a sale and purchase agreement with Perishine Development Sdn Bhd, whereby, HSB will acquire all that piece of vacant freehold industrial land held under H.S.(D) 1155, PT No. 2986, Mukim of Batang Berjuntai, Daerah Kuala Selangor, Negeri Selangor measuring approximately 213,856 square feet in area for a total cash consideration of RM3,207,804.

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10. HISTORICAL FINANCIAL INFORMATION

The following sections set out the summary of our Group's proforma financial statements. The proforma consolidated financial information of our Company for the past 3 FYE 2005 to 2007 and the 6 months FPE 30 September 2007 are prepared based on the audited consolidated financial statements of our Company. The proforma consolidated financial statements for the 6 months FPE 30 September 2006 are not audited and are provided for comparison only. The proforma consolidated financial information as contained herein are presented for illustrative purposes to show the aggregate results of our Group and on the assumption that our Group's current structure had been in existence throughout the financial years/ periods under review.

Our proforma consolidated financial statements have been compiled based on the bases and accounting policies consistent with those currently adopted by our Group which are set out in the notes and assumptions included in the Reporting Accountants' letter on the proforma consolidated financial information as set out in Section 13 of this Prospectus. The financial statements used in the preparation of our proforma consolidated financial statements were prepared in accordance with approved accounting standards issued by Malaysian Accounting Standards Board. Any adjustments which were dealt with when preparing our proforma consolidated financial statements have been highlighted and disclosed in Section 13 of this Prospectus. In this respect, you should read the summary of our proforma financial information which have been presented below together with the Reporting Accountants' letter on our proforma consolidated financial information as set out in Section 13 of this Prospectus.

10.1 Proforma consolidated income statements

Our proforma consolidated income statements for the past 3 FYE 2005 to 2007 and the 6 months FPE 30 September 2006 and 2007 are set out below. You should read the proforma consolidated income statements that are presented below together with our Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 11 of this Prospectus and the accompanying notes and assumptions included in the Reporting Accountants' letter on the proforma consolidated financial information as set out in Section 13 of this Prospectus.

	< ----- FYE ----- >			6 months FPE 30 September	
	2005 RM'000	2006 RM'000	2007 RM'000	2006** RM'000	2007 RM'000
Operating revenue	109,579	160,275	240,915	122,921	137,563
Gross profit	23,221	34,811	54,552	27,964	32,629
Profit before depreciation, interest expense, R&D expenses and exceptional items	19,711	31,034	51,263	26,509	29,800
Depreciation	(4,639)	(6,339)	(9,380)	(4,524)	(5,037)
Interest expenses	(262)	(638)	(1,005)	(546)	(388)
R&D expenses	(204)	(194)	(185)	(93)	(152)
Exceptional items	1,857	-	-	-	-
PBT	16,463	23,863	40,693	21,346	24,223
Taxation	(3,009)	(4,864)	(3,645)	(2,774)	(4,303)
PAT	13,454	18,999	37,048	18,572	19,920
MI	53	-	(35)	10	(25)
PATMI	13,507	18,999	37,013	18,582	19,895

10. HISTORICAL FINANCIAL INFORMATION (Cont'd)

	< ----- FYE ----- >			6 months FPE 30 September	
	2005 RM'000	2006 RM'000	2007 RM'000	2006** RM'000	2007 RM'000
Number of ordinary shares in issue ('000) ⁽¹⁾	242,312	242,312	242,312	242,312	242,312
Gross EPS (sen)	6.82	9.85	16.78	17.63 ⁽²⁾	19.97 ⁽²⁾
Net EPS (sen)	5.57	7.84	15.27	15.34 ⁽³⁾	16.42 ⁽³⁾
GP Margin (%)	21	22	23	23	24
PBT Margin (%)	15	15	17	17	18
PAT Margin (%)	12	12	15	15	14
Effective tax rate (%)	18	20	9	13	18

Notes:

** Not audited and is included for comparison purposes only

⁽¹⁾ Based on the number of ordinary shares of RM0.50 each in issue after the Share Split and the Acquisition of HSB

⁽²⁾ Based on annualised PBTMI over 242,312,000 Shares

⁽³⁾ Based on annualised PATMI over 242,312,000 Shares

There are no extraordinary items for all the financial years/ period under review.

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10. HISTORICAL FINANCIAL INFORMATION (Cont'd)

10.2 Proforma consolidated balance sheets

Our proforma consolidated balance sheets as at 30 September 2007 have been prepared for illustrative purposes only, based on our audited consolidated balance sheet as at 30 September 2007 and have been prepared on the assumption that the Flotation Exercise had been effected on 30 September 2007. You should read the proforma consolidated balance sheets together with the notes included in the Reporting Accountants' letter on proforma consolidated financial information as set out in Section 13 of this Prospectus.

	Audited Group As at 30 September 2007 RM'000	Proforma (I) Group after Interim Dividend* RM'000	Proforma (II) After Proforma (I) and Offer for Sale and EES RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	129,408	129,408	129,408
Capital work-in-progress	18,843	18,843	18,843
Prepaid land lease payments	153	153	153
Other investment	175	175	175
	148,579	148,579	148,579
Current Assets			
Inventories	17,219	17,219	17,219
Trade and other receivables	40,573	40,573	39,571
Cash and bank balances	34,555	22,439	21,641
	92,347	80,231	78,431
TOTAL ASSETS	240,926	228,810	227,010
EQUITY AND LIABILITIES			
Equity			
Share Capital	121,156	121,156	121,156
Reserves	52,502	40,386	38,586
Total Equity Attributable to Shareholders of the Company	173,658	161,542	159,742
MI	85	85	85
Total Equity	173,743	161,627	159,827
Non-Current Liabilities			
Other borrowings	26,422	26,422	26,422
Deferred taxation	16,690	16,690	16,690
	43,112	43,112	43,112
Current Liabilities			
Trade and other payables	15,530	15,530	15,530
Other borrowings	7,409	7,409	7,409
Taxation	1,132	1,132	1,132
	24,071	24,071	24,071
Total Liabilities	67,183	67,183	67,183
TOTAL EQUITY AND LIABILITIES	240,926	228,810	227,010
Number of ordinary shares in issue ('000)	242,312	242,312	242,312
Net tangible (liabilities)/assets	173,658	161,542	159,742
Net tangible assets per share (RM)	0.72	0.67	0.66

Note:

* Interim dividend of RM12,115,600 in respect of the 6 months FPE 30 September 2007 which was declared by us on 9 January 2008 and paid to our shareholders on 30 January 2008

10. HISTORICAL FINANCIAL INFORMATION (Cont'd)

10.3 Proforma consolidated cash flow statement

Our proforma consolidated cash flow statement for the 6 months FPE 30 September 2007 as set out below have been prepared for illustrative purposes only, based on our Company and our subsidiaries' respective audited financial statements for the 6 months FPE 30 September 2007, after incorporating such adjustments considered necessary for the elimination of all inter-company transactions and balances and on the assumption that our Group's current structure had been in existence throughout the financial period under review. You should read the proforma consolidated cash flow together with our Management's Discussion and Analysis of Financial Condition and Results of Operations in Section 11 of this Prospectus and the Reporting Accountants' letter on proforma consolidated financial information as set out in Section 13 of this Prospectus.

	Proforma Group RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
PBT	24,223
Adjustments for: -	
Allowance for doubtful debts	8
Amortisation of prepaid land lease payments	1
Bad debts written off	16
Depreciation of property, plant and equipment	5,037
Gain on disposal of property, plant and equipment	(17)
Interest expenses	388
Interest revenue	(252)
Unrealised gain on foreign exchange	(484)
Operating Profit Before Working Capital Changes	28,920
Decrease in inventories	2,767
Increase in trade and other receivables	(3,171)
Increase in trade and other payables	2,625
Cash Generated From Operations	31,141
Interest paid	(388)
Interest received	252
Tax paid	(1,221)
Net Cash Generated From Operating Activities	29,784
CASH FLOW FROM INVESTING ACTIVITIES	
Capital work-in-progress incurred	(17,006)
Proceeds from disposal of property, plant and equipment	245
Purchase of property, plant and equipment	(4,823)
Net Cash Used In Investing Activities	(21,584)
CASH FLOW FROM FINANCING ACTIVITIES	
Dividend paid ⁽¹⁾	(12,116)
Payment of estimated expenses relating to the flotation exercise	(798)
Drawdown of term loan	22,424
Payment of finance lease payables	(4)
Repayments of term loans	(1,916)
Net Cash Generated From Financing Activities	7,590
Translation differences	42
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,832

10. HISTORICAL FINANCIAL INFORMATION (Cont'd)

	Proforma Group RM'000
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,782
Effects of exchange rate changes on cash and cash equivalents	(5)
	<u>5,777</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>21,609</u>

Note:

⁽¹⁾ Interim dividend of RM12,115,600 in respect of the 6 months FPE 30 September 2007 which was declared by us on 9 January 2008 and paid to our shareholders on 30 January 2008

10.4 Proforma consolidated statement of assets and liabilities

Our proforma statement of assets and liabilities has been prepared for illustrative purposes only, based on our audited consolidated balance sheet as at 30 September 2007 and have been prepared on the assumption that the Flotation Exercise has been effected on 30 September 2007. You should read the proforma statement of assets and liabilities together with the notes included in the Reporting Accountants' letter on the proforma consolidated financial information as set out in Section 13 of this Prospectus.

	Proforma Group RM'000
ASSETS	
Non-Current Assets	
Property, plant and equipment	129,408
Capital work-in-progress	18,843
Prepaid land lease payments	153
Other investment	175
	<u>148,579</u>
Current Assets	
Inventories	17,219
Trade and other receivables	39,571
Cash and bank balances	21,641
	<u>78,431</u>
TOTAL ASSETS	<u>227,010</u>
EQUITY AND LIABILITIES	
Equity	
Share capital	121,156
Reserves	38,586
Total Equity Attributable to Shareholders of the Company	<u>159,742</u>
MI	85
Total Equity	<u>159,827</u>

10. HISTORICAL FINANCIAL INFORMATION (Cont'd)

	Proforma Group RM'000
Liabilities	
Non-Current Liabilities	
Other borrowings	26,422
Deferred taxation	16,690
	<u>43,112</u>
Current Liabilities	
Trade and other payables	15,530
Other borrowings	7,409
Taxation	1,132
	<u>24,071</u>
Total Liabilities	<u>67,183</u>
TOTAL EQUITY AND LIABILITIES	<u>227,010</u>

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11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

11.1 Analysis of our Group's operation results

We are principally an investment holding company and the core operations of our Group are carried out through our subsidiary, HSB, which is principally involved in the manufacturing of Latex Gloves. Our Group derives our revenue from the sale of a wide range of Latex Gloves mainly to the export markets. Refer to Section 5.4.1 of this Prospectus for further details on our Group's products.

