PROSPECTUS HARTALEGA HOLDINGS BERHAD (741883-X)

Hartalega Holdings Berhad (741883-X)

(Incorporated in Malaysia under the Companies Act, 1965)

OFFER FOR SALE OF 24,210,000 ORDINARY SHARES OF RM0.50 EACH IN HARTALEGA HOLDINGS BERHAD ("OFFER SHARES") AT AN OFFER PRICE OF RM1.80 PER OFFER SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:

- 12,116,000 OFFER SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 4,000,000 OFFER SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF HARTALEGA HOLDINGS BERHAD AND ITS SUBSIDIARIES ("GROUP") AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP; AND
- 8,094,000 OFFER SHARES AVAILABLE FOR APPLICATION BY IDENTIFIED INVESTORS BY WAY OF PRIVATE PLACEMENT; AND

OFFER FOR SALE OF 1,475,000 OFFER SHARES TO THE SELECTED SENIOR MANAGEMENT OF THE GROUP WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP VIA AN EMPLOYEE EQUITY SCHEME AT A STRIKE PRICE OF RM1.80 PER OFFER SHARE

IN CONJUNCTION WITH THE LISTING OF HARTALEGA HOLDINGS BERHAD ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD.

Financial Adviser, Managing Underwriter, Underwriter and Joint Placement Agent

RHB INVESTMENT BANK
RHB INVESTMENT BANK BERHAD
(Company No: 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Underwriter and Joint Placement Agent

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 3 OF THIS PROSPECTUS

THIS OVERVIEW SECTION IS QUALIFIED IN ITS ENTIRETY BY AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS

Company Vision

"To become the No. 1 glove manufacturer that produces the best and most innovative gloves in the world; and to be recognized as a caring company to the community and environment."

Brief History of Our Group

1981	Incorporation of Hartalega Sdn Bhd, our main subsidiary involving in the manufacturing of latex gloves
1987	Incorporation of Sentinel Engineering (M) Sdn Bhd, which shall be the future patent holder of our Group's proprietary designed and developed machinery and systems
1988	Commencement of our manufacturing operations with a single production line Made our first foray into the overseas market by exporting to USA
1996	Incorporation of Pharmatex (Australia) Pty Ltd in Australia to focus on the marketing of latex gloves and trading of vinyl gloves in Australia
2003	Incorporation of Pharmatex (USA) Inc in the USA to focus on the marketing of latex gloves in USA

Key Information

Production Plants

Plant No.	Production Lines	Total designed production capacity ('Billion pieces per annum)
Plant 1, 2 and 3 (existing plants)	23	3.3
Plant 4 (expected fully operational by FYE 2009)	10	2.9
Plant 5 (expected fully operational by FYE 2010)	10	3.1
Total		9.3

Total build-up area and land area

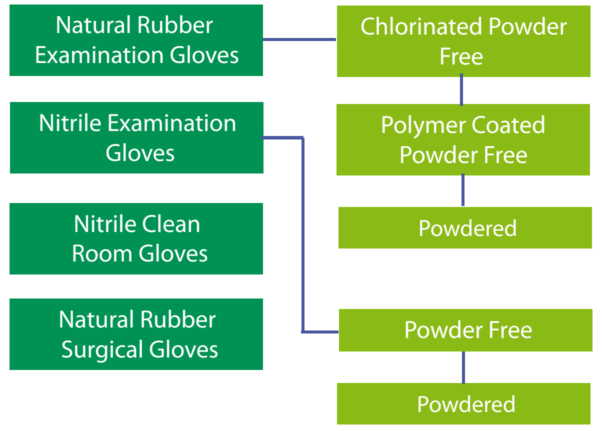
Plant No.	Build up area (m^2)	Land area (m^2)
Plant 1	6,564.60	43,157.74
Plant 2	6,123.10	
Plant 3	16,941.00	
Plant 4 (under construction)	20,309.73	57,985.40
Plant 5 (proposed)	14,100.61	

Total workforce of our Group (as at 15 February 2008): *1,493*

Products and Markets

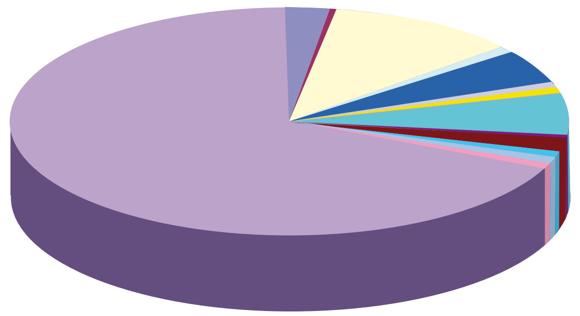
Gloves type

The major types of gloves manufatured by our Group are as follows:



Market reach

The revenue contribution by countries for the FYE 2007 can be depicted as follows:



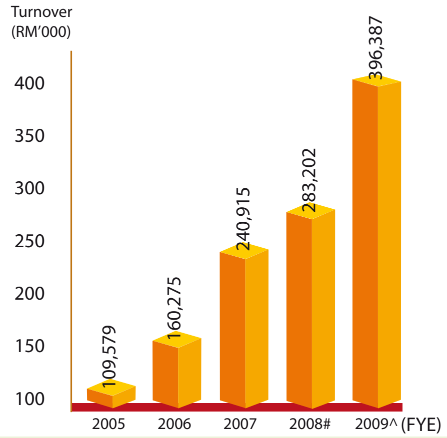
Australia 2.04%	Austria 0.06%	Brazil 9.21%
Czech Republic 0.11%	France 0.04%	Germany 5.60%
Hong Kong 0.20%	Iran 0.04%	Italy 0.15%
Jordan 0.07%	Malaysia 1.84%	Netherland 0.23%
Sri Lanka 0.59%	Switzerland 0.13%	Tunisia 0.08%
UK 0.69%	Ukraine 0.64%	USA 69.44%
Canada 0.80%	Greece 0.34%	Japan 7.36%
Pakistan 0.08%	Turkey 0.15%	Vietnam 0.11%

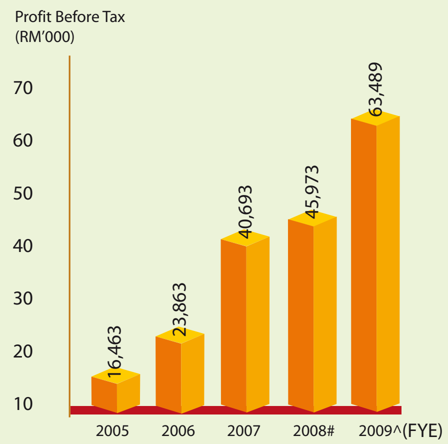
Important Dates

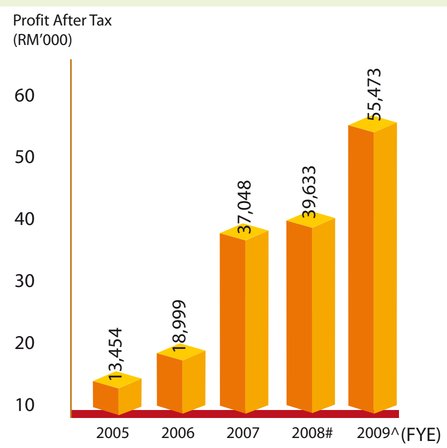
Events	Tentative dates
Opening of application	28 March 2008
Closing of application	7 April 2008
Listing	17 April 2008

THIS PROSPECTUS IS DATED 28 MARCH 2008

Key Financial Highlights







 # - Estimate
^ -Forecast

Key Competitive Strengths

Elastic High Stress Retention Nitrile Examination Glove
Our Group's elastic high stress retention nitrile examination gloves have approximately 55% stress retention properties as compared to the average of nitrile examination glove at 40%. This means that we have successfully produced a nitrile glove that replicates the natural elastic properties of natural rubber glove whilst avoiding the possibility of allergic reactions to protein in natural rubber gloves.

R&D Capabilities
We are constantly undertaking R&D to better meet customers' needs and address areas of opportunities. Examples of our achievements in R&D include the commercialisation of our low protein latex examination gloves, polymer coated natural rubber examination gloves and elastic high stress retention nitrile examination gloves.

Ability to Handle Large Volume
We have made significant investments in machinery and equipment including our own proprietary designed double former dipping lines as well as other equipments such as the centralised computer control system, robotic glove stripping system, glove puller and stacker system, online bar coding tracking system, online stacking system and biomass heaters. The extensive production facilities enable us to meet high volume demand as well as fast turnaround effectively and efficiently.

Reduced Energy Cost
With the use of our existing 3 units of biomass heaters and natural gas as alternatives to diesel and medium fuel oil for heating purposes, our Group has been able to achieve energy cost savings. For future heating requirements, we intend to install the 4th biomass heater in the proposed 5th Plant.

Product Quality
The various quality management systems accreditations of our subsidiaries HSB and PAPL, such as, ISO 13485:2003, EN ISO 13485:2003 and ISO 9001:2000 for HSB and ISO 9001:2000 for PAPL, are endorsements of the quality assurance system that is in place for the Latex Gloves industries.

Good Market Reputation
With approximately 19 years of experience, we have successfully established ourselves as a reputable manufacturer of Latex Gloves. For FYE 2007, 10 of our top 20 customers have been dealing with our Group for 5 years or more.

Our Future Plans

- New Products
  - Damp Don Nitrile High Stress Retention Surgical Gloves
  - Polyisoprene Surgical Gloves
  - Accelerator Free Nitrile Gloves
  - Industrial Nitrile Gloves
- Expansion of Manufacturing Facilities
  - Construction of New Production Facilities
  - Purchase of New Machinery and Equipment
- Expansion of Export Markets
  - South America
  - Middle East
  - Russia
  - China
  - India

Corporate Social Responsibility ("CSR")

Consistent with the second part of our Group's company vision, we have undertaken the following CSR projects:

Community Improvement Projects
Todate, we have contributed close to RM1 million to the community through annual charity drives and donations to orphanages, retirement homes, the poor and needy. We have also built recreational parks for neighbouring residents and contributed to schools for upgrading and maintenance works. During the Asian tsunami disaster, we donated gloves to Sri Lanka, Mercy Malaysia and Mercy Relief Singapore for disaster relief work.

Environmental Preservation
Waste Water Treatment Plants
We have made significant investments in waste water treatment plants to ensure that waste water discharged from our facilities are well within the applicable environmental standards. Treated water from the treatment plants are regularly sent to independent third parties for testing, to ensure that discharged water is adequately treated.

Biomass Heaters
Our biomass heaters use bio-waste such as empty fruit bunches and palm kernel shells as fuel for heating purposes. Since these fuel sources are renewable, our biomass heaters are considered to be environmentally friendly. Emissions from these biomass heaters fully comply with requirements of the Department of Environment.

IMPORTANT NOTICE

OUR DIRECTORS, PROMOTERS AND THE OFFERORS HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. OUR DIRECTORS ACCEPT FULL RESPONSIBILITY FOR THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST HAVE BEEN PREPARED BASED ON ASSUMPTIONS MADE.

RHB INVESTMENT BANK BERHAD ("RHB INVESTMENT BANK" OR "FINANCIAL ADVISER"), AS OUR FINANCIAL ADVISER AND MANAGING UNDERWRITER OF THE OFFER FOR SALE, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE OFFER FOR SALE AND IS SATISFIED THAT THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST (FOR WHICH OUR DIRECTORS ARE FULLY RESPONSIBLE), PREPARED FOR INCLUSION IN THIS PROSPECTUS, HAVE BEEN STATED BY OUR DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY OUR REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE OFFER FOR SALE. HOWEVER, THIS IS NOT AN INDICATION THAT THE SC RECOMMENDS THE OFFER FOR SALE.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US. THE SC ALSO TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF YOUR INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER BEFORE APPLYING FOR OUR SHARES.**

BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR PART OF THE CONTENTS OF THIS PROSPECTUS. THE ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE OFFER FOR SALE, OUR COMPANY OR OF OUR SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THIS PROSPECTUS AND THE ACCOMPANYING APPLICATION FORMS HAVE ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

YOU CAN ALSO VIEW OR DOWNLOAD THIS PROSPECTUS FROM THE WEBSITE OF BURSA SECURITIES AT www.bursamalaysia.com.

THE CONTENTS OF AN ELECTRONIC PROSPECTUS (AS DEFINED HEREIN) ARE AS PER THE CONTENTS OF THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS SO REGISTERED IS AVAILABLE ON THE WEBSITES OF RHB BANK BERHAD AT www.rhbbank.com.my AND MALAYAN BANKING BERHAD AT www.maybank2u.com.my (VIA HYPERLINKS TO BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com). YOU MAY ALSO OBTAIN A COPY OF THIS PROSPECTUS SO REGISTERED ON THE WEBSITES OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com AND CIMB BANK BERHAD AT www.cimbclicks.com.my.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM, AND THAT YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) IS SUBJECT TO THE RISKS OF PROBLEMS OCCURRING DURING THE DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS (AS DEFINED HEREIN), WHICH RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR FINANCIAL ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IN THE EVENT OF ANY DISCREPANCIES ARISING BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

(I) WE AND OUR FINANCIAL ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;

(II) WE AND OUR FINANCIAL ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, FOR FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COSTS THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND

(III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE AND OUR FINANCIAL ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:

(I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND THEREAFTER COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND

(II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURING DURING DATA TRANSMISSION, WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON AN APPLICANT'S PERSONAL COMPUTER.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS PROSPECTUS IS NOT INTENDED TO BE AND WILL NOT BE ISSUED, CIRCULATED OR DISTRIBUTED AND THE OFFER FOR SALE WILL NOT BE MADE OR DEEMED TO BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA OR TO PERSONS WHO ARE OR MAY BE SUBJECT TO THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. THE OFFER FOR SALE TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA.

INDICATIVE TIMETABLE

The indicative timing of events in relation to the Offer for Sale is set out below:

Events	Tentative dates
Opening of the application	28 March 2008
Closing of the application	7 April 2008
Balloting of applications	9 April 2008
Despatch of notices of allotment	14 April 2008
Listing	17 April 2008

Our Directors, the Offerors (as hereinafter defined) and the Underwriters may mutually decide, at their absolute discretion, to extend the closing date and time for the application for the Offer Shares in relation to the Offer for Sale to any later date or dates. In the event the closing date and time for the application for the Offer Shares in relation to the Offer for Sale are extended, the dates for the balloting, allotment of the Offer Shares in relation to the Offer for Sale and our Listing will be extended accordingly. We will announce any extension of time for the application for the Offer Shares in relation to the Offer for Sale in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

All references to dates and times are references to dates and times in Malaysia.