The key factors affecting the profitability of our Group include the following:

- (i) Fluctuations of foreign exchange rates;
- (ii) Fluctuations in raw material prices;
- (iii) Our ability to find new markets to increase our customer base;
- (iv) Our ability to reduce our production costs;
- (v) Our ability to manage and contain our production costs and other overheads; and
- (vi) The growth of the Latex Gloves industry which will drive overall demand and supply in the market.

Refer to Section 3 of this Prospectus for further details on other factors which may affect the profitability of our Group. Further, refer to the "Sensitivity analysis" as set out in Section 12.3 of this Prospectus for illustration of the impact of certain key factors on our Group's profitability.

The term "Latex Gloves" used throughout Sections 11.2 to 11.4 shall refer to "Natural Rubber Gloves".

11.2 Segmental analysis

(i) Analysis of revenue and PBT by subsidiaries

	FYE						6 months FPE 30 September			
	2005		2006		2007		2006		2007	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Operating Revenue										
HHB	-	-	-	-	-	-	-	-	-	-
HSB	108,227	99	157,285	98	237,821	99	121,199	99	135,662	99
SEMSB	50	-	50	-	98	-	25	-	96	-
PAPL	1,783	2	3,843	2	4,620	2	2,502	2	2,596	2
PUI	2,530	2	3,946	3	3,921	1	2,062	1	2,107	1
	112,590	103	165,124	103	246,460	102	125,788	102	140,461	102
Less: Inter-company sales	(2,961)	(3)	(4,799)	(3)	(5,447)	(2)	(2,842)	(2)	(2,219)	(2)
Less: Other consolidation adjustments	(50)	-	(50)	-	(98)	-	(25)	-	(679)	-
	109,579	100	160,275	100	240,915	100	122,921	100	137,563	100

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

	FYE						6 months FPE 30 September			
	2005		2006		2007		2006		2007	
PBT/ (LBT)	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
HHB	-	-	-	-	(8)	-	-	-	(3)	-
HSB	16,997	16	24,100	15	41,261	17	21,259	18	24,324	18
SEMSB	(1)	(2)	(1)	(2)	(6)	(6)	-	-	(3)	(3)
PAPL	(191)	(11)	(69)	(2)	350	8	190	8	220	8
PUI	(633)	(25)	(398)	(10)	(475)	(12)	(101)	(5)	(90)	(4)
	16,172		23,632		41,122		21,348		24,448	
Add: Adjustment of provision for diminution of investment in subsidiary companies	278		283		(111)		-		-	
Less: Other consolidation adjustments	13		(52)		(318)		(2)		(225)	
	16,463		23,863		40,693		21,346		24,223	

(ii) Analysis of revenue and GP by products

	FYE						6 months FPE 30 September			
	2005		2006		2007		2006		2007	
Operating revenue	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Latex Gloves	76,484	70	93,049	58	124,417	52	63,481	52	46,578	34
Nitrile Gloves	32,794	30	66,591	42	115,881	48	59,125	48	90,604	66
Vinyl Gloves	301	-	635	-	617	-	315	-	381	-
	109,579	100	160,275	100	240,915	100	122,921	100	137,563	100
GP	GP Margin %		GP Margin %		GP Margin %		GP Margin %		GP Margin %	
Latex Gloves	16,432	21	19,819	21	23,663	19	12,130	19	8,238	18
Nitrile Gloves	6,702	20	14,793	22	30,676	26	15,725	27	24,261	27
Vinyl Gloves	87	29	199	31	213	35	109	35	130	34
	23,221	21	34,811	22	54,552	23	27,964	23	32,629	24

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)
(iii) Analysis of revenue and GP by geographical location

	FYE						6 months FPE 30 September			
	2005		2006		2007		2006		2007	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Operating Revenue										
North America	85,297	78	113,241	71	169,223	70	86,342	70	99,469	72
Europe	10,257	9	16,189	10	19,580	8	9,990	8	12,974	10
Asia Pacific										
- Overseas	12,216	11	24,721	15	25,004	10	12,758	10	17,998	13
- Local	1,092	1	3,276	2	4,440	2	2,265	2	1,992	1
Other regions	717	1	2,848	2	22,668	10	11,566	10	5,130	4
	<u>109,579</u>	<u>100</u>	<u>160,275</u>	<u>100</u>	<u>240,915</u>	<u>100</u>	<u>122,921</u>	<u>100</u>	<u>137,563</u>	<u>100</u>
GP		GP Margin %		GP Margin %		GP Margin %		GP Margin %		GP Margin %
North America	18,263	21	23,738	21	39,868	24	20,437	24	23,768	24
Europe	1,440	14	3,410	21	4,403	22	2,257	23	3,638	28
Asia Pacific										
- Overseas	3,533	29	6,947	28	7,220	29	3,701	29	4,715	26
- Local	(99)	(9)	368	11	626	14	321	14	220	11
Other regions	84	12	348	12	2,435	11	1,248	11	288	6
	<u>23,221</u>	<u>21</u>	<u>34,811</u>	<u>22</u>	<u>54,552</u>	<u>23</u>	<u>27,964</u>	<u>23</u>	<u>32,629</u>	<u>24</u>

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11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

11.3 Review of our Group's past operating results**For the FYE 2005**

The marginal increase in the total operating revenue for the FYE 2005 as compared to the total operating revenue for the FYE 2004 of RM105.95 million was mainly due to increase in HSB's sales revenue from the Nitrile Gloves which was substantially offset by a decrease in its sales revenue from the Latex Gloves. The increase in sales revenue from the Nitrile Gloves was mainly contributed by an increase in orders from a major customer in the North America region, Microflex Corporation, and admission of new customers from the North America region, the Europe region and the Asia Pacific region. The major customer in the North America region, Microflex Corporation, had increased its orders for the Nitrile Gloves while curtailing the orders for the Latex Gloves in view of the increase in selling prices for the Latex Gloves raised by HSB in the previous financial year and hence, the main cause for the decrease in the sales revenue from the Latex Gloves.

The decrease in the PBT Margin for the FYE 2005 as compared to the PBT Margin for the FYE 2004 of 16% was mainly due to the continued increase in prices of nitrile and a significant increase in heating costs due to rising diesel and MFO prices although mitigated by an exceptional gain on insurance compensation received in the FYE 2005 in respect of fire damages to the plant and machinery of HSB in 1999 of RM1.86 million.

The lower effective tax rate for the FYE 2005 was mainly due to availability of reinvestment allowance claimed by HSB under Schedule 7A of the Income Tax Act, 1967 in respect of qualifying property, plant and equipment acquired, and the absence of group taxation relief for losses suffered by SEMSB, PAPL and PUI in this financial year.

For the FYE 2006

The significant increase in total operating revenue for the FYE 2006 as compared to the total operating revenue for the FYE 2005 was mainly contributed by a an increase in orders for the Latex Gloves and the Nitrile Gloves from a major customer in the North America region, Microflex Corporation, an increase in orders for the Nitrile Gloves from another three (3) major customers namely Kaechele-Cama Latex GmbH from the Europe region and Verde Trading Co. Ltd and Kyoei Corporation from the Asia Pacific region, an increase in customer base of HSB from all major regions including a former major customer, Medline Industries, Inc, which had ceased orders since the FYE 2002 and resumed orders during the financial year under review, an increase in sales contribution from PAPL upon PAPL securing two (2) major hospitals in the state of New South Wales in Australia as its customers, and an increase in sales contribution from PUI lifted by a rating on its Nitrile Gloves as "overall best combination of characteristics including low cost and low pinholes" by Clinical Research Associates, an independent non-profit dental education and product testing foundation organisation in the USA whose monthly newsletter, namely the 'CRA Newsletter', was circulated throughout the USA. The sales of the Nitrile Gloves for the financial year under review were also boosted by the introduction of a new range of Nitrile Gloves produced by HSB which were more elastic and lighter weight as compared to the existing range of Nitrile Gloves of HSB.

There was no difference in the PBT Margin for the FYE 2006 of 15% as compared to the PBT Margin for the FYE 2005. For the FYE 2006, raw material prices continued to increase, finance costs increased significantly due to new term loan obtained during the financial year under review to finance new high capacity production lines, and there was no exceptional gain from insurance compensation as compared to the FYE 2005. However despite these unfavourable conditions, the PBT Margin for the FYE 2006 was maintained due to:

- (i) commencement of operations of five (5) new high capacity production lines by HSB which improved the production processes and hence the labour efficiency;

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

- (ii) increase in the usage of gas and biomass by HSB, cheaper substitute for fuel, for heating purposes thus resulted in savings of heating costs;
- (iii) refinement of processes for production of powder free latex gloves by HSB which thereby allowed the exclusion of post treatment process and hence the savings of chemical costs;
- (iv) introduction of a new range of more elastic and lighter weight Nitrile Gloves by HSB which required lesser raw materials (nitrile and chemicals) for their production and hence, these new products earned higher GP margin as compared to the existing range of the Nitrile Gloves; and
- (v) increase in GP contribution by PAPL and PUI arising from higher sales achieved by these companies during the financial year under review.

The lower effective tax rate for the FYE 2006 was mainly due to availability of reinvestment allowance claimed by HSB under Schedule 7A of the Income Tax Act, 1967 in respect of qualifying property, plant and equipment acquired, and the absence of group taxation relief for losses suffered by SEMSB, PAPL and PUI in this financial year.

For the FYE 2007

The significant increase in the operating revenue for the FYE 2007 as compared to the total operating revenue for the FYE 2006 was mainly contributed by the increase in HSB's sales of both the Latex Gloves and Nitrile Gloves although principally mitigated by the weakening of the USD against RM. The increase in sales of the Latex Gloves arose from an increase in orders from a major customer from the North America region, Microflex Corporation, procurement of a new major customer from the South America region, increase in customer base in all other major regions traded by HSB and increase in the average selling prices of the Latex Gloves. The sales of Nitrile Gloves increased significantly due to increase in the sales of more elastic and lighter weight Nitrile Gloves which was evidenced by the increase in its orders from four (4) existing major customers namely, Medline Industries, Inc and Microflex Corporation from the North America region, Kaechele-Cama Latex GmbH from the Europe region and Verde Trading Co. Ltd from the Asia Pacific region, and an increase in customer base for these products in all major regions traded by HSB, an increase in sales contribution from PAPL due to continued increase in the demand for more elastic and lighter weight Nitrile Gloves for the NSW Contract and Victoria Contract from Australia.

Despite the increase in the average prices of raw material namely natural rubber latex, and the weakening of the USD against RM, the PBT margin for the FYE 2007 was higher as compared to the PBT margin for the FYE 2006 mainly due to:

- (i) full year operations of HSB's 5 new high capacity production lines which commenced operations in the previous financial year coupled with an addition of 3 more new high capacity production lines during the financial year which continued to improve the production processes and hence the labour efficiency;
- (ii) continued increase in the usage of the cheaper gas and biomass by HSB for heating purposes which resulted in further savings in heating costs;
- (iii) significant increase in HSB's sales and hence the sales composition of the more elastic and lighter weight Nitrile Gloves which required lesser raw materials and contributed higher GP margin;
- (iv) economies of scale as a result of the increase in production and sales volume achieved by HSB. Certain costs such as labour costs, certain production overheads and administrative costs did not increase in proportion to the increase in the production and sales volume; and

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

- (v) contribution of PBT by PAPL as opposed to LBT position for the FYE 2006 as a result of a significant increase in the sales of more elastic and lighter weight Nitrile Gloves, which earned higher GP margin as compared to the existing range of the Latex Gloves and the Vinyl Gloves, and an increase in its other operating revenue due to realised gain on foreign exchange.

The lower effective tax rate applicable to the FYE 2007 was mainly due to availability of reinvestment allowance claimed by HSB under Schedule 7A of the Income Tax Act, 1967 in respect of qualifying property, plant and equipment acquired, and a reduction in statutory tax rate which resulted in lower taxation on taxable profits for this financial year as well as a reduction in the provision for deferred taxation.

For the 6 months FPE 30 September 2007

For the 6 months FPE 30 September 2007, HSB achieved a total operating revenue of RM137.56 million. On an annualised basis, the total operating revenue was RM275.12 million which represents an increase of 14% as compared to the total operating revenue for the FYE 2007. The increase in the total operating revenue for the period under review was mainly due to increase in the sales of the Nitrile Gloves although partially mitigated by a reduction in the sales of the Latex Gloves as well as the dilution in the selling prices of both the Latex Gloves and the Nitrile Gloves caused by the depreciation of the USD against the RM. The significant increase in the sales of the Nitrile Gloves was mainly due to increase in the sales of the more elastic and lighter weight Nitrile Gloves which was evidenced by the increase in the orders by certain existing major customers namely, Medline Industries, Inc, Innovative Healthcare and Hourglass Industries Inc. from the North America region, Kaechele-Cama Latex GmbH from the Europe region and Verde Trading Co. Ltd from the Asia Pacific region, the procurement of three (3) new major customers from the North America region namely Preventive Care Inc, Sempermed USA Inc and Medline Canada, Corporation, and an increase in orders from other existing customers in the North America region and the Europe region. The reduction in sales of the Latex Gloves was mainly due to a decrease in orders from 2 existing major customers namely Microflex Corporation from the North America region, and Embramac Emp.Brasil.Mats.Cir.Ind.Com from the South America region. The reduction in orders from these customers was mainly due to the increase in selling prices of the Latex Gloves following the increase in the average prices of natural rubber latex.

The 6 months FPE 30 September 2007 continue to witness the increase in the prices of natural rubber latex and dilution in selling prices of the Latex Gloves and the Nitrile Gloves due to further depreciation of the USD against RM. Despite these unfavourable circumstances, HSB managed to achieve a marginal increase in the PBT margin for the period under review as compared to the PBT margin for the FYE 2007 mainly due to:

- (i) continued increase in the usage of the cheaper gas for heating purposes which resulted in further savings in heating costs;
- (ii) continued significant increase in the sales and sales composition of the more elastic and lighter weight Nitrile Gloves which earned higher profit margin;
- (iii) increase in the average selling prices of the Latex Gloves; and
- (iv) a significant reduction in the operating loss of PUI for the period under review as compared to the FYE 2007 as a result of increase in the sales of more elastic and lighter weight Nitrile Gloves, which earned higher GP margin as compared to the existing range of the Latex Gloves as well as the increase in selling prices of Latex Gloves.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

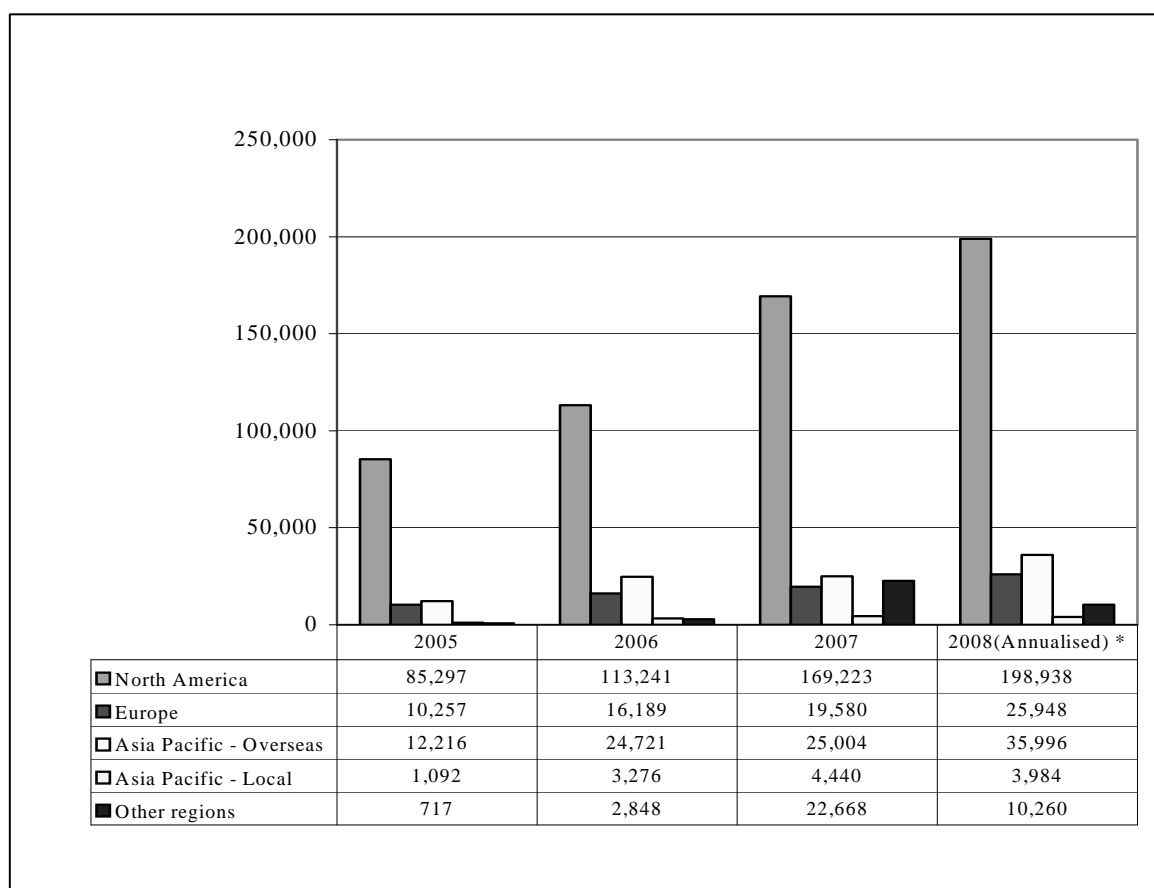
The lower effective tax rate applicable to the 6 months FPE 30 September 2007 was mainly due to availability of reinvestment allowance claimed by HSB under Schedule 7A of the Income Tax Act, 1967 in respect of qualifying property, plant and equipment acquired, and a reduction in statutory tax rates which resulted in lower taxation on taxable profit for this financial period as well as a reduction in the provision for deferred taxation.

11.4 Trend information

(i) Revenue

The following graphs depict our Group's revenue trend by geographical region and products for FYE 2005 to 2008, based on the proforma consolidated financial information of our Company as set out in Sections 10.1 and 13 of this Prospectus.