All references to "our Company" and "HHB" in this Prospectus are to Hartalega Holdings Berhad; references to "our Group" is to our Company and our subsidiaries taken as a whole and references to "we", "us", "our" and "ourselves" are to our Company, and save where the context otherwise requires, and our subsidiaries. Any references in this Prospectus to the business operated prior to the Acquisition of HSB (as hereinafter defined) shall be taken as if we had carried on such business, and references to "we", "us", "our", "ourselves" and "our Group" shall be construed accordingly.

References to "our Management", "our Directors" and "our Board of Directors" refer to the Management, Directors and Board of Directors of our Company and our subsidiaries; and references to "our share capital" in Section 2 (Particulars of the Offer for Sale and EES) of this Prospectus and elsewhere refers to the share capital of Hartalega Holdings Berhad.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitation, statements relating to:

(i) demand for our products and services;

(ii) our business strategies;

(iii) plans and objectives of our Management for future operations;

(iv) our financial position; and

(v) our future earnings, cash flows and liquidity.

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

(i) the economic, political and investment environment in Malaysia and globally; and

(ii) government policies, legislations or regulations.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 3 (Risk Factors) of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DEFINITIONS

The following abbreviations shall have the following meanings and be applied throughout this Prospectus, unless otherwise stated:

Acquisition of HSB	:	Acquisition by us of the entire issued and paid-up share capital of HSB comprising 15,681,997 ordinary shares of RM1.00 each from the Vendors of HSB, for a total purchase consideration of RM123,700,000, which was satisfied by the issuance of 242,311,996 new Shares at an issue price of RM0.5105 per Share, credited as fully paid-up, which was completed on 7 May 2007
Act	:	Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
ADA	:	Authorised Depository Agent
Application Form(s)	:	The application form(s) for the application of the Offer Shares accompanying this Prospectus
Approved Transfer	:	Transfer of securities by a reason approved by Bursa Depository and carried out in accordance with the Rules of Bursa Depository
ASTM	:	American Society for Testing and Materials
ATM	:	Automated teller machine
AUD	:	Australian Dollar
Authorised Financial Institution(s)	:	The authorised financial institution(s), namely, RHB Bank Berhad, Malayan Banking Berhad, CIMB Investment Bank Berhad and CIMB Bank Berhad, participating in the Internet Share Application with respect to payments for the Offer Shares
Baht	:	Thai Baht
Board	:	Board of Directors
BSI	:	British Standards Institution
BTSB	:	Budi Tenggara Sdn Bhd *(Company No. 650928-A)*
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd *(Company No. 165570-W)*
Bursa Securities	:	Bursa Malaysia Securities Berhad *(Company No. 635998-W)*
CDS	:	Central Depository System
CGSB	:	Canadian General Standards Board
CMSA	:	Capital Markets and Services Act 2007
Disposal of HTCL	:	Disposal by HSB of its entire equity interest in HTCL comprising 800,000 ordinary shares of Baht 30 each to Prayouth Sopitpongstorn, for a cash consideration of RM1,518,096, which was completed on 14 December 2006

EES or Employee Equity Scheme	:	The offer for sale of 1,475,000 EES Shares by the Offerors to the Selected Senior Management via a scheme, the salient terms and conditions of which are set out in Section 2.3.2 of this Prospectus
EES Period	:	The period the EES is valid, commencing from the date of this Prospectus and expiring on 31 March 2013
EES Shares	:	1,475,000 Offer Shares being offered pursuant to the EES, subject to the terms and conditions of this Prospectus
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy diskettes
Electronic Share Application	:	Application for the Offer Shares through a Participating Financial Institution's ATM
EPS	:	Earnings per Share
FDA	:	Food and Drug Administration of the USA
FIC	:	Foreign Investment Committee
FIC Guidelines	:	Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests issued by the FIC, including any amendments made thereto from time to time
Flotation Exercise	:	Share Split, Acquisition of HSB, Offer for Sale, EES, Listing and Proposed Share Transfer, collectively
FPE	:	Financial period ended
FYE	:	Financial year ended/ending 31 March
GMP	:	Good Manufacturing Practices
HHB or our Company	:	Hartalega Holdings Berhad *(Company No. 741883-X)*
HHB Group or our Group	:	HHB and the HSB Group, collectively
HHB Share(s) or Share(s)	:	Ordinary shares of RM0.50 each in our Company
HISB	:	Hartalega Industries Sdn Bhd *(Company No. 192772-U)*
HSB	:	Hartalega Sdn Bhd *(Company No. 75398-K)*, our wholly owned subsidiary
HSB Group	:	HSB and its subsidiaries, namely SEMSB, PUI and PAPL
HTCL	:	Hartalega (Thailand) Co. Ltd *(Registration No. 0105538146331 (previous registration no.: (1)3162/2538))*
Internet Participating Financial Institution(s)	:	The institution(s) participating in the Internet Share Application, namely, RHB Bank Berhad, Malayan Banking Berhad, CIMB Investment Bank Berhad and CIMB Bank Berhad
Internet Share Application	:	The application for the Offer Shares through an online share application services provided by the Internet Participating Financial Institution(s)

JIS	:	Japanese Industrial Standards
KCSB	:	Kelana Citra Sdn Bhd *(Company No. 645789-D)*
KJSB	:	Kinta Jeram Sdn Bhd *(Company No. 641431-W)*
KRSB	:	Kinetic Region Sdn Bhd *(Company No. 739101-X)*
Listing	:	Listing of and quotation for the entire issued and paid-up share capital of our Company on the Main Board of Bursa Securities
Listing Requirements	:	Listing requirements of Bursa Securities
M&A	:	Memorandum and Articles of Association
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Managing Underwriter	:	RHB Investment Bank
Market Day	:	Day on which Bursa Securities is open for trading
MFO	:	Medium fuel oil
MI	:	Minority interests
MIDA	:	Malaysian Industrial Development Authority
MIH or Issuing House	:	Malaysian Issuing House Sdn Bhd *(Company No. 258345-X)*
MITI	:	Ministry of International Trade and Industry
MRB	:	Malaysian Rubber Board
NTA	:	Net tangible assets
OEM	:	Original equipment manufacturer
Offer for Sale	:	The offer for sale of 24,210,000 Offer Shares by the Offerors at the offer price of RM1.80 per Offer Share payable in full upon application comprising: (i) 12,116,000 Offer Shares to the Malaysian Public; (ii) 4,000,000 Offer Shares to the eligible Directors and employees of our Group and persons who have contributed to the success of our Group; and (iii) 8,094,000 Offer Shares to the identified investors by way of private placement
Offer Shares	:	25,685,000 Shares being offered pursuant to the Offer for Sale and EES, subject to the terms and conditions of this Prospectus
Offerors	:	Kuan Kam Hon @ Kwan Kam Onn, Kuan Kam Peng, Chow Siew Fong, Wong Kin Seng @ Wong Kim Seng and Ching Hean Chong, collectively

OSK	:	OSK Investment Bank Berhad *(Company No. 14152-V)*
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application, a list as set out in Section 18.5.2 of this Prospectus
PAPL	:	Pharmatex (Australia) Pty Ltd *(A.C.N. 075460838)*, an 82% owned subsidiary of HSB
PAT/ (LAT)	:	Profit after taxation/ (Loss after taxation)
PATMI	:	PAT and MI
PBT/ (LBT)	:	Profit before taxation/ (Loss before taxation)
PBTMI	:	PBT and MI
PE Multiple	:	Price earnings multiple
Promoters	:	Kuan Kam Hon @ Kwan Kam Onn, Kuan Kam Peng, Chow Siew Fong, Wong Kin Seng @ Wong Kim Seng and Ching Hean Chong, collectively
Proposed Share Transfer	:	The proposed transfer of an aggregate of 122,234,000 HHB Shares by Kuan Kam Hon @ Kwan Kam Onn, Kuan Kam Peng, Wong Kin Seng @ Wong Kim Seng, Ching Hean Chong, Chow Siew Fong and BTSB to HISB, pursuant to the terms as stipulated in the shareholders agreement dated 31 January 2008 entered into by the respective parties
Prospectus	:	This prospectus for the Offer for Sale and EES dated 28 March 2008
PRSB	:	Prelude Rewards Sdn Bhd *(Company No. 763635-P)*
PUI	:	Pharmatex (USA) Inc. *(Company No. 2496017)*, an 80% owned subsidiary of HSB
PVSB	:	Pacific Venue Sdn Bhd *(Company No. 648750-T)*
QA	:	Quality assurance
R&D	:	Research and development
RHB Investment Bank	:	RHB Investment Bank Berhad *(Company No. 19663-P)*
RM and sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission
Selected Senior Management	:	Selected senior management of our Group who are eligible to participate in the EES
SEMSB	:	Sentinel Engineering (M) Sdn Bhd *(Company No. 164784-M)*, a wholly owned subsidiary of HSB
Share Split	:	Share split of our ordinary shares of RM1.00 each into ordinary shares of RM0.50 each by way of sub-division of the par value from RM1.00 to RM0.50
sq. ft	:	Square feet
SMG	:	Standard Malaysian Gloves

DEFINITIONS ***(Cont'd)***

Subscribers	:	Tan Eng Hooi and Chow Siew Ying, collectively
TGA	:	Australian Therapeutic Goods Administration
TISB	:	Tiara Ikhtisas Sdn Bhd *(Company No. 650846-D)*
UK	:	United Kingdom
Underwriters	:	RHB Investment Bank and OSK, collectively
USA	:	United States of America
USD	:	United States Dollar, the lawful currency of the USA
Vendors of HSB	:	Kuan Kam Hon @ Kwan Kam Onn, Kuan Kam Peng, Wong Kin Seng @ Wong Kim Seng, Ching Hean Chong, Kwan Choh Kiew, Chow Siew Fong, Kuan Eu Jin, Dato' Mohamed Zakri bin Abdul Rashid, Liew Ben Poh, BTSB, KCSB, KJSB, KRSB, PVSB, TISB and Seow Hoon Hin, collectively

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

TECHNICAL TERMS

These terms will be commonly used throughout this Prospectus.

Chlorination	:	Chlorination is a process of washing and rinsing whereby the stickiness of the latex is removed by modifying the rubber surface. This produces a smooth non-tacky surface on the gloves, which can be donned without the aid of dusting powder. The chlorination process also reduces the amount of extractable protein in the gloves
Examination Gloves	:	Gloves that are commonly used in the healthcare industry such as hospitals and clinics mainly to serve as barrier protection against dangerous substances or transmission of viruses, bacteria or germs. Sometimes these gloves are also used in the manufacturing industry such as food or high technology sectors
Household Gloves	:	Gloves that are made for general use in households
Latex Gloves/ Rubber Gloves	:	Gloves made from natural rubber or synthetic rubber
Nitrile Gloves/ Nitrile-butadiene Gloves	:	Nitrile gloves are made from nitrile rubber, which is a synthetic rubber copolymer of acrylonitrile and butadiene. Nitrile gloves do not contain latex protein and therefore do not affect users with latex allergies
Polymer Coated Gloves	:	Polymer coated gloves are designed to reduce sensitivity to latex by coating the inside of the gloves with a layer of polymer that forms as a barrier to prevent the skin from coming into contact with the latex. It is less expensive compared to Nitrile Gloves
Powder Free Gloves	:	Powder free gloves may contain up to 2 mg of powder in each glove and still meet the FDA standards. These gloves are designed for more stringent conditions whereby airborne particles can be an irritant in areas such as gynaecology, urology, dentistry, neonatal units, cardiothoracic respiratory medicine, operating theatres and laboratories whereby sensitive equipment is used
Surgical Gloves	:	Manufactured specifically for use in surgery whereby the gloves are thinner than the standard gloves for added feel when performing surgery
Vinyl Gloves	:	Vinyl gloves are made from polyvinyl chloride (PVC), a type of synthetic rubber. As the level of protection is much lower than latex or nitrile, they are normally used for cleaning food preparations and other industrial applications

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

TABLE OF CONTENTS *(Cont'd)*

TABLE OF CONTENTS *(Cont'd)*

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Kuan Kam Hon @ Kwan Kam Onn *(Managing Director)*	Lot 226, Jalan Kiara Payong Sierramas, Sg Buloh 47000 Selangor	Company Director	Malaysian
Abdul Hamid bin Sh Mohamed *(Independent Non-Executive Director)*	21, Jalan Bukit Setiawangsa 13 Taman Setiawangsa 54200 Kuala Lumpur	Company Director	Malaysian
Dato' Mohamed Zakri bin Abdul Rashid *(Independent Non-Executive Director)*	10, Lorong Chanderai Bangsar 59100 Kuala Lumpur	Company Director	Malaysian
Sannusi bin Ngah *(Non-Independent Non-Executive Director)*	1, Cangkat Datuk Sulaiman Satu TTDI Hills, Taman Tun Dr. Ismail 60000 Kuala Lumpur	Company Director	Malaysian
Chuah Phaik Sim *(Independent Non-Executive Director)*	10-8-6 Desa Damansara 99, Jalan Setiakasih Bukit Damansara 50490 Kuala Lumpur	Company Director	Malaysian
Liew Ben Poh *(Non-Independent Executive Director)*	No. 2, Jalan Margosa SD10/6A Bandar Sri Damansara 52200 Kuala Lumpur	Company Director	Malaysian
Kuan Mun Leong *(Non-Independent Executive Director)*	Lot 226, Jalan Kiara Payong Sierramas, Sg Buloh 47000 Selangor	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Chuah Phaik Sim	Chairwoman	Independent Non-Executive Director
Dato' Mohamed Zakri bin Abdul Rashid	Member	Independent Non-Executive Director
Abdul Hamid bin Sh Mohamed	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Mohamed Zakri bin Abdul Rashid	Chairman	Independent Non-Executive Director
Abdul Hamid bin Sh Mohamed	Member	Independent Non-Executive Director
Sannusi bin Ngah	Member	Non-Independent Non-Executive Director

CORPORATE DIRECTORY *(Cont'd)*

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Mohamed Zakri bin Abdul Rashid	Chairman	Independent Non-Executive Director
Chuah Phaik Sim	Member	Independent Non-Executive Director
Sannusi bin Ngah	Member	Non-Independent Non-Executive Director

COMPANY SECRETARIES :

Lim Ming Toong *(MAICSA 7000281)*
Hoh Kean Nyuk *(MAICSA 7043594)*
c/o Delairco Corporate Services Sdn Bhd
Mezzanine Floor
No. 8A, Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Tel No.: 03 - 2094 1888