Revenue trend by geographical region

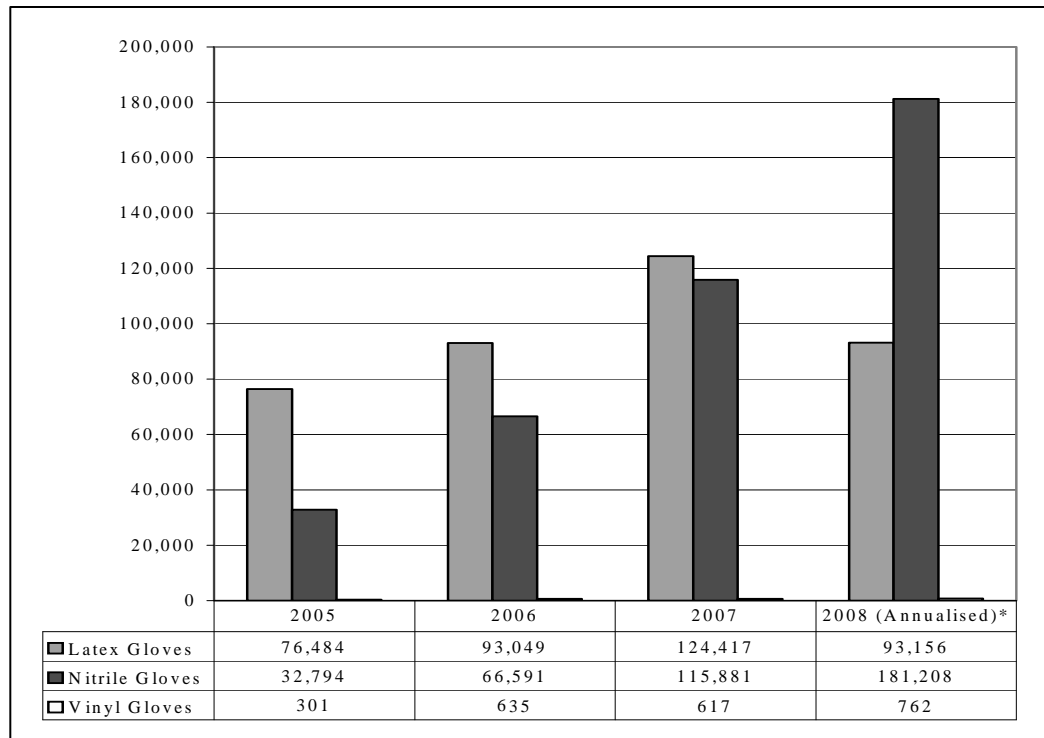


Note:

* Based on the annualised results of the 6 months FPE 30 September 2007

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Revenue trend by products



Note:

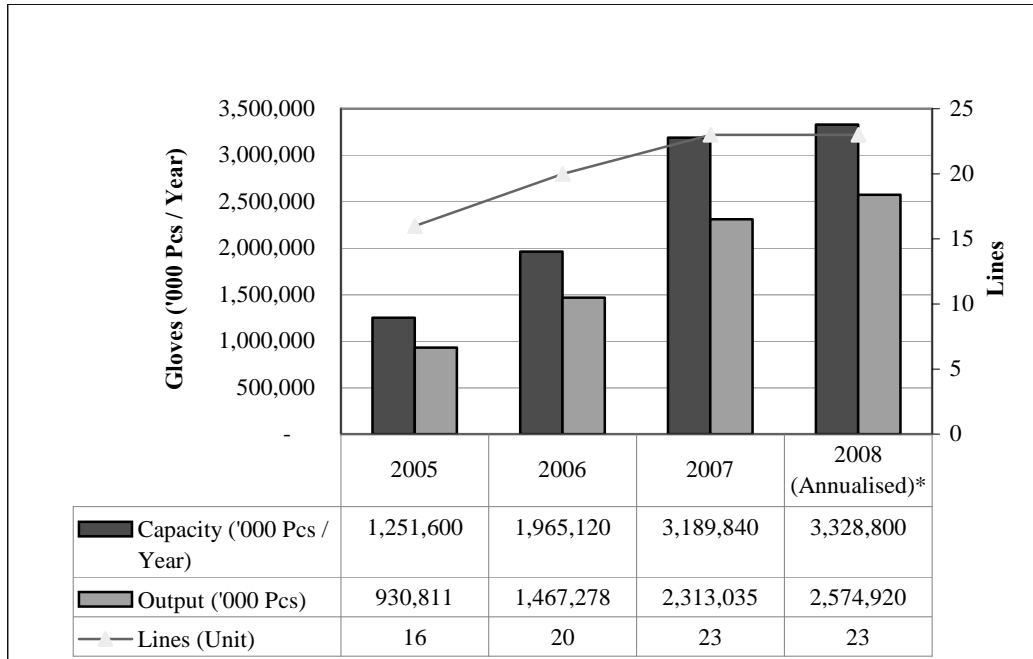
* Based on the annualised results of the 6 months FPE 30 September 2007

- Our Group mainly exports to the North America Region, especially, the USA. However, revenue from the European and Asia Pacific (overseas) regions continues to increase in the recent years, thereby, reducing the dependency on exports to the North America Region.
- Our sales had increased over the years and the sales composition of our Nitrile Gloves has increased higher than our Latex Gloves each year.
- The revenue contribution from the sales of Nitrile Gloves continues to improve each year. The increases in the sales of Nitrile Gloves throughout the financial years/ period under review were mainly due to increase in orders by existing customers coupled with the introduction of our new high stress retention Nitrile Gloves in FYE 2006.
- To avoid the problem on natural rubber protein allergy, consumers are looking into Nitrile Gloves as solution, explaining the reason for the increase in the demand and sales of Nitrile Gloves. Further, due to the increase in the cost of natural rubber latex, the price of Latex Gloves has increased. Consequently, the price differentiation between the Latex Gloves and Nitrile Gloves has narrowed. These have partly contributed to the higher demand for our Nitrile Gloves during the financial years/ period under review.
- In FYE 2004, through our subsidiary, PAPL, we commenced trading in Vinyl Gloves with the aim to give additional service to our customers in Australia. However, the trading of Vinyl Gloves only contributed approximately 0.3% of our total revenue for FYE 2007.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

- For the 6 months FPE 30 September 2007, the sales of Latex Gloves have reduced, as compared to the FYE 2007. This was mainly due to a decrease in orders from our existing major customers following the increase in the average prices of natural rubber latex.

(ii) Production capacity and production cost



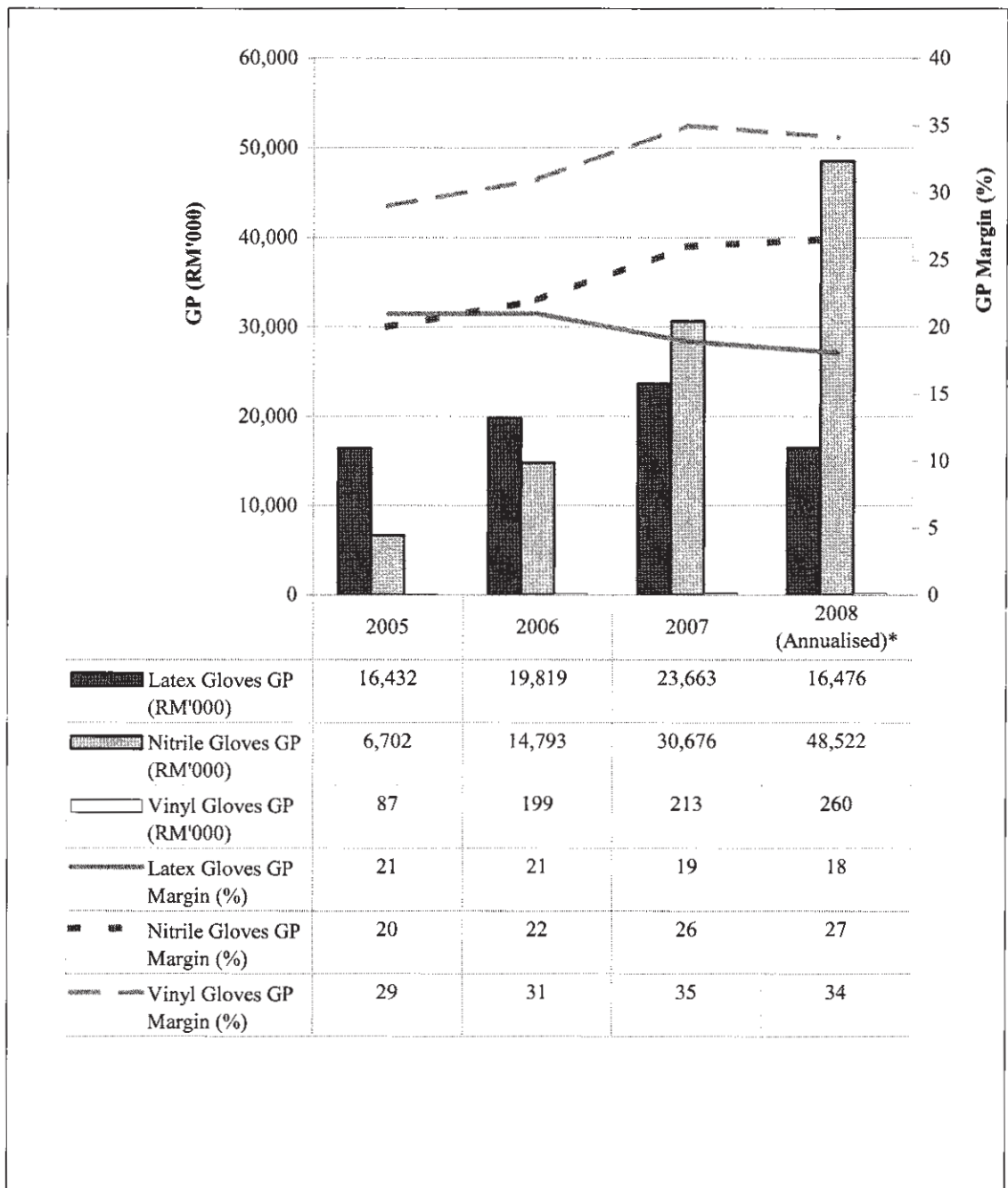
Note:

* Based on the annualised results of the 6 months FPE 30 September 2007

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11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

GP and GP margin



Note:

* Based on the annualised results of the 6 months FPE 30 September 2007

- The production output of our Group increases on an annual basis to cater for the expansion in our sales. Realising the need to increase our production capacity to cater for our sales expansion, we have commissioned new production lines since FYE 2005.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

- The new high capacity lines that were installed in our third manufacturing plant are equipped with "double former dipping lines" which can double the output. These lines are designed with many automation and process improvements that allow gloves to be automatically stripped from the formers, stacked and packed into final packaging with minimal human labour required.
- The new lines are designed in-house and are proprietary to our Group. Our subsidiary, SEMSB has filed in the patent which is still pending, as at to-date.
- In the FYE 2006, our production output increased by approximately 58% as compared to FYE 2005. In the FYE 2007, our production output further increased by approximately 58% as compared to FYE 2006. This is mainly due to the complete commissioning and commencement of production of our 4 new lines during FYE 2006 and full year's production of 1 new line completed at the end of FYE 2005. 3 other new lines had commenced operations in FYE 2007.
- Our average production capacity utilisation rate has increased throughout the years. In FYE 2007, our production capacity utilisation rate was at approximately 73%.
- Our GP has improved mainly due to higher sales of Nitrile Gloves which have higher margin. Our overall GP margin for the past 3 FYE 2005 to 2007 and the 6 months FPE 30 September 2007 has been increasing from 21% to 24%.
- Our GP margin for the Latex Gloves for the past 3 FYE 2005 to 2007 and the 6 months FPE 30 September 2007 have been decreasing from 21% to 18%. This is mainly due to the increase in the prices of natural rubber latex and the dilution in the selling prices of both the Latex Gloves and Nitrile Gloves caused by the weakening of USD against the RM.
- Our GP margin for the Nitrile Gloves has increased from 20% in FYE 2005 to 27% in the 6 months FPE 30 September 2007 due to the shift in the production of the more elastic and lighter weight Nitrile Gloves that required lesser raw materials and thus contributed a higher GP margin. In FYE 2006, we have successfully produced and launched the high stress retention Nitrile Gloves which gave us a higher GP margin. Further, the continued use of cheaper gas and biomass by HSB for heating purpose and improvements to the production processes have contributed to the high GP margin for Nitrile Gloves.