REGISTERED OFFICE :

Mezzanine Floor
No. 8A, Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Tel No.: 03 - 2094 1888

HEAD OFFICE/ MANAGEMENT OFFICE/ PRINCIPAL PLACE OF BUSINESS :

Head Office and Management Office:
C-G-9, Jalan Dataran SD1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur
Tel No.: 03 - 6277 1733

Principal Place of Business:
No. 7, Kawasan Perusahaan Suria
45600 Batang Berjuntai
Selangor Darul Ehsan
Tel No.: 03 - 3271 0277
Website: www.hartalega.com.my
E-mail address: hartalega@hartalega-kl.com.my

PRINCIPAL BANKERS :

RHB Bank Berhad
Kepong Commercial Banking Business Centre
1st Floor, No. 321 Batu 7
Jalan Kepong
Kepong Baru
52100 Kuala Lumpur
Tel No.: 03 – 6274 0231

CIMB Bank Berhad
5th Floor, Menara A&M
Garden Business Centre
Jalan Istana
41000 Klang
Tel No.: 03 – 3374 9110

CORPORATE DIRECTORY *(Cont'd)*

PRINCIPAL BANKERS *(cont'd)*		Hong Leong Bank Berhad Kepong Business Centre 1, Jalan Ambong Kiri Dua Kepong Baru 52100 Kuala Lumpur Tel No.: 03 - 6250 8335
AUDITORS AND REPORTING ACCOUNTANTS	:	Moore Stephens (Firm No. AF. 0282) No. 8A, Jalan Sri Semantan Satu Damansara Heights 50490 Kuala Lumpur Tel No.: 03 - 2094 1888
SOLICITORS FOR THE FLOTATION EXERCISE	:	Lee, Perara & Tan No. 55, Jalan Thambapillai Off Jalan Tun Sambanthan Brickfields 50470 Kuala Lumpur Tel No.: 03 - 2273 4307
FINANCIAL ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND JOINT PLACEMENT AGENT	:	RHB Investment Bank Berhad Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03 - 9287 3888
UNDERWRITER AND JOINT PLACEMENT AGENT	:	OSK Investment Bank Berhad 20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03 – 2333 8333
INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS	:	Vital Factor Consulting Sdn Bhd 75C & 77C, Jalan SS22/19 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03 - 7728 0248
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd 27th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03 - 2693 2075
REGISTRAR	:	Symphony Share Registrars Sdn Bhd 26th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03 - 2721 2222
LISTING SOUGHT	:	Main Board of Bursa Securities

1. INFORMATION SUMMARY

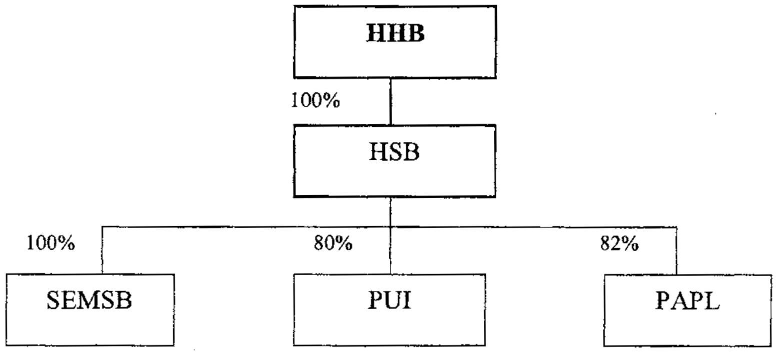
THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP, THE OFFER FOR SALE AND EES. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THIS SECTION TOGETHER WITH THE WHOLE PROSPECTUS CAREFULLY, PARTICULARLY THE MATTERS SET OUT UNDER THE "RISK FACTORS" SECTION OF THIS PROSPECTUS BEFORE YOU DECIDE TO INVEST IN OUR SHARES.

1.1 Overview of our Group and business

Our Group

Our Company was incorporated as a public company in Malaysia under the name of Hartalega Holdings Berhad on 24 July 2006 under the Act as an investment holding company to facilitate our Listing.

The following chart depicts our Group's structure:



Companies	Principal activities
HHB	Investment holding
HSB	Manufacturing of Latex Gloves
SEMSB	Automation systems R&D and leasing of property
PUI	Marketing of Latex Gloves
PAPL	Marketing of Latex Gloves and trading of Vinyl Gloves

Business

The history of our Group can be traced back to 1981 when HSB was established by Mr Kuan Kam Hon @ Kwan Kam Onn, our Managing Director and his brother Mr Kuan Kam Peng. Since the commencement of HSB's manufacturing operations in the FYE 1989, Mr Kuan Kam Hon @ Kwan Kam Onn has been instrumental in the success, growth and development of our Group. With approximately 19 years of experience in the Latex Gloves industry, Mr Kuan Kam Hon @ Kwan Kam Onn has successfully led our Group to become an established player in the industry and an exporter of Latex Gloves to 23 countries during the FYE 2007.

In 1988, our Group began our manufacturing operations with a single production line, which has now expanded to 23 production lines. Our Group currently has 3 manufacturing plants. Further, we are in the midst of setting up the fourth manufacturing plant ("4th Plant") and envisage to commence the construction of the fifth manufacturing plant ("5th Plant") in the FYE 2009. The proposed 4th and 5th Plants are being set up to cater for our future business expansion, which are expected to be fully operational by the FYE 2009 and FYE 2010 respectively.

In 1988, we made our first foray into the overseas market by exporting to the USA. Since then, our Group has expanded our markets by exporting to 23 countries during the FYE 2007, and the revenue contribution by countries for the FYE 2007 can be depicted as follows:

Revenue contribution by countries for the FYE 2007

Countries	Revenue contribution (%)
Australia	2.04
Austria	0.06
Brazil	9.21
Canada	0.80
Czech Republic	0.11
France	0.04
Germany	5.60
Greece	0.34
Hong Kong	0.20
Iran	0.04
Italy	0.15
Japan	7.36
Jordan	0.07
Malaysia	1.84
Netherlands	0.23
Pakistan	0.08
Sri Lanka	0.59
Switzerland	0.13
Tunisia	0.08
Turkey	0.15
UK	0.69
Ukraine	0.64
USA	69.44
Vietnam	0.11
TOTAL	**100.00**

Our Group also incorporated SEMSB in 1987 which commenced operations in 2000 to focus on R&D on automation systems to continually improve on the production efficiency and effectiveness of our Group's Latex Gloves manufacturing operations. SEMSB will also become the future patent holder of our Group's proprietary designed and developed machinery and systems including the double former dipping lines, robotic glove stripping system and the glove puller and stacker system.

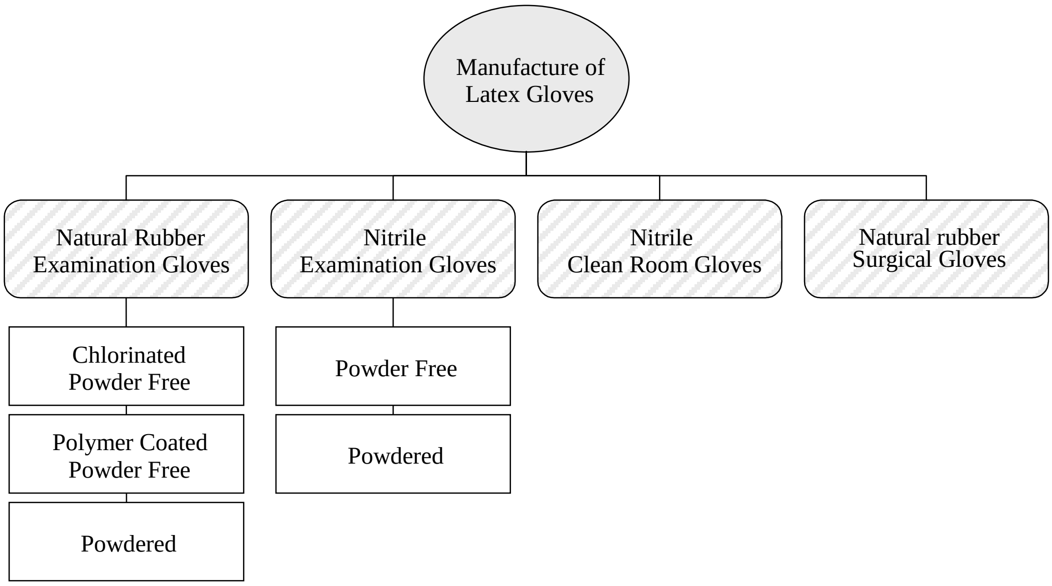
Further, as part of our Group's expansion plans, PAPL commenced operations in 2001 to focus on the marketing of Latex Gloves in Australia. In 2003, PUI was incorporated as the marketing arm based in California and had commenced operations in the same year to focus on marketing of Latex Gloves in the USA.

We are an OEM and 95.6% of our Group's revenue for the FYE 2007 was generated from third party or principals' brands under *inter-alia,* the brand names of "Sensicare", "Evolution One", "Diamond Grip", "Synetron", "Verte" and "Freeform". We are also an original brand manufacturer of Latex Examination Gloves, which are marketed under our own brands, namely, "Pharmatex", "Innova", "CRAFT" and "Elastik". Our own brands contributed 4.4% of our Group's revenue for the FYE 2007.

1. INFORMATION SUMMARY *(Cont'd)*

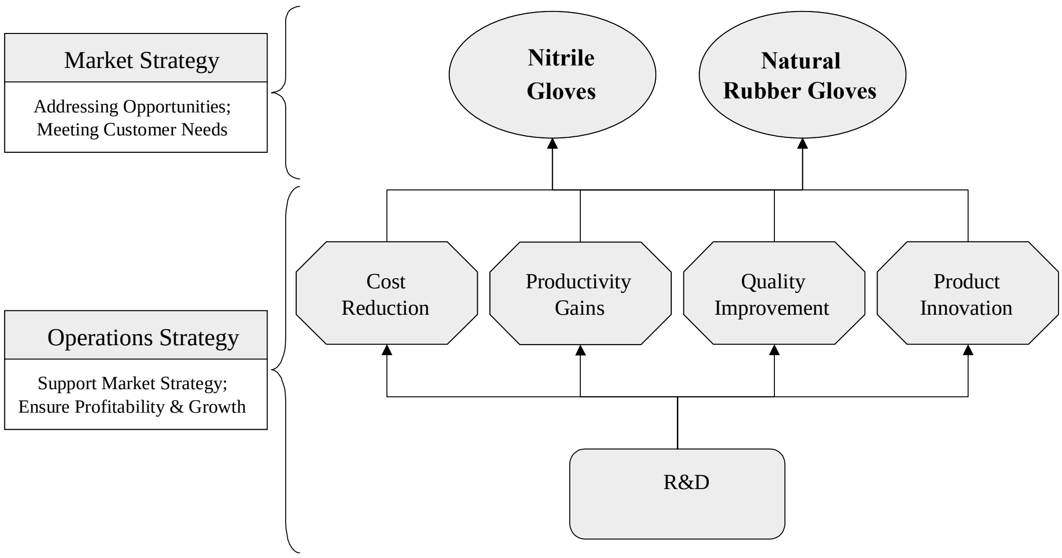
Products

The major types of Latex Gloves manufactured by our Group can be depicted in the following diagram:



The gloves manufactured by our Group mostly cater for medical centres and hospitals, dental clinics, high technology industries including the electronics industry, research and scientific laboratories, and food and beverage industries.

Our business strategy



Our Group's overall business strategy focuses on two platforms:

(i) External: Market strategy
(ii) Internal: Operations strategy

Our Group's market strategy focuses on addressing opportunities in the global market and meeting the needs of our customers. This is achieved through the manufacturing of Latex Gloves using both natural rubber and nitrile. For the FYE 2007, our revenue from natural rubber gloves and Nitrile Gloves accounted for 51.6% and 48.1% respectively.

Our Group's operations strategy focuses on providing the platform to support the market strategy and at the same time ensuring business growth and profitability. This is achieved through continuous:

(i) cost reduction - Our Group currently has 3 units of biomass heaters and intends to install the 4th biomass heater in the proposed 5th Plant to replace the use of diesel and MFO for heating purposes. This enables our Group to make energy cost savings;

(ii) productivity gains through our automation systems consisting our robotic glove stripping system, glove puller and stacker system and double former dipping lines. Our robotic glove stripping system is superior to the air-jet system as the process is more accurate requiring less human intervention to rectify errors. Our glove puller and stacker system strips the gloves from the formers, stacks and arranges the gloves in a manner where they are ready for packing. Our double former dipping lines allow our Group to double our capacity on a single production line as compared to single former dipping lines;

(iii) quality improvement through our continuous emphasis on quality to ensure that we meet the highest standard of compliance and customer expectations. This is reflected in the numerous quality accreditations and our compliance to the various international standards;

(iv) product innovation from our continuous R&D in formulating our own nitrile latex with desired properties and characteristics that meet the requirements of our customers and industrial standards; and

(v) R&D that focuses on process improvements, product innovation and enhancement and automation systems to increase productivity and improve quality.

Refer to Section 5 of this Prospectus for further information on our Group and business.

1.2 Our competitive strengths

We believe our position as one of the established players in the manufacturing of Latex Gloves industry is attributable to primarily the following competitive strengths:

(i) Elastic high stress retention Nitrile Examination Gloves

In the FYE 2005, our Group has, together with Microflex Corporation, USA, our major customer, successfully developed and commercialised a range of Nitrile Gloves that replicates the natural elastic properties of natural rubber gloves. Our Group's elastic high stress retention Nitrile Examination Gloves have approximately 55% stress retention properties as compared to the average Nitrile Examination Gloves at 40%.

(ii) Product quality

The various quality management systems accreditations of our subsidiaries, HSB and PAPL, such as, ISO 13485:2003, EN ISO 13485:2003 and ISO 9001:2000 for HSB and ISO 9001:2000 for PAPL, are endorsements of the quality assurance system that is in place for the manufacturing and procurement of Latex Gloves.

(iii) Compliance with international standards

We have demonstrated ability to continually manufacture Latex Gloves that can meet and conform to the international standards for those countries that we export to. For instance, we are able to fulfil the acceptable quality level standards under the FDA, ASTM, CGSB, BSI and JIS.

(iv) Wide market coverage

For the FYE 2007, we have a wide market coverage, which extends to 24 countries including Malaysia. The coverage of different markets provides our Group with the platform to optimise on business opportunities in the various countries.