(iii) Selling prices

Our policy is to obtain the best and/or optimum selling prices for our products in order to maximise the profits. However, there are instances whereby some sales incentives are given to new or repeat customers in order to obtain new sales orders and customers, increase our existing customer base and penetrate into new markets.

For the past 3 FYE 2005 to 2007, the average selling prices of our Latex Gloves were on an uptrend which reflected the increase in the costs of raw materials, such as natural rubber latex and nitrile latex. Notwithstanding an increase in the cost of nitrile latex, the average selling prices of our Nitrile Gloves had been reducing for the past 3 FYE 2005 to 2007. This is because during these financial years under review, HSB has increased the sales composition of the more elastic and lighter weight Nitrile Gloves which required lesser raw materials and contributed to higher GP margin compared to the existing range of the Nitrile Gloves.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

(iv) Inventory

	<-----FYE----->			6 months FPE 30 September	
	2005	2006	2007	2006	2007
Cost of sales (RM'000)	86,358	125,464	186,363	94,957	104,934
Inventory (RM'000)	15,923	20,238	19,986	21,927	17,219
Inventory Turnover (days)	67	59	39	43*	30*

Note:

* Computed based on the annualised cost of sales

- Our Group does not practice a standard inventory reorder level. We adopt just-in-time method for replenishing our inventory. Therefore, replenishing of inventory will depend on forthcoming requirements and their prices.
- The higher inventory level in the past 2 FYE 2005 and 2006 were mainly due to the higher work-in-progress or higher level of finished goods to cater for the orders in the following months after the financial year end.

(v) Order book

The average order book of our Group for the manufacturing of our Latex Gloves is approximately 45 to 60 days. Generally, we manufacture based on confirmed orders. These orders are placed on an as-need basis. We also work from a projected 12 months production schedule provided by one of our major customers, Microflex Corporation, USA. As at 15 February 2008 (being the latest practicable date prior to the issue of this Prospectus), our order book is approximately RM46.5 million.

(vi) Other key financial ratios

The details of the other key financial ratios based on the proforma consolidated financial statements of our Company are as follows:

	<-----FYE----->			6 months FPE 30 September
	2005	2006	2007	2007
Revenue (RM'000)	109,579	160,275	240,915	137,563
Trade receivables (RM'000)	15,118	31,478	32,193	36,105
Receivables turnover (days) ¹	50	72	49	48 ³
Cost of sales (RM'000)	86,358	125,464	186,363	104,934
Trade payables (RM'000)	5,087	7,876	7,103	8,478
Payables turnover (days) ²	22	23	14	15 ⁴

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Notes:

1. Computed based on trade receivables over revenue
2. Computed based on trade payables over cost of sales
3. Computed based on trade receivables over annualised revenue
4. Computed based on trade payables over annualised cost of sales

Receivables turnover

The normal credit period extended by our Group to trade receivables range from 30 days to 60 days from the date of actual invoices, which is within the industry norm.

However, the trade receivables turnover days for the FYE 2006 were higher due to higher sales in the last 2 months of the said financial year end.

In addition, as at 30 September 2007, the net trade receivables of our Group amounted to approximately RM36.1 million which can be analysed as follows:

	0 – 30 days	30 – 60 days	60 – 90 days	90 – 180 days	>180 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	20,755	14,390	965	56	(29)	36,137
Less:						
Payments received (from 1 October 2007 to 15 February 2008)	(20,466)	(14,380)	(955)	(10)	-	(35,811)
Provision for bad and doubtful debts	-	-	-	(32)	-	(32)
Total trade receivables	289	10	10	14	(29)	294
	99%	3%	3%	5%	(10%)	100%

Based on the above ageing analysis, the trade receivables which have exceeded the credit period (i.e. > 60 days) amounted to approximately RM992,000. As at 15 February 2008, approximately RM965,000 of the trade receivables which have exceeded the credit period or approximately 97%, have been collected.

In addition, provision for bad and doubtful debts amounting to RM32,000 had been provided for all those overdue trade receivables which are in dispute or under legal action and those trade receivables which have been outstanding for more than 6 months. Further, our Directors are of the opinion that the trade receivables that exceeded the normal credit period which have not been settled are recoverable and collectible.

Payables turnover

The normal credit period extended by our trade payables range from 30 days to 60 days, which is within the industry norm.

The payables turnover has been stable for the FYE 2005 and 2006, which were 22 days and 23 days respectively. However, in FYE 2007, the payables turnover decreased from 23 days to 14 days mainly due to the increase in purchases for nitrile which are normally prepaid prior to the delivery of the nitrile to our Group.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

Save as disclosed above and in Sections 3 and 12.3 of this Prospectus, there is no known trend, demand, commitment, event or uncertainty that:

- (i) have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group; and
- (ii) would cause the historical financial statements to be not necessarily indicative of future financial information.

Refer to Section 12.3 of this Prospectus for further details on the sensitivity analysis.

11.5 Liquidity and capital resources

Some of the key liquidity ratios of our Group based on our proforma consolidated financial statements for the 6 months FPE 30 September 2007 can be summarised as follows:

	6 months FPE 30 September 2007
Net cash inflow from operating activities (RM'000)	29,784
Net cash (outflow) from investing activities (RM'000)	(21,584)
Net cash inflow from financing activities (RM'000)	7,590
Net cash inflow for the period (RM'000)	15,832*
Net cash and cash equivalents available (RM'000)	21,609
All interest bearing debts (RM'000)	33,831
Shareholders' fund (RM'000)	159,742
Gearing ratio (times)	0.21
Current ratio (times)	3.26
Quick ratio (times)	2.54

Note:

* *Includes translation differences of RM42,000*

Premised on the above:

- The net cash flow from the operating activities showed a healthy position;
- The net cash outflow from investing activities is mainly due to the amount spent for the expansion of HSB's factory whereby HSB is in the midst of setting up the proposed 4th Plant and acquired new plant and equipment;
- We still have a healthy cash and cash equivalent amounting to RM21.6 million and our gearing position is low at 0.21 times. The low gearing level allows us to increase our borrowings should the need arise;
- As at 30 September 2007, our total trade lines and loans facilities available is RM65.0 million (excluding finance lease payable), out of which only RM43.1 million (excluding finance lease payable) has been utilised. As such, we should have available banking facilities to utilise should we need additional funds to finance our working capital;

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

- As at 30 September 2007, our Group had procured banking facilities for foreign exchange contract from our financial institution lenders amounting to the equivalent of RM100.0 million, out of which we had only utilised RM31.0 million as at 30 September 2007; and
- As set out above, our current ratio and quick ratio are at a healthy level of 3.26 times and 2.54 times respectively.

The principal sources of liquidity of our Group are cash generated from the operations of our Group and various credit facilities from the financial institutions. Our Board is of the opinion that after taking into consideration the existing level of cash and cash equivalents, the banking facilities available and the expected funds to be generated from our operations, our Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

11.6 Borrowings

As at 31 January 2008 (being the latest practicable date of which information as set out below can be obtained), our Group has total borrowings of approximately RM35.2 million, all of which are interest bearing, details of which are as follows:

	Foreign currency USD'000	Exchange rate	RM'000
Short-term borrowings			
– RM denominated ¹			5,993
– USD denominated	1,933	3.24	6,263
			<u>12,256</u>
Long-term borrowings			
– RM denominated ²			1,013
– USD denominated	6,755	3.24	21,886
			<u>22,899</u>
Total borrowings			35,155
Gearing ratio (times) ³			0.22

Notes:

1. *Includes short-term finance lease obligation*
2. *Includes long-term finance lease obligation*
3. *Based on the total borrowings as at 31 January 2008 divided by our proforma shareholders' funds as at 30 September 2007*

As at 15 February 2008 (being the latest practicable date prior to the issue of this Prospectus), and as far as our Board is aware, our Group has not defaulted on payments of either interest or principal sums in respect of any of our borrowings throughout the FYE 2007 and the 6 months FPE 30 September 2007.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

11.7 Financial instruments for hedging purposes

(i) Foreign exchange contract

We have procured banking facilities for foreign exchange contract amounting to equivalent of RM100.0 million from certain financial institution lenders. However, as at 30 September 2007, we have taken position for RM30.8 million to hedge against foreign exchange fluctuations.

The details of our outstanding commitments can be summarised as follows:

Currency	Contract Rates	Total notional amount RM'000	Maturity within 1 year RM'000
USD	RM3.40 to RM3.44	30,833	30,833

For the 6 months FPE 30 September 2007, approximately 98.6% of our Group's revenue and approximately 74.0% of our purchases are exposed to foreign exchange. Our Group maintains foreign currency bank accounts and has USD denominated loans to handle foreign currency transactions. Some of our foreign currency receipts and loans are used to make payments in the respective foreign currencies. The foreign receipts, USD denominated loans and foreign expenses, to some extent serve as a natural hedge and reduce our cost of carrying currency conversion.

Further, we have also entered into forward exchange contracts to hedge our foreign currency denominated revenue and expenses. As at 30 September 2007, we have entered into forward exchange contracts amounting to approximately USD9.0 million, which represents our Group's 3 months forward contracts of approximately 60% to 70% of transactions at a time for foreign exchange hedging.

11.8 Material capital commitment

Save as disclosed below, as at 15 February 2008, (being the latest practicable date of which such amount can be determined prior to the issuance of this Prospectus), our Directors are not aware of any material capital commitment incurred or known to be incurred by our Group that may have a substantial impact on our results or financial position:

Material capital commitment	RM'000
<i>Approved and contracted for:</i>	
Acquisition of plant and machineries	10,555
<i>Approved but not contracted for:</i>	
Construction of a factory building	16,388
Acquisition of plant and machineries (proposed 4 th Plant)	26,578
Acquisition of plant and machineries (proposed 5 th Plant)	104,887
	147,853
TOTAL	158,408

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

The above material commitment would be financed by our internally generated funds and/or our new banking facilities to be procured.

As at 31 January 2008, (being the latest practicable date of which the information as set out below can be obtained), our total trade lines and loan facilities available is RM60.5 million (excluding finance lease payable), out of which only RM41.3 million (excluding finance lease payable) has been utilised. Coupled with our healthy cash flows from operating activities, we should have the necessary funds available to fund the abovementioned material capital commitments. Further, considering our low gearing, our Directors do not foresee any difficulties in obtaining additional borrowings to fund further capital commitments, if required.

11.9 Contingent liabilities

HHB, HSB and PUI are defendants in relation to the ITC investigations and the Georgia Action (details of which are set out in Section 11.10 below). In the event Tillotson wins the Georgia Action, damages will then be determined by the court. If the case is settled out of court, our Directors estimate the compensation to be approximately USD582,000 (or equivalent to approximately RM1.85 million based on the exchange rate of USD1.00 to RM3.18) based on past settlements which Tillotson had with other parties.

Save as disclosed above, as at 15 February 2008, (being the latest practicable date prior to the issuance of this Prospectus), our Directors are not aware of any contingent liabilities, which have become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may have a substantial impact on the ability of our Company or subsidiaries to meet our obligations as and when they fall due.

11.10 Material litigation, claims or arbitration

Save as disclosed below, as at 15 February 2008, (being the latest practicable date prior to the issuance of this Prospectus), our Company and our subsidiaries are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or subsidiaries and our Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of our Company or any of our subsidiaries:

- (i) On 30 May 2007, Tillotson filed a complaint with the ITC alleging that certain Nitrile Gloves which are imported into the USA are in violation of Section 337 of the United States Tariff Act 1930. Specifically, Tillotson alleged that 31 manufacturers and re-sellers of Nitrile Gloves that were imported into the USA, including HHB, HSB and PUI, infringed Tillotson's U.S. Patent No. RE 35,616. Tillotson is seeking a General Exclusion Order which if granted, would block the importation of those infringing Nitrile Gloves. The evidentiary hearing or trial before the Administrative Law Judge is scheduled to take place on these dates: 19-23 and 27-30 May 2008. The target date, which is the date the ITC will issue its decision on whether to impose an Exclusion Order, will be on 22 November 2008 (extended from 8 September 2008). The evidentiary hearing is the trial and the target date is the date by which the ITC must issue its final decision.

In the event Tillotson prevails in the ITC investigations, the United States Customs Service will be empowered to block the importation of those infringing Nitrile Gloves. The ITC is not authorised to award monetary damages.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

HSB has filed a motion to the ITC for summary determination relating to its high stress retention Nitrile Gloves on 9 October 2007 and Tillotson filed its opposition on 30 October 2007. The Administrative Law Judge has not ruled on this motion. Our solicitors are of the opinion that HSB's motion is meritorious and, if successful, will result in a ruling that HSB's high stress retention Nitrile Gloves do not infringe the Tillotson's patent.

- (ii) In addition to the said importation block being sought, Tillotson has also filed a claim for unspecified damages, including a reasonable royalty and treble damages in the United States District Court for the Northern District of Georgia on 27 September 2007 against several defendants including HHB, HSB and PUI ("Georgia Action"). Tillotson has not served that claim but, if it does, the defendants will be permitted to request an automatic stay of that case pending the determination of the ITC investigations. The stay in the Georgia Action is automatic and will be made pursuant to 28 U.S.C. sec 1659, which requires that a "district court shall stay, until the determination of the ITC becomes final, proceedings in the civil action with respect to any claim that involves the same issues involved in the proceedings before the ITC." If the court rules against HHB, HSB and PUI, damages will then be determined by the court. If however the matter is settled out of court, our Directors estimate the compensation to be approximately USD582,000 (or equivalent to RM1.85 million based on the exchange rate of USD1.00 to RM3.18) based on previous settlements which Tillotson had with other parties. This sum of RM1.85 million has been provided in our forecast results in the FYE 2009.

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12. FUTURE FINANCIAL INFORMATION

12.1 Consolidated profit estimate and forecast

The table below sets out our consolidated profit estimate and forecast for FYE 2008 and 2009 which have been prepared on the bases and assumptions made by our Directors and are presented on the bases and accounting principles consistent with those currently adopted in the preparation of the audited financial statements of our Group.

Our Directors estimate and forecast that the profit of our Group for FYE 2008 and 2009 would be as follows:

	Estimate	Forecast
	FYE 2008	FYE 2009
	RM'000	RM'000
Operating revenue	<u>283,202</u>	<u>396,387</u>
Consolidated PBT and before MI	45,973	63,489
Taxation	<u>(6,340)</u>	<u>(8,016)</u>
Consolidated PAT but before MI	39,633	55,473
MI	<u>(36)</u>	<u>(16)</u>
Consolidated PATMI	39,597	55,457
Pre-acquisition profit	<u>(4,043)</u>	<u>-</u>
Post-acquisition consolidated PATMI	35,554	55,457
Gain on Acquisition ¹	<u>34,085</u>	<u>-</u>
Post-acquisition consolidated profit for the year	<u>69,639</u>	<u>55,457</u>
Weighted average number of ordinary shares in issue ('000)	218,478 ²	242,312
Number of ordinary shares in issue ('000)	242,312	242,312
<u>Based on weighted average number of ordinary shares in issue:</u>		
Gross EPS (sen)	18.89 ^{1,3}	26.19 ³
Net EPS (sen)	16.27 ^{1,4}	22.89
Gross PE multiple (times) ⁵	9.53	6.87
Net PE multiple (times) ⁵	11.06	7.86
<u>Based on number of ordinary shares in issue:</u>		
Gross EPS (sen)	18.95 ^{1,6}	26.19 ⁶
Net EPS (sen)	16.34 ^{1,7}	22.89
Gross PE multiple (times) ⁵	9.50	6.87
Net PE multiple (times) ⁵	11.01	7.86

12. FUTURE FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) *The accounting policy adopted by HHB, consistent with the requirements of Financial Reporting Standard 3 (FRS 3) on "Business Combinations", requires that the excess of fair values of net assets acquired over the consideration paid ("Gain on Acquisition") to be recognised in the income statement immediately. The Acquisition of HSB by HHB on 7 May 2007 gave rise to the Gain on Acquisition of RM34,084,804 and is included in the consolidated PBT and consolidated PAT for the 6 months FPE 30 September 2007. However for the purpose of presentation of the profit estimate for the FYE 2008, this Gain on Acquisitions has been excluded from the consolidated PBT and consolidated PAT as well as the computation of EPS for better comparison as it is deemed to be a non-recurring income*
- (2) *Weighted average number of HHB Shares forthwith the completion of the Acquisition of HSB on 7 May 2007*
- (3) *Based on post-acquisition consolidated PBT but after MI of RM41,272,000 and RM63,466,000 for the FYE 2008 and 2009 respectively*
- (4) *Based on post-acquisition consolidated PATMI*
- (5) *Based on offer for sale price of RM1.80 per HHB Share*
- (6) *Based on total consolidated PBT but after MI of RM45,919,000 and RM63,466,000 for the FYE 2008 and 2009 respectively*
- (7) *Based on total consolidated PATMI*

Our Directors have reviewed the bases and assumptions used in arriving at the consolidated profit estimate and forecast of our Company for the FYE 2008 and 2009. Our Directors are of the opinion that the consolidated profit estimate and forecast are achievable after taking into consideration the assessment by our Directors of the present economic and operating conditions, the future plans and prospects of our Group as set out in Section 5.7 of this Prospectus, the prospects and future growth of the Latex Gloves industry as set out in Section 4.12 of this Prospectus and the level of gearing, liquidity and working capital requirements of our Group.

The consolidated profit estimate and forecast of our Company for the FYE 2008 and 2009 have been prepared based on our Board's best estimate and forecast regarding future events and actions which may or may not occur. These bases and assumptions cover future periods for which there are inherent risks and therefore, should be treated with caution.

Further, as the estimate and forecast by its nature are subject to business, economic, competitive uncertainties and unexpected events, many of which are beyond the control of our Group and our Directors, the bases and assumptions used to derive at the consolidated profit estimate and forecast may also be subject to change. In addition, as events and circumstances often do not occur as anticipated, the actual results may differ from the estimate and forecast whereby the differences may be material. Therefore certain assumptions used in the preparation of the consolidated profit estimate and forecast may differ significantly from the actual situation after the date of the consolidated profit estimate and forecast and may materially affect the financial information estimated and forecasted.

Refer to Section 12.5 of this Prospectus for further information on the principal bases and assumptions upon which our consolidated profit estimate and forecast have been made. Further, also refer to the "Sensitivity analysis" in Section 12.3 of this Prospectus which illustrates the impact of certain key assumptions used in the preparation of the consolidated profit estimate and forecast of our Company for FYE 2008 and 2009 and "Analysis of our Group's operation results" in Section 11.1 of this Prospectus which sets out the key factors affecting our profitability as set out in Section 12.1 of this Prospectus.

12. FUTURE FINANCIAL INFORMATION (Cont'd)

12.2 Directors' comments on the consolidated profit estimate and forecast**Estimate for FYE 2008**

Our revenue is estimated to increase by RM42.29 million or approximately 18% mainly due to the continue strong demand for the Nitrile Gloves. We expect the demand for the Nitrile Gloves, in particular, for the medical, industrial and food industries to increase as a result of our marketing efforts targeting the abovementioned industries. The demand is expected to be contributed by the existing and new customers.