(v) Market reputation and established track record

With approximately 19 years of experience, we have successfully established ourselves as a reputable manufacturer of Latex Gloves. For the FYE 2007, 10 of our top 20 customers have been dealing with our Group for 5 years or more.

(vi) R&D capabilities

We are constantly undertaking R&D to better meet our customers' needs and address areas of opportunities. As such, this will provide us with the ability to keep abreast of developments in technology, and process improvements and developments in latex compounding formulations to attain certain desired properties and characteristics to meet the requirement of the markets and customers.

Some of our Group's R&D capabilities and achievements are demonstrated in the commercialisation of our low protein latex Examination Gloves, polymer coated natural rubber Examination Gloves and elastic high stress retention Nitrile Examination Gloves.

(vii) Capabilities to manufacture both natural rubber and synthetic Latex Gloves

We have in-house capabilities to produce both natural rubber and synthetic Latex Gloves with specialised properties to meet the market requirements of customers. The coverage of both types of materials allows us to provide our customers with the option of buying either natural rubber or synthetic Latex Gloves.

In the FYE 2007, we produced approximately 57% and 43% natural rubber and synthetic Latex Gloves respectively as compared to the total industry output for natural rubber and synthetic Latex Gloves in 2007 of approximately 80% and 20% respectively. Based on the industry output, it indicates that most of the other manufacturers focus on the production of natural rubber Latex Gloves, which gives us an added advantage compared to other manufacturers that mainly focus on producing natural rubber Latex Gloves.

(viii) Ability to handle large volume

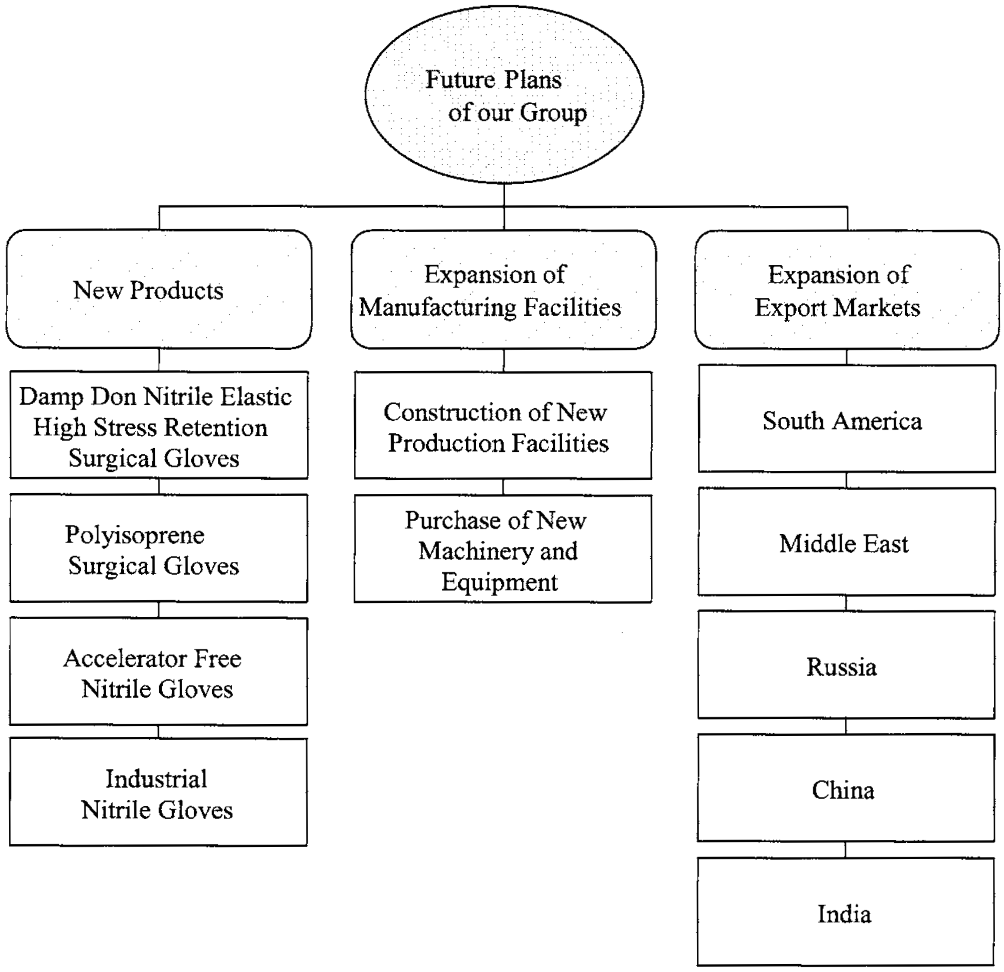
We have made significant investments in machinery and equipment including our own proprietary designed double former dipping lines as well as other equipments such as the centralised computer control system, robotic glove stripping system, glove puller and stacker system, online bar coding tracking system, online stacking system and biomass heaters. The extensive production facilities enable us to meet high volume demand as well as fast turnaround effectively and efficiently.

(ix) Reduce energy cost

We currently have 3 units of biomass heaters and intend to install the 4th biomass heater in the proposed 5th Plant, and supply of natural gas to replace the use of diesel and MFO for heating purposes which will enable us to reduce our energy costs.

Refer to Section 5.4.5 of this Prospectus for further information on our Group's competitive strengths.

1.3 Our future plans and prospects



Our Group's future plans and prospects are as follows:

(i) New products

Our Group has successfully completed R&D on developing the damp don nitrile elastic high stress retention Surgical Gloves which is intended to be commercialised in the FYE 2009.

Our Group is currently undertaking R&D activities, all of which are expected to be completed by the FYE 2009, to develop a range of new products, which include:

(a) Polyisoprene Surgical Gloves;
(b) Accelerator free Nitrile Gloves; and
(c) Industrial nitrile unsupported gloves.

The introduction of new products that cater for different needs of users and markets is important to ensure sustainable business growth. As such, we have continuously worked with our customers and conduct market surveys to identify opportunities where we can develop new products that can address the needs and problems faced by the users or markets, such as, natural rubber protein allergy and accelerator allergy. In this respect, we have developed new products with the needs of our targeted customers in mind and at the same time ensuring that these products will be competitively priced.

(ii) Expansion of manufacturing facilities

(a) Construction of new production facilities

As part of our expansion plans, we are currently setting up the proposed 4th Plant and envisage to commence the construction of the proposed 5th Plant on the land adjacent to our present factory at Batang Berjuntai to address areas of growth and opportunities in the expansion of export markets and the production of new products. These additional manufacturing plants are expected to be fully operational by the FYE 2009 and FYE 2010 respectively.

(b) Purchase of new machinery and equipment

We are currently installing 10 new production lines in the proposed 4th Plant, which will be fully operational by the FYE 2009. The proposed 4th Plant will provide us with an additional capacity of approximately 2.9 billion pieces of gloves per year.

In July 2008, we will be commencing the construction of the proposed 5th Plant, which will be fully operational by the FYE 2010. We will install 10 new production lines in the proposed 5th Plant. The proposed 5th Plant will provide us with an additional capacity of approximately 3.1 billion pieces of gloves per year.

In total, the 20 new production lines from the proposed 4th and 5th Plants will provide our Group with an additional capacity of approximately 6.0 billion pieces of gloves per year or approximately 182% additional capacity from our present capacity of approximately 3.3 billion pieces of gloves.

(iii) Expansion of export markets

We intend to focus on expanding into other overseas markets including:

(a) South America; and
(b) Middle East.

In addition, we will also be targeting new markets in the FYE 2009 such as:

(a) Russia;
(b) China; and
(c) India.

Refer to Section 5.7 of this Prospectus for further details on our Group's future plans and prospects.

1.4 Our financial performance

The following table presents a summary of our proforma consolidated financial performance, which should be read in conjunction with the "Historical Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as set out in Sections 10 and 11 of this Prospectus.

	<-----FYE-----		---->
	2005 RM'000	**2006 RM'000**	**2007 RM'000**
Operating Revenue	109,579	160,275	240,915
PBT	16,463	23,863	40,693
Taxation	(3,009)	(4,864)	(3,645)
PAT	13,454	18,999	37,048
MI	53	-	(35)
PATMI	13,507	18,999	37,013
No. of Shares in issue ('000) [1]	242,312	242,312	242,312
Gross EPS [2] (sen)	6.82	9.85	16.78
Net EPS [3] (sen)	5.57	7.84	15.27

Notes:

1. *Based on the number of HHB Shares in issue after the Share Split and the Acquisition of HSB*
2. *Computed based on the PBTMI over 242,312,000 Shares*
3. *Computed based on PATMI over 242,312,000 Shares*

Refer to Section 10.1 of this Prospectus for further details on our historical financial performance.

1.5 Our future financial information

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

	Estimate	**Forecast**
	FYE 2008	**FYE 2009**
	RM'000	**RM'000**
Operating revenue	283,202	396,387
Consolidated PBT and before MI	45,973	63,489
Taxation	(6,340)	(8,016)
Consolidated PAT but before MI	39,633	55,473
MI	(36)	(16)
Consolidated PATMI	39,597	55,457
Pre-acquisition profit	(4,043)	-
Post-acquisition consolidated PATMI	35,554	55,457
Gain on Acquisition [1]	34,085	-
Post-acquisition consolidated profit for the year	69,639	55,457
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

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 Acquisition 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 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 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*

Refer to Section 12.1 of this Prospectus for further details on our consolidated profit estimate and forecast.

1.6 Information on the Offer for Sale and EES

<u>**Offer for Sale**</u>

The Offer for Sale comprising 24,210,000 HHB Shares at the offer price of RM1.80 per Offer Share, which are payable in full on application, will be allocated in the following manner:

Category	No. of Offer Shares allocated	% of our issued and paid-up share capital
(i) Malaysian Public	12,116,000	5.00
(ii) Eligible Directors and employees of our Group and persons who have contributed to the success of our Group	4,000,000	1.65
(iii) Identified investors by way of private placement	8,094,000	3.34
Total	**24,210,000**	**9.99**

<u>**EES**</u>

The EES comprising 1,475,000 HHB Shares (representing 0.61% of our issued and paid-up share capital) will be offered to the Selected Senior Management at the strike price of RM1.80 per EES Share.

Refer to Section 2.3 of this Prospectus for further details on the Offer for Sale and EES.

1.7 Use of proceeds

The gross proceeds from the Offer for Sale and EES totalling RM46,233,000 shall accrue to the Offerors and no part of the proceeds from the Offer for Sale and EES is receivable by our Company. Further, the Offerors shall bear all expenses including the managing underwriter fee, underwriting commission, brokerage and stamp duty (if any) in relation to the Offer for Sale.

1.8 Dividend policy

It is our policy to recommend dividends to allow our shareholders to participate in the profit of our Group as well as provide adequate reserves for our future growth. Our ability 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, receipt of future funds and dividend income from our subsidiaries.

Subject to the above, the intended appropriation of the forecast consolidated PATMI for the FYE 2009 is as follows:

	Forecast FYE 2009
Tax exempt dividend per Share (sen)	10.0
Dividend yield (%)	5.56[1]
Net dividend cover (times)	2.29[2]

Notes:

1. *Based on the offer price of RM1.80 per Share*
2. *Computed based on the net EPS for the FYE 2009 over dividend per Share for the FYE 2009*

Refer to Section 12.4 of this Prospectus for further details on our dividend estimate and forecast.

1.9 Risk factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks of investment as summarised below. The investment considerations that should be considered include, but are not limited to the following:

Risks relating to our Group and the industry in which our Group operates

(i) Increase and fluctuation in price of raw materials and oil prices
(ii) Dependency on imports of synthetic latex
(iii) Natural rubber protein allergy
(iv) Competition
(v) Foreign exchange exposure and translation losses
(vi) Compliance with international standards and/or requirements
(vii) General exclusion order and claims for damages
(viii) Absence of long-term contracts
(ix) Dependency on major customers
(x) Dependency on major markets
(xi) Dependency on major suppliers

1. INFORMATION SUMMARY *(Cont'd)*

(xii) Shortage of natural rubber supply
(xiii) Recoverability of debts
(xiv) Cost of energy
(xv) Continuing and new demand for our products
(xvi) Labour intensity
(xvii) Reliance on key management and key technical personnel
(xviii) Ownership and control
(xix) Disruption to the manufacturing operations
(xx) Insurance coverage
(xxi) Sensitivity to economic downturn
(xxii) Political, economic and regulatory factors

Other risks

(i) Potential delay or failure of our Listing
(ii) No prior market for our Shares
(iii) Compliance with public shareholding spread
(iv) Volatility in our Share price and trading volume
(v) Ability to pay dividends
(vi) Disclosure regarding forward-looking statements

Refer to Section 3 of this Prospectus for further details on our risk factors.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2. PARTICULARS OF THE OFFER FOR SALE AND EES

2.1 Introduction

This Prospectus is dated 28 March 2008.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the Registrar of Companies who takes no responsibility for its contents.

We have received the SC's approvals on 13 March 2007, 4 December 2007 and 22 February 2008 for the Offer for Sale and EES. However, the approval of the SC shall not be taken to indicate that the SC recommends the Offer for Sale and EES.

We have also obtained the approval-in-principle from Bursa Securities on 11 March 2008 for, *inter-alia*, our admission to the Official List of the Main Board of Bursa Securities and for permission to deal in and for the quotation for our entire issued and paid-up share capital, including the Offer Shares, which are the subject of this Prospectus.

Our entire issued and paid-up share capital will be admitted to the Official List of the Main Board of Bursa Securities and official quotation will commence after the receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment will be issued and despatched to all the successful applicants.

Acceptance of the applications for the Offer Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the listing and quotation for our entire issued and paid-up share capital on the Official List of the Main Board of Bursa Securities. Accordingly, all monies paid in respect of any application accepted from you will be returned in full without interest if the said permission for the listing is not granted within 6 weeks from the date of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If any such monies are not repaid within 14 days after our Company is liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Pursuant to the Listing Requirements, at least 25% of the total number of Shares for which listing is sought must be in the hands of public shareholders and a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon the Listing. In the event that the above requirement is not met pursuant to the Offer for Sale and EES, our Company may not be allowed to proceed with our Listing. Notwithstanding thereto, 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.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit the Offer Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

You should rely on the information contained in this Prospectus or any applicable Prospectus supplement. We or our Financial Adviser have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

We are not making any invitation to subscribe for any Offer Shares in any jurisdiction and in any circumstances in which such an invitation is not authorised or lawful or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of the Offer Shares in certain other jurisdiction may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitors, accountant or other professional adviser before applying for the Offer Shares.

If you are submitting your application by way of Application Form, Electronic Share Application or Internet Share Application (refer to Section 18 of this Prospectus), you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an application for the Offer Shares. A corporation or institution cannot apply for the Offer Shares by way of Electronic Share Application or Internet Share Application.

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com or via hyperlink to Bursa Securities' website through the websites of RHB Bank Berhad at www.rhbbank.com.my and Malayan Banking Berhad at www.maybank2u.com.my. You may also view or download this Prospectus at or from the websites of CIMB Investment Bank Berhad at www.eipocimb.com and CIMB Bank Berhad at www.cimbclicks.com.my.

2.2 Relevant dates

Application for the Offer Shares in relation to the Offer for Sale will be accepted from 10.00 a.m. on 28 March 2008 and will be closed at 5.00 p.m. on 7 April 2008 or for such other date or dates as our Directors, the Offerors and the Underwriters at their absolute discretion may mutually decide. **Late applications will not be accepted.**

The indicative timing of events leading to the listing of and quotation for our Shares are set out below:

Events	**Tentative dates**
Opening of the application	28 March 2008
Closing of the application	7 April 2008
Balloting of applications	9 April 2008
Despatch of notices of allotment	14 April 2008
Listing	17 April 2008

Our Directors, the Offerors and the Underwriters may mutually decide, at their absolute discretion, to extend the closing date and time for the application for the Offer Shares in relation to the Offer for Sale to any later date or dates. In the event the closing date and time for the application for the Offer Shares in relation to the Offer for Sale are extended, the dates for the balloting, allotment of the Offer Shares in relation to the Offer for Sale and our Listing will be extended accordingly. We will announce any extension of time for the application for the Offer Shares in relation to the Offer for Sale in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

2.3 Offer for Sale and EES

2.3.1 Details of the Offer for Sale

The Offer for Sale comprises 24,210,000 Shares at an offer price of RM1.80 per Offer Share, which is payable in full upon application. The Offer Shares will be allocated in the following manner:

(i) Malaysian Public

12,116,000 Offer Shares or 5.00% of our issued and paid-up share capital will be made available for application by the Malaysian Public.

(ii) Eligible Directors and employees of our Group and persons who have contributed to the success of our Group

4,000,000 Offer Shares or 1.65% of our issued and paid-up share capital will be reserved for application by the eligible Directors and employees of our Group and persons who have contributed to the success of our Group.

The Offer Shares are allocated in the following manner:

Eligibility	Total	Aggregate number of Offer Shares allocated
(a) Eligible Directors of our Group[1]	8	400,000
(b) Eligible employees of our Group[1]	286	1,000,000
(c) Persons who have contributed to the success of our Group[2]	33	2,600,000
Total	**327**	**4,000,000**

Notes:

1. *The criteria for the allocation to the eligible Directors and employees of our Group are based on, inter-alia, their job position in the company, their length of service in our Group and their respective contribution towards the success of our Group*

2. *The criteria for the allocation to the persons who have contributed to the success of our Group are based on, inter-alia, the level of contribution rendered by these persons to the success of our Group in terms of our Group's revenue and profitability growth*

The allocation of the Offer Shares to our Group's Directors is as follows:

Directors	Designation	No. of Offer Shares allocated
Abdul Hamid bin Sh Mohamed	Independent Non-Executive Director	50,000
Dato' Mohamed Zakri bin Abdul Rashid	Independent Non-Executive Director	50,000
Sannusi bin Ngah	Non-Independent Non-Executive Director	50,000
Chuah Phaik Sim	Independent Non-Executive Director	50,000
Liew Ben Poh	Non-Independent Executive Director	50,000
Kuan Mun Leong	Non-Independent Executive Director	50,000
I. Gregory Pak	Company Director	50,000
David Wee Tze Teng	Company Director	50,000

(iii) Identified investors by way of private placement

8,094,000 Offer Shares or 3.34% of the issued and paid-up share capital of our Company will be placed out to the identified investors by way of private placement.

The Offer Shares made available for application by the Malaysian Public and persons who have contributed to the success of our Group, totalling 14,716,000 Offer Shares, are fully underwritten.

Any Offer Shares allocated to our eligible Directors, employees and persons who have contributed to the success of our Group not taken up, will be re-offered to our eligible employees. Subsequently, any of the Offer Shares re-offered not taken up by our eligible employees will be made available for application by the Malaysian Public.

Thereafter, any Offer Shares that are not subscribed by our eligible Directors, employees and persons who have contributed to the success of our Group and the Malaysian Public will be made available for subscription by the Underwriters.

Pursuant to the SC's approval on 21 March 2008 for a waiver from complying with the requirements under paragraph 6.23(a) of the SC's Policies and Guidelines on Issue/ Offer of Securities, no underwriting has been arranged for the Offer Shares under paragraph (iii) notwithstanding that the irrevocable undertakings from identified investors to subscribe for these Offer Shares have not been procured. In the event the Offer Shares under paragraph (iii) are not subscribed for, the Offerors shall transfer the unsubscribed Offer Shares into an escrow account, wherein any of the unsubscribed Offer Shares under paragraph (iii) will be placed out by us and/or the joint placement agents to public shareholders within six (6) months from the date of our Listing, at a price at not less than the offer price of RM1.80 per Share.

There is no minimum subscription amount to be raised from the Offer for Sale.

2.3.2 EES

1,475,000 Shares or 0.61% of our issued and paid-up share capital will be reserved for the EES established to reward the Selected Senior Management who had long served our Group and/or who had contributed significantly to the success of our Group.

The Offerors have allocated an aggregate of 1,475,000 Shares for the EES at the strike price of RM1.80 per EES Share, which is fixed throughout the EES Period. PRSB is the special purpose company formed to administer the offering of the EES Shares by the Offerors to the Selected Senior Management pursuant to the EES.

There is no minimum subscription amount to be raised from the EES.

The salient terms of the EES are as follows:

(i) To participate in the EES, each Selected Senior Management will be required to pay RM2.00 as acceptance of the EES Shares offered pursuant to the terms of the EES ("Entitlements"). With the payment of RM2.00 by each Selected Senior Management, he/she is deemed to have accepted the Entitlements and legal ownership to those EES Shares would pass from PRSB to the Selected Senior Management.

(ii) Entitlements which are not accepted by certain Selected Senior Management will be re-allocated to the remaining Selected Senior Management at the discretion of the EES committee.

(iii) On the allotment date for the Offer for Sale, the Issuing House, on PRSB's instruction, would allocate all the 1,475,000 EES Shares under the EES to the respective Selected Senior Management who will participate in the EES according to their Entitlements.

(iv) The tenure of the EES shall commence from the date of this Prospectus and expire on 31 March 2013.

(v) As the Selected Senior Management has not paid for his/her EES Shares at the point of acceptance of the Entitlements, the Selected Senior Management will be required, as part of the EES to do the following:

(a) assign all cash dividends/distributions from retained profits which are made by us prior to the exercise of the Entitlements to PRSB. The assignment is in respect of cash dividends/distributions only and does not include any other distributions made by us such as non-cash dividends, bonus shares and rights entitlements. Further, the said assignment will not affect the Selected Senior Management's other right to vote and the right to sell his/her EES Shares;

(b) open a CDS account with a nominee company ("Nominee"), with whom his/her Entitlements will be allotted to by the Issuing House upon our Listing; and

(c) provide an irrevocable undertaking that he/she will not transfer his/her EES Shares in his/her CDS accounts with the Nominee to any other CDS accounts unless such EES Shares have been paid for in accordance with the terms and conditions of the EES.

(vi) As the Selected Senior Management has not paid for his/her EES Shares at the point of acceptance of their Entitlements, an encumbrance will be created over the unpaid EES Shares and all distributions relating thereto in favour of PRSB.

(vii) The Selected Senior Management can sell any of his/her EES Shares at any time subject to, inter alia, the selling price being equal to or above the aggregate of the strike price and relevant transaction costs.

(viii) The Selected Senior Management will only be allowed to exercise the Entitlements subject to the following limits:

From the date of this Prospectus to 31 March 2009	From 1 April 2009 to 31 March 2010	From 1 April 2010 to 31 March 2011	From 1 April 2011 to 31 March 2012	From 1 April 2012 to 31 March 2013
20% [1]	20% [1,2]	20% [1,2]	20% [1,2]	20% [1,2]

Notes:

1. Where the percentage for a particular period is not fully exercised, the percentage not exercised shall be carried forward to the next period and shall not be subject to the maximum percentage for the next period

2. 20% or more of the remaining number of the EES Shares unexercised carried forward from the previous period(s)

(ix) The Selected Senior Management shall have 2 options to exercise the Entitlements:

(a) Election to sell the EES Shares

The Selected Senior Management may sell his/her EES Shares in the open market (subject to the maximum percentage of Entitlements as stipulated in (viii) above) ("Disposal"). After the Disposal, the stockbroker (acting under the instructions of the Selected Senior Management) shall pay the strike price to PRSB for the EES Shares sold immediately upon receipt of the proceeds from the Disposal. Thereafter, the stockbroker shall release the balance proceeds from the Disposal to the Selected

Senior Management (less the strike price and relevant transaction costs in connection with the Disposal).

The minimum selling price for any sale of the EES Shares by the Selected Senior Management will be an amount equivalent to the aggregate of the strike price and the transaction costs relating to such sale at the point of issuing the selling instructions.

(b) Election to purchase the EES Shares

The Selected Senior Management may instruct the Nominee to transfer his/her EES Shares held by the Nominee to the Selected Senior Management's individual CDS account (subject to the maximum percentage of Entitlements stipulated in (viii) above) by paying an amount equivalent to the aggregate of the total strike price and the transaction costs to the Nominee ("Transfer"). After the Transfer, the Nominee shall credit the Selected Senior Management's CDS account with the EES Shares within 2 Market Days from the exercise of the Entitlements.

(x) In the event of any capital distribution, rights issues, consolidation of our Shares or capital reduction exercises undertaken by us during the EES Period, our Board may, as it deems fit, adjust the Selected Senior Management's Entitlements and/or strike price to ensure that the Selected Senior Management continue to enjoy an equitable proportion of our share capital.

(xi) In the event the Selected Senior Management (a) ceases to be employed within our Group; or (b) adjudged a bankrupt, the following shall occur:

(aa) The Selected Senior Management shall transfer and the Nominee shall be entitled to transfer the unexercised EES Shares from the Selected Senior Management's CDS account to other Selected Senior Management (subject to a Selected Senior Management's Entitlements not exceeding 5% of our issued and paid-up share capital upon re-allocation) as may be directed by PRSB within 15 Market Days after the last day of the Selected Senior Management's employment or where the Selected Senior Management is adjudged a bankrupt; or

(bb) The Nominee shall be entitled to transfer the unexercised EES Shares from the Selected Senior Management's CDS account back to PRSB as may be directed by PRSB in order for the unexercised EES Shares to be sold on Bursa Securities or be placed out to investors who are deemed to be public within 15 Market Days after the last day of the Selected Senior Management's employment or where the Selected Senior Management is adjudged a bankrupt and the net proceeds of such disposals shall accrue to PRSB.

Provided always that if such event occurs by reason of:

(aa) retirement on attaining the retirement age under our Group's retirement policy;

(bb) retirement before attaining the normal retirement age but with our consent;

(cc) ill health, accidents, injury, physical disability;

(dd) mental disability or death;

(ee) retrenchment;

(ff) transfer to any company outside our Group at our Board's discretion; or

(gg) any other circumstances which are acceptable to our Company;

the Selected Senior Management or their next of kin (only in the case of mental disability or death) may submit an application to us and the EES committee for approval to continue to hold on to the Entitlements or the balance thereof until the expiry of the EES Period.

(xii) On the expiry of the EES Period, any EES Shares in the EES not exercised by the Selected Senior Management would be transferred back to PRSB via an Approved Transfer. These shares may be sold on Bursa Securities or placed out to investors who are deemed public at the absolute discretion of PRSB.

(xiii) The allocation of the Entitlements shall be based on the performance, seniority, length of service of the Selected Senior Management and any criteria as may be set by the EES committee, HHB and PRSB from time to time.

2.4 Share capital

As at the date of this Prospectus, the details of our share capital are as follows:

	RM
Authorised	
500,000,000 ordinary shares of RM0.50 each	250,000,000
Issued and fully paid-up	
242,312,000 ordinary shares of RM0.50 each	121,156,000
To be offered pursuant to the Offer for Sale	
24,210,000 ordinary shares of RM0.50 each	12,105,000
To be offered pursuant to the EES	
1,475,000 ordinary shares of RM0.50 each	737,500

We have only one class of shares, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with each other. The Offer Shares rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares including voting rights, dividends and distributions that may be declared subsequent to the date of allotment of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by our Company in the future, the holders of Shares shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profit paid out by our Company as dividends and other distributions and in respect of the whole of any surplus in the event of liquidation of our Company, in accordance with our Articles of Association.

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

2.5 Market capitalisation

Based on the offer price of RM1.80 per Share and our issued and fully paid-up share capital of 242,312,000 Shares, our market capitalisation on the Main Board of Bursa Securities upon Listing shall be RM436,161,600.

2.6 Purposes of the Offer for Sale and EES

The purposes of the Offer for Sale and EES are as follows:

(i) To achieve listing status;

(ii) To provide our Group with direct access to the capital market to raise funds for future expansion and continued growth;

(iii) To enhance the stature and corporate profile of our Group. This will help to instil confidence and pride amongst our business partners, distributors, customers and employees;

(iv) To provide liquidity to our Shares; and

(v) To provide an opportunity for the Malaysian Public, eligible Directors and employees of our Group and persons who have contributed to the success of our Group to participate in the continuing growth of our Group by way of equity participation.

The EES is a variant of the traditional "pink form share" offered to the Selected Senior Management as part of the Flotation Exercise. The EES is envisaged to enhance and promote the achievement of common goals between our Company, our shareholders and the Selected Senior Management. Participation in the EES provides major incentives for the Selected Senior Management to increase productivity and share the rewards of the success of our Group. The EES is also expected to enhance the retention of the Selected Senior Management.