Our GP margin for FYE 2008 of 23% is expected to approximate the GP margin of FYE 2007 of 23%. Despite an increase in prices of raw materials in FYE 2008, we are able to maintain our GP margin due to:

- (i) proportionately lower production costs as compared to the increase in sales due to economies of scale; and
- (ii) increase in sales composition of the Nitrile Gloves, in particular, the high stress retention Nitrile Gloves with a lower cost of production that gives a higher gross profit margin.

In line with the GP margin, our PBT margin is expected to be at approximately 16% for FYE 2008, which is marginally lower than the PBT margin for FYE 2007 of approximately 17% due to slightly higher operating overheads.

The effective tax rate for FYE 2008 is forecast to be approximately 14% due to claims arising from reinvestment allowances and further reduction in income tax rate.

Our Group is expected to incur capital expenditure of RM53.53 million in FYE 2008 mainly for the acquisitions of new plant and equipment and construction of factory building for HSB's proposed new manufacturing plants. The capital expenditure would be financed by our internally generated funds and/or additional borrowings to be procured.

Forecast for FYE 2009

Our revenue is forecasted to increase by RM113.19 million or approximately 40%, mainly due to:

- (i) continue strong demand for the Nitrile Gloves;
- (ii) the expected increase in production quantity arising from the additional high capacity production lines in the proposed 4th Plant, which is expected to be fully operational by the FYE 2009. The increase in the high capacity production lines will enable our Group to increase production to meet the customers' demands; and
- (iii) the increase in the average selling prices for the Nitrile Gloves.

Our GP margin for the FYE 2009 of 22% is marginally lower than the GP margin for the FYE 2008 of 23% due to slightly higher material costs and operations overheads. Further, our PBT margin for the FYE 2009 is expected to be at 16%, which approximates the PBT margin for the FYE 2008.

The effective tax rate for FYE 2009 is forecast to be approximately 13% due to claims arising from reinvestment allowances and further reduction in income tax rate.

Our Group is expected to incur capital expenditure of RM51.57 million in FYE 2009 mainly for the acquisitions of new plant and equipment and construction of factory building for HSB's proposed new manufacturing plants. The capital expenditure would be financed by our internally generated funds and/or additional borrowings to be procured.

12. FUTURE FINANCIAL INFORMATION (Cont'd)

12.3 Sensitivity analysis

The sensitivity analysis is prepared based on the profit estimate and forecast assumptions as set out in Section 12.5 of this Prospectus and on the assumptions that all other variables remain unchanged except for the 5% and 10% upward and downward variation in key variables.

After considering the factors that may affect our Group's profitability, such as our selling prices, volume of sales, production costs, production capacity, operating expenses, financing costs and other costs affecting our profitability, our Directors opine that the following are the key factors that may materially impact our Group's profitability:

- (i) Changes in raw material prices;
- (ii) Changes in sales volume;
- (iii) Fluctuations in exchange rates; and
- (iv) Changes in product pricing.

The following scenarios illustrate the impact of the changes in raw material prices, changes in sales volume, fluctuations in exchange rates and changes in product pricing on our Group's financial performance for the FYE 2008 and 2009:

(i) Changes in raw material prices

(RM'000)	Estimate FYE 2008	+5%	-5%	+10%	-10%
PBT	45,973	38,685	53,261	31,398	60,548
Taxation	6,340	5,335	7,345	4,330	8,350
PAT	39,633	33,350	45,916	27,068	52,198

(RM'000)	Forecast FYE 2009	+5%	-5%	+10%	-10%
PBT	63,489	53,070	73,908	42,653	84,325
Taxation	8,016	6,703	9,335	5,387	10,650
PAT	55,473	46,367	64,573	37,266	73,675

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12. FUTURE FINANCIAL INFORMATION (Cont'd)

(ii) Changes in sales volume

(RM'000)	Estimate FYE 2008	+5%	-5%	+10%	-10%
PBT	45,973	51,652	40,294	57,331	34,615
Taxation	6,340	7,123	5,557	7,906	4,773
PAT	39,633	44,529	34,737	49,425	29,842

(RM'000)	Forecast FYE 2009	+5%	-5%	+10%	-10%
PBT	63,489	71,072	55,906	78,658	48,319
Taxation	8,016	8,976	7,061	9,935	6,103
PAT	55,473	62,096	48,845	68,723	42,216

(iii) Fluctuations in exchange rates

(RM'000)	Estimate FYE 2008	+5%	-5%	+10%	-10%
PBT	45,973	56,552	35,394	67,131	24,815
Taxation	6,340	7,799	4,881	9,257	3,422
PAT	39,633	48,753	30,513	57,874	21,393

(RM'000)	Forecast FYE 2009	+5%	-5%	+10%	-10%
PBT	63,489	77,617	49,361	91,746	35,232
Taxation	8,016	9,803	6,234	11,588	4,450
PAT	55,473	67,814	43,127	80,158	30,782

(iv) Changes in product pricing

(RM'000)	Estimate FYE 2008	+5%	-5%	+10%	-10%
PBT	45,973	60,133	31,813	74,293	17,653
Taxation	6,340	8,292	4,387	10,245	2,434
PAT	39,633	51,841	27,426	64,048	15,219

(RM'000)	Forecast FYE 2009	+5%	-5%	+10%	-10%
PBT	63,489	83,308	43,670	103,128	23,850
Taxation	8,016	10,522	5,516	13,025	3,012
PAT	55,473	72,786	38,154	90,103	20,838

12. FUTURE FINANCIAL INFORMATION (Cont'd)

12.4 Dividend estimate and forecast

It is our policy to recommend dividends to allow our shareholders to participate in the profit of our Group as well as to provide adequate reserves for our future growth. We had on 30 January 2008 paid approximately RM12.1 million tax exempt dividend in respect of the 6 months FPE 30 September 2007 to our existing shareholders.

The appropriation of the estimated PAT of our Group for the FYE 2008 and the intended appropriation of the forecast PAT of our Group for the FYE 2009 are as follows:

	Estimate FYE 2008 RM'000	Forecast FYE 2009 RM'000
Consolidated PBT and before MI	45,973	63,489
Less:		
Taxation	(6,340)	(8,016)
MI	(36)	(16)
Pre-acquisition profits	(4,043)	-
Post-acquisition consolidated PATMI	35,554[^]	55,457
Dividend paid/ proposed (sen)		
– Gross	5 [*]	10
– Net	5 [*]	10
Dividend yield (%)		
– Gross	2.78 ¹	5.56 ¹
– Net	2.78 ¹	5.56 ¹
Dividend cover (times)		
– Gross	3.78 ²	2.62 ³
– Net	3.25 ²	2.29 ³

Notes:

* Dividend of 5 sen per Share for the FYE 2008 has been paid on 30 January 2008

[^] Excluding Gain on Acquisition (details of which are set out in Note 1 of Section 12.1 of this Prospectus)

1. Based on the offer price of RM1.80 per Share

2. Computed based on the gross or net EPS for the FYE 2008 (based on post-acquisition PBTMI and PATMI excluding the Gain on Acquisition on the weighted average number of Shares in issue) over the dividend per Share for the FYE 2008

3. Computed based on the gross or net EPS for the FYE 2009 (based on the number of Shares in issue) over the dividend per Share for the FYE 2009

The ability of our Group to declare dividends or make distributions in the future is subject to our Group having profit and excess funds which are not required to be retained as funds for our Group's operations, other obligations or business plans and restrictions contained in any loan agreements. As our Company is an investment holding company, the ability of our Company to declare dividends is also dependent upon the receipt of future funds and dividend income from our subsidiaries.

Notwithstanding the above, our Directors have full discretion not to propose any future dividend payments as and when deemed necessary, if it is in our best interests.

12. FUTURE FINANCIAL INFORMATION *(Cont'd)*

12.5 Reporting Accountants' letter on the consolidated profit estimate and forecast

MOORE STEPHENS

CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

8A Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Malaysia

Tel: 603 2094 1888
Fax: 603 2094 7673

REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST OF HARTALEGA HOLDINGS BERHAD

(Prepared for inclusion in this Prospectus)

The Board of Directors
HARTALEGA HOLDINGS BERHAD
Mezzanine Floor,
No. 8A, Jalan Sri Semantan Satu,
Damansara Heights,
50490 Kuala Lumpur.

Dear Sirs,

CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEAR ENDING 31 MARCH 2008 AND 2009 RESPECTIVELY

We have reviewed the consolidated profit estimate and forecast of Hartalega Holdings Berhad ("HHB") and its subsidiary companies ("Group") for the financial year ending 31 March 2008 and 2009 respectively as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (ISA 810) applicable to the review of forecasts. The estimate and forecast have been prepared for inclusion in the Prospectus to be dated 28 March 2008 in connection with the admission of HHB to the Official List and the listing of and quotation for the entire issued and paid-up share capital of HHB on the Main Board of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, are properly prepared on the basis of the assumptions made by the directors of HHB ("Directors") and are presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the six (6) months period ended 30 September 2007. The Directors are solely responsible for the preparation and presentation of the estimate and forecast and the assumptions on which the estimate and forecast are based.

Estimate and forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which the management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which estimate and forecast are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variation could be material.

*A member firm of
Moore Stephens
International Limited
- members in principal
cities throughout
the world*

12. FUTURE FINANCIAL INFORMATION (Cont'd)

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

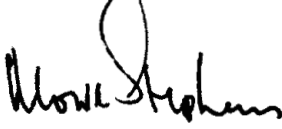
**REPORTING ACCOUNTANTS' LETTER ON THE
CONSOLIDATED PROFIT ESTIMATE AND FORECAST OF
HARTALEGA HOLDINGS BERHAD (CONTINUE)**

(Prepared for inclusion in this Prospectus)

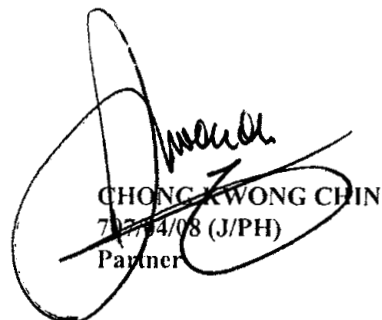
Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in Appendix A, do not provide a reasonable basis for the preparation of the consolidated profit estimate and forecast; and
- (ii) in our opinion, the consolidated profit estimate and forecast, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the six (6) months period ended 30 September 2007.