2.7 Basis of arriving at the offer price

We, together with the Underwriters and the Offerors, have determined and agreed to the offer price of RM1.80 per Offer Share, premised on the following:

(i) the historical net PE Multiple of approximately 11.79 times based on the proforma consolidated net EPS of approximately RM0.1527, which was computed based on the audited consolidated PATMI of RM37.01 million for the FYE 2007 and the issued and paid-up share capital of 242,312,000 HHB Shares;

(ii) the estimated net PE Multiple of approximately 11.01 times based on the consolidated estimated net EPS of approximately RM0.1634, which was computed based on the estimated consolidated PATMI for the FYE 2008 of approximately RM39.60 million and the issued and paid-up share capital of 242,312,000 HHB Shares, as set out in Sections 1.5 and 12.1 of this Prospectus;

(iii) the forecast net PE Multiple of approximately 7.86 times based on the consolidated forecast net EPS of approximately RM0.2289, which was computed based on the forecast PATMI for the FYE 2009 of approximately RM55.46 million and the issued and paid-up share capital of 242,312,000 HHB Shares, as set out in Sections 1.5 and 12.1 of this Prospectus;

(iv) the estimated net PE Multiples of our Group's comparable companies which are listed on the Industrial Sector of the Main Board of the Bursa Securities namely, Top Glove Corporation Berhad, Kossan Rubber Industries Berhad, Supermax Corporation Berhad, Rubberex Corporation Berhad and Adventa Berhad, which ranges from 9.82 times to 14.76 times *(Source: Bursa Securities for the last traded prices of the respective companies' shares as at 29 February 2008 and the latest audited consolidated net EPS of the respective companies)*;

(v) the operating history and financial performance of our Group for the past 3 FYE from 2005 to 2007, as set out in Sections 1.4 and 10.1 of this Prospectus;

(vi) the proforma NTA per Share of RM0.66 based on the latest audited proforma consolidated NTA of our Company after the completion of the Flotation Exercise of RM159.74 million and the issued and paid-up share capital of 242,312,000 Shares, as set out in Section 10.2 of this Prospectus;

(vii) the future plans and prospects of our Group as set out in Section 5.7 of this Prospectus; and

(viii) the prevailing favourable market conditions and prospects in the Latex Gloves Industry in which our Group operates in as set out in Sections 4.5 and 15 of this Prospectus.

However, you should also note that the market prices of our Shares upon and subsequent to the listing on Bursa Securities are subject to vagaries of the market forces and other uncertainties which may affect the pricing of our Shares being traded. You are reminded to consider carefully the risk factors as set out in Section 3 of this Prospectus.

2.8 Use of proceeds

The gross proceeds from the Offer for Sale and EES totalling RM46,233,000 shall accrue to the Offerors and no part of the proceeds of the Offer for Sale and EES is receivable by our Company. The Offerors shall bear all expenses including the managing underwriter fee, underwriting commission, brokerage and stamp duty (if any) in relation to the Offer for Sale.

2.9 Brokerage, managing underwriter fee and underwriting commission, placement commission and placement management fee, and estimated listing expenses

(i) Brokerage

The Offerors will pay brokerage fees relating to the Offer Shares at the rate of 1.0% of the offer price of RM1.80 per Offer Share in respect of successful applications which bear the stamps of RHB Investment Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

(ii) Managing underwriter fee and underwriting commission

The Underwriters have agreed to underwrite 14,716,000 Offer Shares which are available for application by the Malaysian Public and the persons who have contributed to the success of our Group. The Offerors will pay the underwriting commission at the rate of 2.0% of the offer price of not exceeding RM1.80 per Offer Share.

The Offerors will also be paying the Managing Underwriter a managing underwriter fee of 0.5% of the offer price of not exceeding RM1.80 per Offer Share underwritten by the Underwriters.

(iii) Placement commission and placement management fee

The joint placement agents shall arrange for the placement of 8,094,000 Offer Shares at a rate of 2.0% of the offer price of RM1.80 per Offer Shares for Shares that are successfully placed by the joint placement agents. Further, a placement management fee is payable by the Offerors to RHB Investment Bank at the rate of 0.5% of the offer price of RM1.80 per Offer Share.

(iv) Estimated listing expenses

We shall pay the expenses for the Flotation Exercise, estimated to be RM1,800,000, which will comprise the following:

	RM
Estimated professional fees	780,000
Fees to authorities pursuant to the Flotation Exercise	380,000
Other fees and expenses such as printing and advertising	230,000
Miscellaneous expenses and contingencies	410,000
Total	**1,800,000**

These expenses are expected to be fully paid within 1 month from the completion of the Listing.

2.10 Salient terms of the underwriting agreements

On 22 February 2008 and 25 March 2008, we have entered into an underwriting agreement and a supplemental agreement respectively with the Offerors and the Underwriters ("Agreements"), whereby the Underwriters shall underwrite a total 14,716,000 Offer Shares mentioned in Sections 2.3.1(i) and (ii) above at an underwriting commission of 2.0% of the offer price of not exceeding RM1.80 per Offer Share ("Underwritten Shares"). Further, the Managing Underwriter shall also be entitled to receive a management fee of 0.5% of the offer price of not exceeding RM1.80 per Underwritten Share.

The salient terms of the Agreements are reproduced as follows:

Conditions

"4.1 The obligations of the Underwriters to underwrite the Underwritten Shares under this Agreement are conditional on the performance by the Company and/or the Offerors of its/their obligations under this Agreement and on:

4.1.1 The Underwriters receiving the reports or confirmation, stating and confirming that:

- *there has been no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole from that provided in the Prospectus to the satisfaction of the Underwriters at the Closing Date; or*

- *there has not occurred any event or the discovery of any facts or circumstances which would render any representation, warranty or undertaking in Clause 9 (Representations, Warranties and Undertakings) untrue or inaccurate or result in a material breach of this Agreement by the Company and/or the Offerors to the satisfaction of the Underwriters at the Closing Date;*

4.1.2 The issue of the Prospectus not later than three (3) months from the date of this Agreement or such later date as the Underwriters, the Company and the Offerors may from time to time agree;

4.1.3 The registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Offer for Sale with the SC and its lodgement with the Registrar of Companies Commission of Malaysia by the Issue Date;

4.1.4 The approval of Bursa Securities to the admission of the Company to the Official List and the listing of and quotation for its entire issued and paid up share capital on the Main Board of Bursa Securities being obtained on terms acceptable to the Underwriters remaining in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the Offer for Sale has been completed) have been complied with;

4.1.5 The Underwriters being satisfied that the Company will, following completion of the Offer for Sale be admitted to the Official List and its share capital be listed and quoted on the Main Board of Bursa Securities within three (3) months from the date of the Prospectus;

4.1.6 The Underwriters receiving a copy certified by a director or secretary of the Company to be a true and accurate copy and in full force and effect of a resolution of the Directors in form and substance acceptable to the Underwriters:

- *approving the Issue Documents, this Agreement and the transactions contemplated by it;*
- *authorising a person to sign and deliver this Agreement on behalf of the Company; and*
- *authorising the issuance of the Issue Documents;*

4.1.7 This Agreement being signed by all parties and stamped;

4.1.8 The Offer for Sale not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Offer for Sale and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Offer for Sale and/or listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of Bursa Securities have been obtained and are in force on the Closing Date or the Underwriters being reasonably satisfied that the same will be in force on the Closing Date; and

4.1.9 The Underwriters being satisfied that the Company has complied with and that the Offer for Sale is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto."

Termination

"12.1 Notwithstanding anything contained in this Agreement, the Underwriters may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw its Underwriting Commitment if:

12.1.1 there is any breach by the Company and/or the Offerors of any of the representations, warranties or undertakings contained in Clause 9 (Representations, Warranties and Undertakings), which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company and/or the Offerors, or by the Closing Date, whichever is earlier; or

12.1.2 there is failure on the part of the Company and/or Offerors to perform any of its obligations contained in this Agreement; or

12.1.3 there is withholding of information of a material nature from the Underwriters, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company and Offerors, which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Offer for Sale, or the distribution or sale of the Offer Shares; or

12.1.4 there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or

12.1.5 there shall have occurred, or happened any of the following circumstances:

- *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*

- *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

which, (in the reasonable opinion of the Underwriters), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or the Group, the success of the Offer for Sale, or the distribution or sale of the Offer Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

12.2 Upon any such notice(s) being given pursuant to Clause 12.1 (Termination), the Underwriters shall be released and discharged of its obligations without prejudice to its rights under this Agreement, and where the Underwriters has terminated or withdrawn its Underwriting Commitments pursuant to Clause 12.1 (Termination), this Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of this Agreement, save and except that the Company and/or Offerors shall remain liable in respect of its obligations and liabilities under Clause 10 (Costs and Expenses) for the payment of costs and expenses already incurred up to the date of or in connection with such termination and under Clause 6.3.2 (Prospectus and Listing) for the payment of any taxes, duties or levies, and for any antecedent breach.

12.3 The Underwriters may at any time prior to the issuance of the Prospectus for the Listing terminate, cancel and withdraw its obligation under this Agreement by notice in writing delivered to the Company pursuant to Clause 15.1.2 if the average Kuala Lumpur Composite Index for Three (3) consecutive Market Days falls below One Thousand and One Hundred (1100) points."

Withdrawal or non-procurement of approval for listing by Bursa Securities

"19 The Underwriters shall have the right to terminate this Agreement by notice in writing served by the Underwriters on the Company in the event that the approval of Bursa Securities for the admission of the Company to the Official List or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of Bursa Securities is withdrawn or not procured or procured but subject to conditions not acceptable to the Underwriters and upon such termination the liabilities of the Company and the Underwriters shall become null and void and none of the parties shall have a claim against each other save that the Underwriters shall be entitled to the return of the payment consideration for those Underwritten Shares within Seven (7) Market Days from the date of notice given by the Underwriters to the Company and the Company shall, on receipt by the Underwriters of the payment consideration, be entitled to the return of those Underwritten Shares underwritten by the Underwriters. For the avoidance of any doubt, the rights of the Underwriters under Clause 8 (Fees and Commission) and 10 (Cost and Expenses) shall survive notwithstanding any termination by the Underwriters pursuant to this Clause."

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

3. RISK FACTORS

WE ARE EXPOSED TO A NUMBER OF POSSIBLE RISKS THAT MAY ARISE FROM ECONOMIC, BUSINESS, MARKET AND FINANCIAL FACTORS AND DEVELOPMENTS WHICH MAY HAVE AN ADVERSE IMPACT ON OUR FUTURE PERFORMANCE. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH THE OTHER MATTERS IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION.

THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON THE FINANCIAL POSITION OF OUR GROUP AND/OR OUR SHARE PRICE.

3.1 Risks relating to our Group and the industry in which our Group operates

(i) Increase and fluctuation in price of raw materials and oil prices

For the 6 months FPE 30 September 2007, approximately 26.0% and 46.7% of our raw materials purchased comprised natural rubber latex and nitrile latex respectively (FYE 2007: 40.6% and 32.1% respectively). As both natural rubber latex and nitrile latex are commodities, the cost of sourcing these commodities as raw materials for the production of Latex Gloves are subjected to the increases in world prices. Although Malaysia is a producer of natural rubber, it is still subjected to world prices as a commodity.

Between December 2002 and December 2007, the average monthly price of natural rubber latex concentrate registered an average annual growth rate of 19.6%. Similarly, the price of synthetic rubber, which is mostly sourced from the USA and Japan, had also registered a growth of 6.4% from USD1,607 per tonne in 2005 to USD1,710 per tonne in 2006 and a growth of 12.6% from Japanese Yen 182,000 per tonne in 2005 to Japanese Yen 205,000 per tonne in 2006. As at third quarter of 2007, synthetic rubber prices reached Japanese Yen 228,000 per tonne and USD2,256 per tonne. *(Source: Independent Market Research Report prepared by Vital Factor Consulting Sdn Bhd)*

In addition, the price of synthetic rubber is also dependent on the price of petroleum. This is because petroleum products are used as the major feedstock to produce petrochemical based products including synthetic rubber, namely acrylonitrile-butadiene, polyvinyl chloride, polychloroprene and polyurethane. These types of synthetic rubber are the raw materials used in manufacturing synthetic rubber gloves. *(Source: Independent Market Research Report prepared by Vital Factor Consulting Sdn Bhd)*

As such, all Latex Gloves manufacturers who use natural rubber and/or synthetic latex are also affected equally as they also use these raw materials in their production. Although we may pass on the increased costs to our customers, we will increase our selling price only if we are able to maintain our competitiveness in the market.

Notwithstanding the above, there can be no assurance that increase in the prices of our raw materials will not adversely affect the future profitability of our Group.

(ii) Dependency on imports of synthetic latex

For the production of synthetic latex gloves, there is a dependency on imports of certain types of synthetic rubber including acrylonitrile-butadiene rubber. In the 6 months FPE 30 September 2007, 46.7% of our raw materials purchased comprised synthetic rubber which was sourced entirely from overseas (FYE 2007: 32.1%). This is mainly due to the fact that there is only one producer of synthetic latex in Malaysia and as such, the bulk of the domestic consumption of synthetic latex is mainly sourced from overseas, mainly from, Japan, the USA, Germany, Taiwan, and UK.

However, we believe that there is ample supply of the synthetic latex overseas. Thus far, we have not encountered any problem in sourcing the synthetic rubber. Notwithstanding that presently there is ample overseas supply, there is no assurance that there will be no shortages in the future.

(iii) Natural rubber protein allergy

The natural rubber protein allergy problem refers to the effects caused by the sensitivity of users to the protein content in natural rubber Latex Gloves. This is a business risk that exists among all natural rubber Latex Gloves manufacturers. This natural rubber protein allergy continues to be a major issue in the usage of Latex Gloves which could pose as a threat to natural rubber Latex Gloves manufacturers.

To overcome this problem, local manufacturers, together with the relevant authorities have put in place various strategies, including amongst others, the following:

- Introduction of the SMG certification would provide users with some comfort level that approved manufacturers will, over time, reduce the maximum allowable extractable protein for compliance.

- Alternative materials, for example Nitrile Gloves, made from synthetic latex, effectively remove the problem of natural rubber protein allergy.

- Processing methods including Chlorination that produces powder-free Latex Gloves that have low extractable natural rubber protein.

- On-line polymer coating in the Latex Gloves manufacturing process helps to further reduce the amount of extractable rubber protein and create a barrier to ensure that the skin does not come in contact with the latex.

- Marketing and promotional campaigns undertaken by, among others, the Malaysian Rubber Export Promotion Council.

(Source: Independent Market Research Report prepared by Vital Factor Consulting Sdn Bhd)

In 2006, MRB introduced a new ruling, whereby Malaysian made natural rubber Latex Gloves with a protein content that do not meet the requirements will be barred from exports. This new ruling is not applicable for industrial and household gloves. *(Source: Independent Market Research Report prepared by Vital Factor Consulting Sdn Bhd)*

Our Group complies with all the requirements of protein content of MRB and continuously conducts quality control to ensure that our finished products meet the stringent requirements and adhere to the standards.