Yours faithfully,


MOORE STEPHENS
Chartered Accountants
(AF.0282)

Dated: 29 February 2008


CHONG KWONG CHIN
717/04/08 (J/PH)
Partner

12. FUTURE FINANCIAL INFORMATION (Cont'd)

MOORE STEPHENS
 CHARTERED ACCOUNTANTS
 (FIRM NO: AF.0282)

APPENDIX A

The directors of Hartalega Holdings Berhad ("HHB") estimate and forecast that the consolidated profit of HHB and its subsidiary companies ("Group") for the financial year ending 31 March 2008 and 2009 respectively, which have been prepared on the bases and accounting principles consistent with those currently adopted in the preparation of the audited financial statements of HHB and its subsidiary companies, will be as follows: -

Financial year ending 31 March	Estimate	Forecast
	2008 RM'000	2009 RM'000
Total operating revenue	<u>283,202</u>	<u>396,387</u>
Total consolidated profit before taxation and minority interests	45,973	63,489
Taxation	<u>(6,340)</u>	<u>(8,016)</u>
Total consolidated profit after taxation but before minority interests	39,633	55,473
Minority interests	<u>(36)</u>	<u>(16)</u>
Total consolidated profit after taxation and minority interests	39,597	55,457
Pre-acquisition profit	<u>(4,043)</u>	<u>-</u>
Post-acquisition consolidated profit after taxation and minority interests	35,554	55,457
Gain on acquisition of subsidiary company ⁽¹⁾	<u>34,085</u>	<u>-</u>
Post-acquisition consolidated profit for the year	<u>69,639</u>	<u>55,457</u>
Weighted average number of ordinary shares in issue ('000)	⁽²⁾ 218,478	242,312
Number of ordinary shares in issue ('000)	242,312	242,312
Based on weighted average number of ordinary shares in issue:		
Gross earnings per share (sen)	^{(1) (3)} 18.89	⁽³⁾ 26.19
Net earnings per share (sen)	^{(1) (4)} 16.27	22.89
Gross price-earnings multiple (times) ⁽⁵⁾	9.53	6.87
Net price-earnings multiple (times) ⁽⁵⁾	11.06	7.86
Based on number of ordinary shares in issue:		
Gross earnings per share (sen)	^{(1) (6)} 18.95	⁽⁶⁾ 26.19
Net earnings per share (sen)	^{(1) (7)} 16.34	22.89
Gross price-earnings multiple (times) ⁽⁵⁾	9.50	6.87
Net price-earnings multiple (times) ⁽⁵⁾	11.01	7.86

12. FUTURE FINANCIAL INFORMATION (Cont'd)

MOORE STEPHENS
 CHARTERED ACCOUNTANTS
 (FIRM NO: AF.0282)

APPENDIX A
 (Cont')

Notes: -

- ⁽¹⁾ The accounting policy adopted by HHB, consistent with the requirements of Financial Reporting Standard 3 (FRS 3) on "Business Combinations", requires that the excess of fair values of net assets acquired over the consideration paid ("Gain on Acquisition") to be recognised in the income statement immediately. The acquisition of Hartalega Sdn Bhd by HHB on 7 May 2007 gave rise to the Gain on Acquisition of RM34,084,804 and is included in the consolidated profit before taxation and consolidated profit after taxation in the audited income statement for the 6-months period ended 30 September 2007. However for the purpose of presentation of the profit estimate for the financial year ending 31 March 2008, this Gain on Acquisition has been excluded from the consolidated profit before taxation and consolidated profit after taxation as well as the computation of earnings per share for better comparison as it is deemed to be a non-recurring income.
- ⁽²⁾ Weighted average number of ordinary shares of RM0.50 each in HHB forthwith the completion of acquisition of the entire issued and paid-up share capital of Hartalega Sdn Bhd comprising 15,681,997 ordinary shares of RM1.00 each for a consideration of RM123,700,000 satisfied by the issue of 242,311,996 new ordinary shares of RM0.50 each in HHB at an issue price of approximately RM0.51 per new ordinary share on 7 May 2007.
- ⁽³⁾ Based on post-acquisition consolidated profit before taxation but after minority interests of RM41,272,000 and RM63,466,000 for the financial year ending 31 March 2008 and 2009 respectively.
- ⁽⁴⁾ Based on post-acquisition consolidated profit after taxation and minority interests.
- ⁽⁵⁾ Computed based on offer for sale price of RM1.80 per ordinary share of RM0.50 each in HHB.
- ⁽⁶⁾ Based on total consolidated profit before taxation but after minority interests of RM45,919,000 and RM63,466,000 for the financial year ending 31 March 2008 and 2009 respectively.
- ⁽⁷⁾ Based on total consolidated profit after taxation and minority interests.

The principal bases and assumptions upon which the consolidated profit estimate and forecast of the Group for the financial year ending 31 March 2008 and 2009 respectively have been prepared are set out below.

1. The estimated and forecasted operating revenues are based on estimate and forecast of the directors after taking into consideration the present and expected conditions of selling prices, product line and sales volume. The average selling prices, product line and sales volume of Hartalega Sdn Bhd ("HSB"), the major operating revenue contributor as well as the sole manufacturing company within the Group, for the estimate and forecast years will be as follows: -

Product category	< - Year ending 31 March 2008 - >		< - Year ending 31 March 2009 - >	
	Average Selling Price per thousand pieces	Sales volume	Average Selling Price per thousand pieces	Sales Volume
	USD	'000 pcs	USD	'000 pcs
Latex Gloves	28.38	967,916	27.99	1,076,060
Nitrile Gloves	31.52	1,751,165	32.92	2,830,847

There will be no material changes to the estimate and forecast average selling prices, sales volume and profit margins and the current trend of increasing demand for the products of the Group will be maintained;

12. FUTURE FINANCIAL INFORMATION (Cont'd)

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2. There will be no significant changes to the estimate and forecast average prices and consumption rates of raw materials, chemicals and consumables, labour costs and overheads of which will adversely affect the profit margin of the Group and particularly, the average purchase prices of natural rubber latex will be RM5.46 per kilogram for the forecast year and the average purchase prices of nitrile will be USD1.300 per kilogram (RM4.13 per kilogram based on exchange rate of USD1.00 : RM3.18) for the forecast year;
3. There will be no significant variation to the following average exchange rates of foreign currencies against Ringgit Malaysia in the forecast year: -

United States Dollar 1.00	:	RM3.18
Australian Dollar 1.00	:	RM3.02

4. There will be no material acquisitions or disposals of capital assets other than those as planned. Planned capital expenditure for the estimate and forecast years are as follows:-

Year ending 31 March	2008 RM'000	2009 RM'000
Construction of a factory building	14,957	10,598
Acquisition of new production lines and upgrading of existing production lines	33,459	40,969
Acquisition of a 4-storey office building	1,760	-
Others	3,350	-
	<u>53,526</u>	<u>51,567</u>

5. There will be no impairment in the value of property, plant and equipment of the Group;
6. Existing financing facilities of the Group will remain available at interest rates ranges from 3.99% to 6.76% per annum. The Group will also be able to obtain additional financing facilities when necessary, at interest rate similar to the existing financing facilities;
7. The timing of receipts and payments for revenue and expenditure respectively will be in accordance with that as planned and there will be no material bad debts, doubtful debts, inventories losses or inventories obsolescence in the estimate and forecast years;
8. There will be no significant changes to the prevailing rates and bases of duties, levies and taxes and tax incentives currently applicable to the Group;
9. There will be no shortages or major disruption in the supply of raw materials, electricity, chemicals and consumables, manpower and heating materials that will delay the scheduled manufacturing outputs;
10. The existing terms conditions of contracts and agreements entered into by the Group will remain in force;

12. FUTURE FINANCIAL INFORMATION (Cont'd)

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11. On 30 May 2007, Tillotson Corporation filed a complaint with the United States International Trade Commission ("ITC") alleging wilful infringement of its patent by several manufacturers and re-sellers of nitrile gloves imported into the United States. On 27 September 2007, Tillotson Corporation also filed suit in the United States District Court for the Northern District of Georgia, Rome Division ("Georgia Court"), alleging same. On the complaint to ITC, Tillotson Corporation is seeking a 'general exclusion order' which, if granted, would blocked the importation of all infringing nitrile gloves except those made by manufacturers who have obtained a licence from Tillotson Corporation. In respect of the suit filed with the Georgia Court, Tillotson Corporation is seeking an unspecified damages against all defendants. HHB, HSB (manufacturer of the products) and Pharmatex USA, Incorporated ("PUI"), are named in both instances. The dates of evidentiary hearing for the complaint case filed with the ITC have been fixed between 19 and 23 of May 2008 and between 27 and 30 of May 2008 whereas for the suit filed in the Georgia Court, HHB, HSB and PUI have not been formally served with a copy of the claims.

It is assumed that the total amount of compensation and other costs required to be incurred on the complaint and claims made by Tillotson Corporation will be RM1.85 million and there will be no other implications which may arise from these complaint and claims, and there will also be no other material legal proceedings or claims against the Group which will adversely affect the activities or performance of the Group or give rise to any liabilities which will materially affect the financial position or business of the Group;

12. There will be no material technological changes in the industry in which the Group operates and no material changes in the market competition, particularly in the countries in which the Group operates and trades with;
13. There will be no significant changes to the prevailing Malaysian, regional and world economic and political conditions that may directly or indirectly adversely affect the performance of the Group;
14. There will be no significant changes in the prevailing legislation or government regulations which will adversely affect the Group's activities or the market in which the Group operates;
15. There will be no significant changes in the current structure and principal activities of the Group;
16. There will be no significant changes in the key personnel and management of the Group, and in the operating policies, which may adversely affect the marketing, distribution, technical capabilities and the level of activities of the Group;
17. There will be no major industrial disputes, breakdown or disruption in manufacturing facilities or any other abnormal circumstances of which will adversely affect the Group's operations, business or assets; and
18. Inflation rate will not fluctuate significantly from its present level.