Our Group also manufactures synthetic Latex Gloves, which avoid the natural rubber protein allergy risks. For the 6 months FPE 30 September 2007, our Group's revenue from the sale of synthetic Latex Gloves represented 65.9% of our total revenue (FYE 2007: 48.1%).

Further, our Group continuously conducts R&D to develop a range of new products that meet the demand arising from users who wish to avoid the natural rubber protein allergy risks.

(iv) Competition

Our Group faces competitions from various competitors including local and foreign companies involved in the manufacture of Latex Gloves. The main industry players in the global market include Ansell group of companies while the main industry players in the local scene include listed companies such as Top Glove Corporation Berhad, Kossan Rubber Industries Berhad and Supermax Corporation Bhd.

Competition in the manufacture of Latex Gloves also comes from other countries, mainly Thailand and Indonesia. These two countries have abundance of natural rubber and lower labour costs that may enable them to produce Latex Gloves at a lower cost.

However, Malaysia continues to command a reputation for high quality Latex Gloves. With Latex Gloves playing a key role as a barrier to prevent and protect against contamination, the quality of Latex Gloves is therefore paramount.

Our Group's established track record and reputation as a manufacturer and exporter of Latex Gloves will enable us to continue to meet the demands and requirements of our customers. Our reputation for quality among our customers will also ensure that we continue to compete effectively in the global market.

Further, our Group emphasises on quality control and R&D which focuses on the following:

(a) continuous development of existing products to ensure customers' satisfaction;

(b) the development of new products to address new areas of growth and opportunities; and

(c) continuous improvements in manufacturing processes to increase production output and efficiency;

all of which should allow us to compete competitively with other players in the industry.

Notwithstanding the above, there can be no assurance that our Group will be able to maintain or increase our competitiveness in the future.

(v) Foreign exchange exposure and translation losses

In the 6 months FPE 30 September 2007, approximately 98.6% of our Group's revenue (FYE 2007: 98.2%) and approximately 74.0% of our purchases (FYE 2007: 72.0%) are exposed to foreign exchange. Fluctuations in foreign exchange rates will have an impact on the prices of imported raw materials as well as export earnings. This may have an impact on the profitability of operators within the Latex Gloves industry.

Premised on the above and based on our present exposure to foreign currencies, in particular the USD, our profit margin is expected to improve if the USD strengthens against RM which will increase our profitability. However, depending on the extent of the pass through costs, the weakening of USD against RM will reduce our profitability due to the lower profit margin.

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.

Notwithstanding the above, there is no assurance that fluctuations in foreign exchange rates will not adversely affect the profitability of our Group.

(vi) Compliance with international standards and/or requirements

In the 6 months FPE 30 September 2007, approximately 98.6% of our Group's revenue was derived from Latex Gloves that are exported to various countries (FYE 2007: 98.2%). As such, our Group is required to comply with the international quality standards before the Latex Gloves are allowed to enter into the various countries of export. As at 30 September 2007, our Latex Gloves were exported to 17 countries (FYE 2007: 23 countries), which, inter-alia, includes the USA, Japan, Germany, Australia, Canada and UK and our products are required to comply with the international standards, such as the following:

Countries	Standards/regulations
USA	- Acceptable Quality Level Standards under the FDA - ASTM
Japan	- JIS
European	- EN 455; - EN 556-1; and - EN 1041, which is equivalent to ASTM
Canada	- CGSB - Canadian General Standards Board Certification Listing Programme
Australia	- TGA
UK	- BSI

In the 6 months FPE 30 September 2007, approximately 69.7% of our Group's revenue was contributed from export to the USA (FYE 2007: 69.4%). As such, it is imperative and critical that our Group is able to meet the standards/regulations set by the FDA. According to the FDA, all domestic and foreign medical glove manufacturers, or contract manufacturers of finished gloves are required to register their establishments with the FDA. As HSB exports to the USA, it is registered with the FDA. Since the commencement of our Group's operations in the FYE 1989, our Group's exports of Latex Gloves did not comply with FDA standards only on two occasions, once in 6 May 1993 and 5 May 1998, both of which were subsequently resolved. Apart from these two incidences, our Group has been complying with the standards and requirements of the FDA.

In the event these standards or regulations by the importing countries are not met, our Group's revenue and business operations may be adversely impacted. In order to mitigate this risk, our Group ensures that our quality assurance system is in place. Since 2000, we have conformed to all the standards above. This demonstrates our Group's ability to continually manufacture Latex Gloves that can meet international standards and requirements.

Our Group will constantly strive to comply with the international standards and/or requirements of the countries of export of our products. However, there can be no assurance that our Group will be able to comply with the international standards and/or requirements in the future.

(vii) General Exclusion Order and Claims for Damages

Tillotson Corporation ("Tillotson") is currently seeking a General Exclusion Order to block the importation of Nitrile Gloves that infringe on its patent into the USA. 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 has also filed a claim of unspecified damages for infringement on its patent on Nitrile Gloves.

Currently HHB, HSB and PUI are included in the General Exclusion Order and also in the claim for unspecified damages for infringement of Tillotson's patent on Nitrile Gloves. There is a risk that our Group may not be able to export the Tillotson's patent infringing Nitrile Gloves to the USA if the International Trade Commission of the USA ("ITC") grants the General Exclusion Order. There is also a risk that our Group may be required to pay damages if Tillotson wins its case in claiming damages against our Group.

For the 6 months FPE 30 September 2007, approximately 82.0% of HSB's Nitrile Gloves exported to the USA are manufactured based on an exclusive patent licence agreement with Microflex Corporation in relation to the high stress retention Nitrile Gloves (FYE 2007: 70.0%). In this respect, HSB has filed a motion to the ITC for summary determination that the patented high stress retention Nitrile Gloves do not infringe on Tillotson's patent. Our solicitors are of the opinion that HSB's motion is meritorious and, if the motion is successful, the General Exclusion Order will not affect HSB's high stress retention Nitrile Gloves.

Currently, Tillotson has not served HHB, HSB and PUI with a specific claim for damages. If the specific claim is served, HHB, HSB and PUI will contest the claim. In the event that Tillotson wins its case, 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 an exchange rate of USD1.00: RM3.18). This amount is calculated based on past settlements made by other parties involved in the same case.

(viii) Absence of long-term contracts

We have not entered into any formal long-term contracts with our customers. Notwithstanding this, we wish to highlight that it is a common practice in the industry to work from confirmed purchase orders that may be based on order book of approximately 45 days to 60 days.

Our Group also works from an annual production forecast provided from one of our major customers, Microflex Corporation. We have not encountered any major problems in our dealings with Microflex Corporation for the past 19 years.

Although there are no long-term contracts, our Group has developed a long-term business relationship with our customers. This is substantiated by the fact that for the 6 months FPE 30 September 2007, 9 of our top 20 customers have been dealing with our Group for 5 years or more (FYE 2007: 10 of the top 20 customers) and 6 of the top 20 customers have been dealing with our Group for 8 or more years (FYE 2007: 6 of the top 20 customers). Our long-standing customer relationships will ensure business continuity and growth.

Our Group's business is also relatively dependent on our suppliers. Thus far, our Group has enjoyed good business relationships with our major suppliers since the commencement of dealing with these suppliers. Further, we do not expect the absence of long-term suppliers' contracts to have any significant impact on our operations. We also believe that we have the experiences and capabilities to source from alternative suppliers should the need arise.

(ix) Dependency on major customers

For the 6 months FPE 30 September 2007, Microflex Corporation and Medline Industries, Inc from the USA contributed approximately 28.4% and 20.8%, respectively of our Group's total revenue (FYE 2007: 41.8% and 17.3%).

The following factors help to mitigate our Group's dependency on the major customers:

<u>Microflex Corporation</u>

(a) Microflex Corporation has been our customer for 19 years, indicating a long-term and stable business relationship which provides the basis for continuing business and growth;

(b) Microflex Corporation is one of the established companies in the marketing and distribution of Latex Gloves in the USA. Its distribution network covers both the USA and overseas. Microflex Corporation's international division has approximately 105 distributors spread across 40 countries. The extensive distribution network of Microflex Corporation would enable our Group to access a wider customer base without the need to invest and establish a distribution network, warehousing and logistics;

(c) Between FYE 2005 and 2007, we have been reducing our dependency on Microflex Corporation as a customer from 62.2% to 41.8% in terms of revenue contribution while our Group's revenue has continued to grow from RM109.6 million to RM240.9 million. In the 6 months FPE 30 September 2007, our dependency on Microflex Corporation as a customer further reduced from 41.8% for the FYE 2007 to 28.4%;

(d) Despite the growth in revenue from Microflex Corporation as a customer, the revenue contribution from Microflex Corporation in proportion to our Group's revenue has been reducing over the last 3 financial years and the 6 months FPE 30 September 2007, as follows:

	FYE 2005	**FYE 2006**	**FYE 2007**	**6 months FPE 30 September 2007**
Revenue (RM'000)	109,579	160,275	240,915	137,563
% of total sales to Microflex Corporation	62.2	53.6	41.8	28.4

This is an indication of our Group's ability to increase our revenue from other customers but at the same time reduce our dependency on Microflex Corporation;

(e) According to our Management, our Group supplies approximately 40% of the total requirements of Microflex Corporation. The ability of our Group to meet a substantial amount of Microflex Corporation's total requirements also creates a dependency by Microflex Corporation on our Group. As such, this business relationship creates a certain level of dependency on our Group;

(f) Nevertheless, throughout the years of business relationship, our Group has formed a close and stable relationship with Microflex Corporation including joint R&D on new products as demonstrated in the elastic high stress retention Nitrile Examination Gloves; and

(g) The joint development in elastic high stress retention Nitrile Examination Gloves has resulted in the filing of a patent under Microflex Corporation, whereby Microflex Corporation has been awarded and received the US Patent 7,176,260. Our Group, as the exclusive licenced manufacturer of the product, had on 20 June 2007 entered into an exclusive patent licence agreement with Microflex Corporation for the rights to manufacture this type of Nitrile Gloves for the duration of the patent, and the exclusive licence to sell this type of Nitrile Gloves to distributors, whose business is primarily in the acute healthcare market.

<u>**Medline Industries, Inc**</u>

(a) Medline Industries, Inc has been our customer for 2 years. Further, as set out in the table below, the revenue contribution from Medline Industries, Inc has continued to grow from 5.5% in the FYE 2006 to 20.8% in the 6 months FPE 30 September 2007. This is an indication of a continuing business relationship between our Group and Medline Industries, Inc:

	FYE 2005	**FYE 2006**	**FYE 2007**	**6 months FPE 30 September 2007**
Revenue (RM'000)	109,579	160,275	240,915	137,563
% of total sales to Medline Industries, Inc	-	5.5	17.3	20.8

; and

(b) Medline Industries, Inc manufactures and distributes more than 100,000 medical products with 7 manufacturing facilities in North America and more than 25 joint venture manufacturing plants worldwide. The company has 29 distribution centers to service their health care customers such as hospitals, extended care facilities, surgery centers, commercial laundries, physician offices and other alternate care sites. This extensive distribution network of Medline Industries, Inc would enable our Group to access a wider customer base without the need to invest and establish a distribution network, warehousing and logistics.

Further, the following factors also help our Group in mitigating our dependency on our major customers:

(a) Part of our Group's philosophy has always been focusing on nurturing and building strong long-term business relationships with our customers. In the 6 months FPE 30 September 2007, 9 of our top 20 customers have been dealing with our Group for more than 5 years or more (FYE 2007: 10 of our top 20 customers) and 6 of our top 20 customers have been dealing with our Group for 8 or more years (FYE 2007: 6 of our top 20 customers); and

(b) For the 6 months FPE 30 September 2007, our Group has developed a base of 885 customers (FYE 2007: 981) spread across 18 countries, including Malaysia (FYE 2007: 24 countries). Of these, 53 are brand owners and intermediaries (FYE 2007: 56), 818 are end-user customers (FYE 2007: 911) namely, dental clinics and physicians' offices, and 14 are distributors for products under our own brand names (FYE 2007: 14). The diversity and established number of customers would provide our Group with the platform for future business growth.

Nevertheless there can be no assurance that the dependency on our major customers will not have any adverse impact on our business.

(x) Dependency on major markets

For the 6 months FPE 30 September 2007, USA represented the largest export market for our Group having contributed 69.7% of our Group's total revenue (FYE 2007: 69.4%). Therefore any decline in the demand of Latex Gloves from the USA will have an impact on our Group's revenue.

USA is also Malaysia's largest export market for Latex Gloves whereby USA accounted for 38.8% of Malaysia's total exports of Rubber Gloves in 2006. Between January and September 2007, USA remains the largest export market representing 35.9% of Malaysia's total exports in Rubber Gloves. This indicates that USA is a major consumer of Latex Gloves, thus any decline in demand from this country will equally affect all manufacturers of Latex Gloves in Malaysia. *(Source: Independent Market Research Report prepared by Vital Factor Consulting Sdn Bhd)*

As our Group also exports to 17 other countries worldwide (6 months FPE 30 September 2007), this will, to a certain extent help to diversify our risks and provide our Group with the basis to expand to other markets. Nevertheless there can be no assurance that the dependency on the USA will not have any adverse impact on our business.

(xi) Dependency on major suppliers

For the 6 months FPE 30 September 2007, our Group is dependent on its top 3 suppliers, namely Zeon Asia Pte Ltd from Singapore, Nantex Industry Co Ltd from Taiwan, and a local company, Revertex (M) Sdn Bhd, which represented 23.5%, 19.5% and 13.7% of our Group's total purchases for the 6 months FPE 30 September 2007 respectively.

For the FYE 2007, our Group is dependent on its top 3 suppliers, namely ED & F MAN Malaysia Sdn Bhd *(formerly known as Safic-Alcan (Malaysia) Sdn Bhd)*, Nantex Industry Co. Ltd. from Taiwan and Zeon Asia Pte Ltd from Singapore, which represented 21.4%, 14.8% and 12.8% of our Group's total purchases for the FYE 2007 respectively.

The following factors help to mitigate our Group's dependency on the major suppliers:

Top suppliers of natural rubber latex

(a) Our Group has been dealing with ED & F MAN Malaysia Sdn Bhd *(formerly known as Safic-Alcan (Malaysia) Sdn Bhd)*, and Revertex (M) Sdn Bhd for the last 13 years and 19 years respectively. This continuing business relationship will provide some form of basis for the supply of natural rubber latex;

(b) As natural rubber latex is a commodity item, these materials can be sourced from other suppliers, locally and overseas. Furthermore, buying a significant proportion from the same supplier can enable our Group to obtain benefits of volume discount;

(c) In addition, our Group also deals with 3 other natural rubber latex suppliers within the top 20 suppliers for the 6 months FPE 30 September 2007 (FYE 2007: 3), indicating that there are alternative suppliers that are currently able to meet our Group's requirements; and

(d) As for the availability of natural rubber latex, there is ample source of supply from local production and imports.

Top suppliers of nitrile latex

(a) The top suppliers of nitrile latex, Zeon Asia Pte Ltd from Singapore and Nantex Industry Co. Ltd. from Taiwan, have been dealing with our Group for the last 10 years and 4 years respectively. This reinforces the suppliers' continuing business relationships with our Group;

(b) For the 6 months FPE 30 September 2007, our Group has 2 other nitrile latex suppliers within the top 20 suppliers (FYE 2007: 2), indicating that there are alternative suppliers that are currently able to meet our Group's requirements; and

(c) As for availability in supply of nitrile latex, there are ample sources overseas. In Malaysia, there is one synthetic latex plant that started operations in 2003. However, most of the synthetic latex used is primarily imported from a number of overseas suppliers.

(xii) Shortage of natural rubber supply

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

The potential supply of natural rubber in Malaysia is dependent on the total area under rubber cultivation, and on the replanting rate of rubber trees. Between 2002 and 2006, total acreage of rubber plantation decreased at an average annual rate of 2.4% to reach a total acreage of 1.23 million hectares.

Furthermore, rubber cultivation in Malaysia is dominated by smallholders, who operate 95% of the total area under rubber cultivation in 2006. If latex prices were low, smallholders may reduce their investments in rubber forest plantation.

In 2006, areas that were replanted with natural rubber declined by 1.8% to reach 20,212 hectares. However between 2002 and 2006, the areas replanted with natural rubber increased at an average annual rate of 1.5%.

In addition, the conversion of rubber plantations to oil palm plantations, housing, and other commercial uses, plus the low level of returns from rubber plantations by smallholders will have an impact on the future availability of natural rubber latex.

As part of the Ninth Malaysia Plan, the Malaysian Government will continue to promote agriculture sectors including the rubber sector. Part of the Ninth Malaysia Plan includes development of the rubber sector to focus on accelerating efforts to consolidate and rehabilitate smallholding rubber plantations to increase productivity. An optimum area of 800,000 hectares will be maintained as rubber zone by 2020 to meet the requirements of local rubber processing industries.

Between 2002 and 2006, production of natural rubber registered an average annual growth rate of 9.6%. In 2006, production of natural rubber increased by 14.0% to reach approximately 1.3 million tonnes. Between January and June 2007, the production of natural rubber amounted to 590,100 tonnes.

Between 2005 and 2010, production of natural rubber is expected to grow by an average annual rate of 2.8% to reach approximately 1.3 million tonnes in 2010.

The Government's support and measures for the rubber sector will at least provide some form of assurance on the availability of natural rubber to cater to the growing natural rubber Latex Gloves in the medium-term.

In addition, manufacturers that are producing both natural rubber and synthetic Latex Gloves are better positioned to insulate themselves against any shortage in supply of natural rubber.

Malaysia also imports natural rubber to supplement its own production. In 2006, Malaysia imported 521,669 tonnes of natural rubber mainly from the Association of Southeast Asian Nations ("ASEAN") countries.

(Source: Independent Market Research Report prepared by Vital Factor Consulting Sdn Bhd)

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

(xiii) Recoverability of debts

Our Group is principally involved in the manufacturing of Latex Gloves. Our Group grants credit period ranging from 30 to 60 days to some of our customers, which our Directors opined is within the industry norm. Our Group also extends open credit to some of our major customers, which have long-term and stable business relationships with our Group and have been good paymasters. Further, our Group has also secured stand-by letter of credit from some of our customers to mitigate the risk of non-collectibility.

Our Group has not in the past few years written off any significant sum for bad debts and our trade debts are usually collectible. In addition, our Directors and our Management realise the importance of credit control and are continuously monitoring the outstanding trade debts of our Group and will undertake relevant measures to ensure that the trade debts are maintained at a manageable level at all times.

Notwithstanding the above, the non-collectibility of trade debts still forms part of the business risks of our Group. Accordingly, should the trade debts turn bad, the financial position of our Group may deteriorate and we may be adversely affected.

(xiv) Cost of energy

Energy is one of the major components in the production of Latex Gloves. Hence, the local Latex Gloves industry can remain competitive if the cost of heating fuels is competitive both with the local competitors as well as those in the region.

Our Group uses biomass wastes and natural gas to replace our dependency on diesel and MFO for the heating system. Biomass wastes used include oil palm empty fruit bunches and palm kernel shells. To ensure continuous supply of materials for our biomass heaters, we have entered into 2 biomass supply agreements for the procurement of oil palm waste for our biomass heaters for a period of 36 months each commencing from 1 July 2006 and 1 July 2007 respectively at a certain agreed price. This enables our Group to contain our costs should the price of the oil palm waste increase.

(xv) Continuing and new demand for our products

Our Group's future results will depend on our ability to generate continuing demand from our existing customers as well as demand by new customers for our products.

The demand from our existing and new customers will depend on, inter-alia, our ability to price our products competitively against the other players in the market and our ability to satisfy our customers.

Notwithstanding that we are able to retain our existing customers, there is no certainty that the actual demand for our products in the future would meet the expectations of a projected increase in demand for our products by new customers due to the competitive environments in the Latex Gloves industry.

However, we believe that we are able to retain and attract new customers as our products are competitively priced and are of good quality. Our Group is an established and competent glove manufacturer, known for our consistent quality and reliability.

(xvi) Labour intensity

The glove industry relies on labour, in areas such as stripping of gloves, quality control and packing. As such, glove manufacturing companies including our Group, are subject to risk of labour shortages and increase in labour costs. Shortage of labour would compromise our Group's ability to meet production schedules. Further, labour cost in Malaysia is not as competitive as other lower-cost countries like Thailand, Indonesia and China. Competition from these countries will pose as a threat to us if labour costs of our Group becomes a significant component of our total manufacturing cost.

In this respect, we are constantly reviewing our processes to reduce our dependency on manual labour. Through our R&D, we have successfully implemented various process improvements, which are then integrated into our production lines. Some of the improvements in our processes include robotic glove stripping that minimises the need for product handling and defects from manual stripping, and auto stacking system to arrange and transport finished products to minimise human handling. These steps are taken by our Group to reduce dependency on labour and to avoid an increase in labour cost which would increase our total manufacturing cost.

(xvii) Reliance on key management and key technical personnel

We believe that the continued growth and success of our Group will depend, to a large extent, on the continued services of our Executive Directors, management team (including key technical personnel), as well as our ability to identify, recruit, train and retain qualified employees. Our management team, led by our Managing Director, Kuan Kam Hon @ Kwan Kam Onn, has been instrumental to the development of our Group. Hence, the loss of our existing key management (including technical personnel), either due to resignation, health or other reasons, to the extent where we are unable to find suitable replacements, or our inability to attract and retain qualified personnel, may have adverse effect on our Group's business, operating results, financial conditions and further development.

However, every effort is made to groom younger members of the management team to take over from the senior management to ensure a smooth transition. As part of our management succession plan, we have implemented the following steps to retain our key management and key technical personnel:

- Allocation of the EES Shares to Selected Senior Management who have contributed significantly to the success of our Group;
- Offering competitive remuneration packages; and
- Providing training and career development opportunities.

(xviii) Ownership and control

Following the Offer for Sale and EES, our Company will be controlled by our Promoters and BTSB, who will collectively control approximately 62.4% of our Shares. Further, following the Proposed Share Transfer, our Promoters and BTSB will transfer an aggregate of 122,234,000 HHB Shares held by them to HISB, an investment holding company, which would result in HISB holding approximately 50.4% of our Shares. In this respect, they will be able to exercise their voting rights attached to their HHB Shares in respect of the matters requiring shareholders' approval including the election of Directors.

Depending on how they choose to vote and due to the size of their shareholdings, these substantial shareholders will have a significant influence over matters that require the passing of ordinary resolutions by our shareholders, unless they are required to abstain from voting by law or by the relevant authorities.

(xix) Disruption to the manufacturing operations

Our Group may face major disruption to our manufacturing operations due to uncontrollable external factors such as fire, explosion, energy crisis, flooding, sabotage, civil commotion, war, computer viruses, hacking, acts of God and other calamity. In the event our Group is affected by such uncontrollable external factors, the financial performance and operations of our Group may be adversely affected.

During the current FYE 2008, there was a fire breakout at one of our manufacturing plants, of which several production lines were temporarily affected. A loss adjustor has been appointed by the insurance company to estimate the value of the loss arising from the fire breakout. Our Directors opine that this event will not have a significant effect on our Group's business operations and the existing insurance coverage shall be sufficient to cover the damages arising from the fire breakout.

In ensuring the risks of disruption to our manufacturing operations are maintained at the minimum, our Group has ensured that we are adequately covered by insurance. This is done via our Group's insurance brokers who will advise and manage our insurance coverage on our Group's assets on a yearly basis.

(xx) Insurance coverage

Our Group's operations are very much dependent on our assets, including our production factories, plant and equipment and large sums of investment have been put into these assets.

Our Group is aware that the adverse consequences arising from inadequate insurance coverage that could affect our business operations. In ensuring such risks are maintained at the minimum, our Group has ensured that we are adequately covered by insurance. This is done via our Group's insurance brokers who will advise and manage our insurance coverage on our Group's assets on a yearly basis.

Our Group has insurance coverage for consequential loss of profit, fire, burglary, general risks, goods in transit, public liability, product liability and our manufacturing plants.

(xxi) Sensitivity to economic downturn

Any downturn in the local and global economies will normally impact overall consumptions in the market. Our Group may also be impacted by the economic downturn as we manufacture gloves that cater for the medical industry, electronic industry and food and beverage industries, which may be invariably impacted by the economic downturn.

Our Directors are of the view that any downturn would not materially affect our business as the main end-users of our Group's products are mainly used in the medical industry that is relatively more resilient to such downturns. Further, despite the economic slowdown during the period 2001-2002, our Group was able to weather such slowdown and had continued to be profitable during that period.

However, there is no assurance that any adverse change in the local and global economic conditions will not affect our business materially.

(xxii) Political, economic and regulatory factors

Any adverse changes in the political, economic and regulatory environment and uncertainties could have an unfavourable effect on our financial and business prospects. These changes may include, but are not limited to the risk of war, terrorist attacks, riots, changes in political leadership, global economic downturn and unfavourable changes in the governmental policies such as changes in the employment of foreign workers, taxation, interest rates, licensing or introduction of new regulations.

Much of the above factors are beyond our control. Whilst we would continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that any changes to these factors will not materially and adversely affect our financial position or business in the future.

3.2 Other risks

(i) Potential delay or failure of our Listing

Our Listing may be potentially delayed or aborted in the event the Underwriters, exercising their rights under the underwriting agreement, discharge themselves from their stated obligations.

(ii) No prior market for our Shares

Prior to the Offer for Sale, there is no public market for our Shares. There can be no assurance that an active market for our Shares will develop upon listing on the Main Board of Bursa Securities, or if developed, whether such market will be sustained.

The offer price of RM1.80 per Offer Share has been determined after taking into consideration several factors including, but not limited to, our Group's operating history and financial performance, the prospects and outlook of the industry which our Group operates in and the future plans of our Group. There can be no assurance that the offer price will correspond to the price at which our Shares will trade on the Main Board of the Bursa Securities upon or subsequent to our Listing.

(iii) Compliance with the public shareholding spread

As set out in Section 2.3.1 of this Prospectus, the Offerors will transfer the unsubscribed Offer Shares under Section 2.3.1(iii) of this Prospectus into an escrow account. Arising therefrom, our Company may not be able to meet the public shareholding spread requirement at the point of our Listing. In this respect, Bursa Securities had, vide its letter dated 19 March 2008, 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 where at least 25% of the total number of Shares for which listing is sought must be in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each.

Pursuant to paragraph 8.15 of the Listing Requirements, in the event a listed issuer does not comply with the public shareholding spread requirement, the listed issuer may request for an extension of time to rectify the situation. Bursa Securities may also accept a percentage lower than 25% of the total number of listed shares for public shareholding spread. However, Bursa Securities may suspend trading in the securities of the listed issuer and/or de-list the listed issuer if the public shareholding spread is not met.

We and the joint placement agents will use our best endeavours to place out the unsubscribed Offer Shares (as deposited into the escrow account) to public shareholders within six (6) months from the date of our Listing. Further, depending on the subsequent trading of our Shares, we may seek the approval of Bursa Securities to accept for a percentage lower than 25% of the number of Shares for public shareholding spread if Bursa Securities is satisfied that such lower percentage is sufficient for a liquid market in our Shares.

(iv) Volatility in our Share price and trading volume

The market price of our Shares may fluctuate as a result of variations in the liquidity of the market for our Shares, difference between our actual financial operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general market conditions, and broad market fluctuations. The market price of our Shares is also susceptible to certain new developments or technology advancements within the Latex Gloves industry, acquisition or strategic alliance by our competitors or gain or loss of our major customers.

On the other hand, the performance of Bursa Securities, which affects the volatility of our Share price, is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various economic sectors. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price of our listed Shares, which could result in substantial losses for investors in acquiring our Shares.

(v) Ability to pay dividends

We are principally an investment holding company and the core operations of our Group are carried out through our subsidiary, HSB. Accordingly, our major sources of revenues are dividends and other distributions received from HSB. However, our ability to declare dividends or make other distributions in the future is subject to us having profit and excess funds which are not required to be retained to fund our Group's operations, other obligations or business plans and may in the future be subject to restrictions contained in future loan agreements which limit the payment of dividends without the prior written consents of lenders.

(vi) Disclosure regarding forward-looking statements

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results. Other statements, which are forward-looking in nature, are subject to uncertainties and contingencies. Although our Directors believe that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will subsequently materialise. Their inclusion in this Prospectus should not be regarded as a representation or warranty by us, RHB Investment Bank or any other advisers that the plans and objectives of our Group will be achieved. Any difference in the expectations of our Group and our actual performance may result in our Group's financial and business performances and plans being materially different from those anticipated.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK