

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF HLT GLOBAL BERHAD (“HLT GLOBAL” OR THE “COMPANY”) DATED 20 DECEMBER 2016 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("Bursa Securities") website at www.bursamalaysia.com ("Website").

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, KAF Investment Bank Berhad ("KAF IB") or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the initial public offering ("IPO") shares are subject to Malaysian law. Bursa Securities, KAF IB and HLT Global take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the IPO shares outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any IPO shares, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from **10.00 a.m. on 20 December 2016** and will close at **5.00 p.m. on 28 December 2016** or such other later time and date or dates as the Directors of HLT Global together with KAF IB in their absolute discretion may mutually decide.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



www.hltglobal.com.my

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

PROSPECTUS



HLT GLOBAL BERHAD

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

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

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

Principal Adviser, Sponsor, Underwriter and Placement Agent



INVESTMENT BANK BERHAD (20657-W)

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

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE TURN TO PAGE 25 FOR "RISK FACTORS".

THIS PROSPECTUS IS DATED 20 DECEMBER 2016

PROSPECTUS

RESPONSIBILITY STATEMENTS

The Directors and Promoters (as defined herein) of HLT Global Berhad (“**HLT Global**” or the “**Company**”) and the Offerors (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

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

STATEMENTS OF DISCLAIMER

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

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

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

Approval has been obtained from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the securities being offered. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our securities.

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

A copy of this Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

ADDITIONAL STATEMENTS

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

Our IPO is an exempt transaction under Section 212(8) of the Capital Markets and Services Act 2007 (“**CMSA**”) and is therefore not subject to the approval of the SC.

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

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

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

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

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

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

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction.

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

ELECTRONIC PROSPECTUS

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

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

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

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

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

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

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

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

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

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INDICATIVE TIMETABLE

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

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

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

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

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DEFINITIONS

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

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

DEFINITIONS (Cont'd)

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

DEFINITIONS (Cont'd)

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

DEFINITIONS (Cont'd)

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

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GLOSSARY OF TECHNICAL TERMS

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

“Acceptable Quality Level”	: The minimum level of quality of rubber gloves produced, in percentage or ratio, that is still considered acceptable
“beading”	: The process of rolling the cuff of rubber glove to form a bead for added strength to prevent tearing and to ease removal of rubber glove from the former
“blower fan”	: A blower fan, which will be installed in an oven, serves to circulate hot air in the oven to facilitate even distribution of heat
“chlorination”	: A chemical process where chlorine reacts with the surface of rubber glove to reduce stickiness of rubber glove for ease of donning of rubber glove
“coagulant”	: A substance that causes another liquid to change to a solid state
“compounded solution”	: Aqueous or solvent based mixture of chemicals such as coagulant solution and compounded latex
“dipping profile”	: The overall dipping parameters of a former when passing through a dipping tank, which include dipping angle, immersion speed, withdrawal speed, viscosity of compounded solution and dipping time
“Ebola”	: An infectious and generally fatal disease marked by fever and severe internal bleeding, spread through contact with infected body fluids
“fibreglass”	: A type of fiber reinforced plastic where the reinforcement fiber is specifically glass fiber
“former”	: A former is a hand-shaped mould that is used to form rubber gloves
“glove-dipping line”	: A production line that manufactures rubber gloves as depicted and more particularly discussed in Section 6.1.1 of this Prospectus
“H1N1”	: A subtype of influenza viruses, which is a highly contagious viral infection of the respiratory passages causing fever and severe aching, and often occurring in epidemics
“H7N9”	: A subtype of influenza viruses, which is a highly contagious viral infection of the respiratory passages causing fever and severe aching, and often occurring in epidemics
“heat exchanger”	: A device that transfers heat from hot fluid or steam to cold air without mixing the two mediums
“heating system”	: A system that generates and supplies heat to glove-dipping lines, which consists of the following:- (i) boiler, which generates heated steam or fluid from combustion of fuel in the air. It can either be fuelled by natural gas, biomass, coal or fuel oil; (ii) heating coil, which acts as heat exchanger inside a dipping tank or hot water rinse tank for the purpose of heating up the compounded solution or water contained therein; and (iii) heat exchanger, which transfers thermo energy from boiler into heated air for continuous circulation inside an oven.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

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

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

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

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail. Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated. The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, which include all statements other than those of historical facts including, among others, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Prospectus will be realised.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 4 - Risk Factors and Section 11.3 - Management’s Discussion and Analysis of Financial Condition and Results of Operations of this Prospectus.

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

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

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1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES	:	Tea Sor Hua (MACS 01324) Yong Yen Ling (MAICSA 7044771) 77C, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Telephone No: 03-7725 1777
REGISTERED OFFICE	:	Third Floor, No. 79 (Room A) Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Telephone No: 03-7725 1777
HEAD OFFICE	:	No. 6, Jalan Industri Mas 7 Taman Mas 47130 Puchong Selangor Telephone No: 03-8068 3616 Email: enquiry@hladvance.com Website: www.hladvance.com
AUDITORS AND REPORTING ACCOUNTANTS	:	Crowe Horwath (AF1018) Level 16 Tower C Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Telephone No: 03-2788 9999
SOLICITORS	:	Cheang & Ariff 39 Court @ Loke Mansion 273A, Jalan Medan Tuanku 50300 Kuala Lumpur Telephone No: 03-2691 0803
PRINCIPAL BANKER	:	Public Bank Berhad (6463-H) No. 1, Jalan Perusahaan 2 43300 Seri Kembangan Selangor Telephone No: 03-8939 2000
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd (258345-X) Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Telephone No: 03-7841 8000

1. CORPORATE DIRECTORY (Cont'd)

SHARE REGISTRAR	:	Insurban Corporate Services Sdn Bhd (76260-W) 149, Jalan Aminuddin Baki Taman Tun Dr. Ismail 60000 Kuala Lumpur Telephone No: 03-7729 5529
INDEPENDENT MARKET RESEARCHER	:	Smith Zander International Sdn Bhd (1058128-V) Suite 23-3, Level 23, Office Suite Menara 1MK 1, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Telephone No: 03-6211 2121
PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	KAF Investment Bank Berhad (20657-W) Level 14, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Telephone No: 03-2171 0228
LISTING SOUGHT	:	ACE Market of Bursa Securities

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2. INFORMATION SUMMARY

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

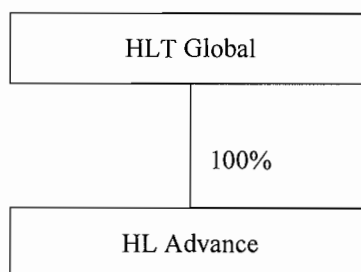
2.1 HISTORY AND BUSINESS

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

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

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

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



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

2.2 COMPETITIVE STRENGTHS

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

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

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

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

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

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

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

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2. INFORMATION SUMMARY (Cont'd)**2.4 FINANCIAL HIGHLIGHTS****2.4.1 Summary of Statements of Profit or Loss and Other Comprehensive Income, and Other Selected Financial Information**

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

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

Notes:-

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

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

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

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

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

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

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

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2. INFORMATION SUMMARY (Cont'd)

2.4.3 Pro Forma Consolidated Statements of Financial Position

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

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

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2. INFORMATION SUMMARY (Cont'd)

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

Note:-

* Representing RM10.

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

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

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

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

Notes:-

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

2.5.2 Principal Statistics of our IPO

The principal statistics of our IPO are as follows:-

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

Notes:-

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

2. INFORMATION SUMMARY (Cont'd)

2.5.3 Dividend Policy

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

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

2.6 PLANNED UTILISATION OF PROCEEDS

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

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

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

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

2.7 SUMMARY OF RISK FACTORS

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

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

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

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

Risks Relating to Our Securities and the IPO

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

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3. DETAILS OF OUR IPO

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

3.1 OPENING AND CLOSING OF APPLICATIONS

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

3.2 INDICATIVE TIMETABLE

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

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

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

3.3 DETAILS OF OUR IPO

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

3.3.1 Public Issue

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

(i) Malaysian Public

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

(ii) Private Placement

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

3. DETAILS OF OUR IPO (Cont'd)

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

The basis of allocation of our Public Issue Shares shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening our shareholder base to meet the public spread requirements as per the Listing Requirements and to establish a liquid and adequate market for our Shares.

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

3.3.2 Offer for Sale

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

(i) Eligible Parties

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

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

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

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

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

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

(ii) Private placement

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

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

3. DETAILS OF OUR IPO (Cont'd)

The details of the Offerors are as follows:-

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

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

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

Notes:-

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

(2) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after our IPO.

3.3.3 Underwriting Arrangement and Reallocation of the IPO Shares

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

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

Notes:-

(1) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after our IPO.

(2) At least 50% of the Balloting Shares shall be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

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

3. DETAILS OF OUR IPO (Cont'd)

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

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

3.3.4 ESOS

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

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

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

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

The exercise price of the ESOS Options shall be:-

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

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

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

3. DETAILS OF OUR IPO (Cont'd)

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

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

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

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

3.3.5 Share Capital

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

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

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

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

3. DETAILS OF OUR IPO (Cont'd)

3.3.6 Purposes of Our IPO

The purposes of our IPO are as follows:-

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

3.4 BASIS OF ARRIVING AT THE IPO PRICE

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

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

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

3.5 MINIMUM NUMBER OF PUBLIC SHAREHOLDERS

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

3.6 TOTAL MARKET CAPITALISATION

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

3. DETAILS OF OUR IPO (Cont'd)**3.7 DILUTION**

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

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

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

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

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

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

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

Notes:-

(1) Being Shares held by them prior to our IPO comprising their respective initial subscriber's Shares, Shares issued and allotted to them pursuant to the Acquisition as well as 10 initial subscriber's Shares transferred from Maisarah Binti Rahmat to Wong Kok Wah on 31 December 2015.

(2) Including the Pink Form Shares made available for application by the Eligible Parties.

3. DETAILS OF OUR IPO (Cont'd)

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

3.8 UTILISATION OF PROCEEDS AND ESTIMATED LISTING EXPENSES

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

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

Notes:-

(1) Capital expenditure

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

(2) R&D expenditure

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

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

(3) Working capital

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

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

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

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

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

(4) Estimated listing expenses

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

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

Notes:-

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

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

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

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

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

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

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

3.9.2 Underwriting Commission

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

3. DETAILS OF OUR IPO (Cont'd)

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

3.9.3 Placement Fees

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

3.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

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

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

3. DETAILS OF OUR IPO (Cont'd)

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

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

3. DETAILS OF OUR IPO (Cont'd)

- (c) *there is a material failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement; or*
- (d) *there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares; or*
- (e) *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or*
- (f) *the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market of Bursa Securities due to exceptional financial circumstances or otherwise which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares; or*
- (g) *there has been a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:-*
 - (i) *on or after the date of the Underwriting Agreement; and*
 - (ii) *prior to the close of the offering of the IPO,*
lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least five (5) Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or
- (h) *there shall have occurred, or happened any of the following circumstances: -*
 - (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*
 - (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

which would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole, the success of the IPO which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

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4. RISK FACTORS

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

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

4.1 RISKS RELATING TO OUR BUSINESS OPERATIONS AND THE INDUSTRY IN WHICH OUR GROUP OPERATES

4.1.1 Dependence on the rubber glove industry

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

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

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

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

(a) Anticipated growth in the rubber glove industry

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

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

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

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4. RISK FACTORS (Cont'd)

(b) *Technological advancements*

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

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

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

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

4.1.2 Dependence on a few major customers

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

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

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

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

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

4. RISK FACTORS (Cont'd)

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

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

4.1.3 Absence of long-term contracts

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

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

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

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

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4. RISK FACTORS (Cont'd)

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

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

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

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

4.1.4 Dependence on Directors and key management

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

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

4.1.5 Project risks

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

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

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4. RISK FACTORS (Cont'd)

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

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

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

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

4.1.6 Credit risks

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

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

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

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

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

4. RISK FACTORS (Cont'd)

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

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

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

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

4.1.7 Adequacy of insurance coverage on assets and employees

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

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

4.1.8 Fluctuation in raw material prices

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

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

4. RISK FACTORS (Cont'd)

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

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

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

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

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

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

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

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

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

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4. RISK FACTORS (Cont'd)**4.1.11 External funding and financing to meet future capital needs**

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

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

4.1.12 Product defects

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

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

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

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

4.1.13 Foreign exchange fluctuations

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

Revenue

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

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

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

Note:-

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

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

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

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

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

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

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4. RISK FACTORS (Cont'd)

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

4.1.14 Political, economic and regulatory considerations

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

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

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

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

4.1.15 Reliance on the services of subcontractors

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

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

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

4. RISK FACTORS (Cont'd)

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

4.1.16 Risks associated with technological changes

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

4.1.17 Risks associated with our investment in R&D activities

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

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

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

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

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

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4. RISK FACTORS (Cont'd)

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

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

4.1.19 Fluctuations in our gross profit margin

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

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

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

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

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4. RISK FACTORS (Cont'd)**4.2 RISKS RELATING TO OUR SECURITIES AND THE IPO****4.2.1 Influence by our Promoters**

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

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

4.2.2 No prior market for our Shares

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

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

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

4.2.3 Volatility in the market price of our Shares

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

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

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

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4. RISK FACTORS (Cont'd)

4.2.4 Delay in or cancellation of our Listing

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

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

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

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

4.2.5 Payment of dividends to our shareholders

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

4.2.6 Forward-looking statements

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

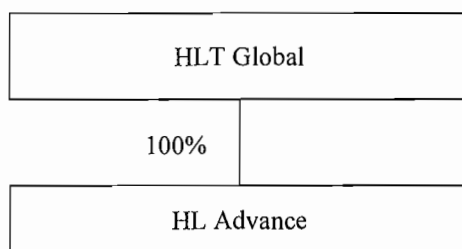
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5. INFORMATION ON OUR GROUP

5.1 INCORPORATION AND HISTORY

Overview of our Business

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



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

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

5. INFORMATION ON OUR GROUP (Cont'd)**History of our Business**

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

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

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

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

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

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5. INFORMATION ON OUR GROUP (Cont'd)

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

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

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

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

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

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

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

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

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

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

5.2 SHARE CAPITAL

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

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

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

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

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

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

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

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

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

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

5.3.3 Substantial Shareholder

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

5.3.4 Directors

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

5.3.5 Subsidiary and Associated Company

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

5.4 LISTING SCHEME

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

5.4.1 Acquisition

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

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

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

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

5.4.2 IPO

(i) Public Issue

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

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

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

(ii) Offer for Sale

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

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

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

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

5.4.3 ESOS

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

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

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

5.4.4 Listing

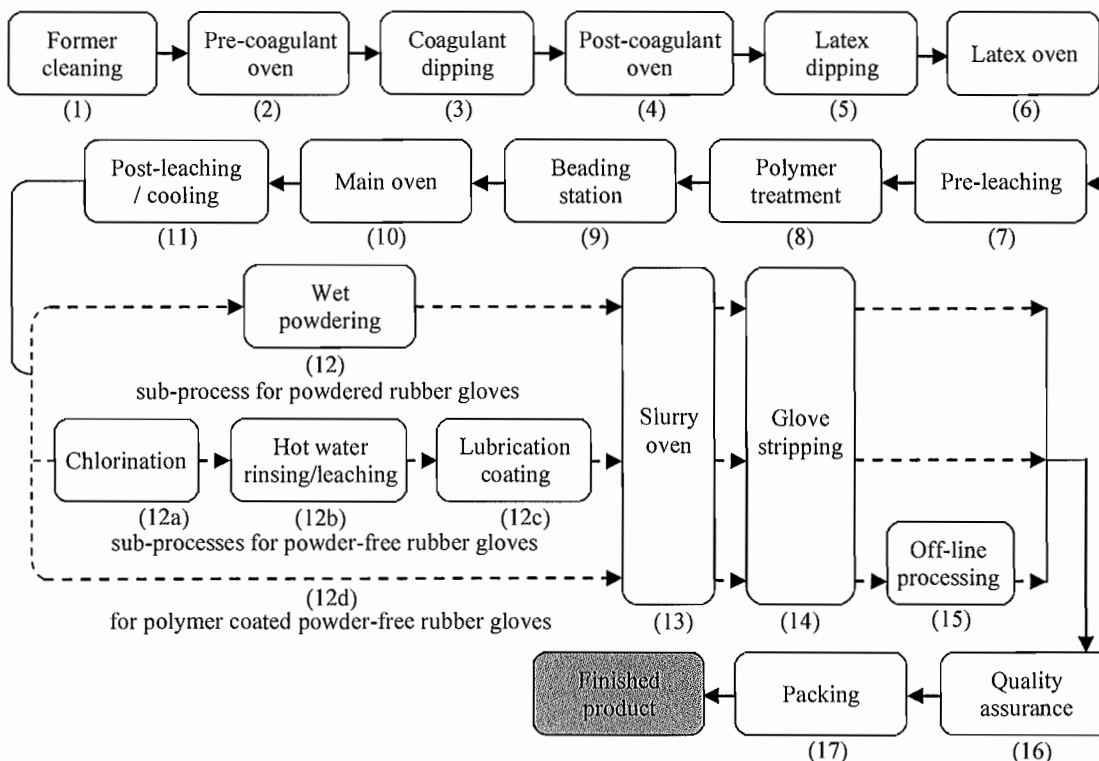
Upon completion of the Public Issue and Offer for Sale, our Company shall be admitted to the Official List and our entire enlarged issued and paid-up share capital of RM26,392,100 comprising 263,921,000 Shares shall be listed and quoted on the ACE Market of Bursa Securities.

6. BUSINESS OVERVIEW

6.1 PRINCIPAL ACTIVITIES, PRODUCTS AND SERVICES

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

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



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

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

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6. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

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

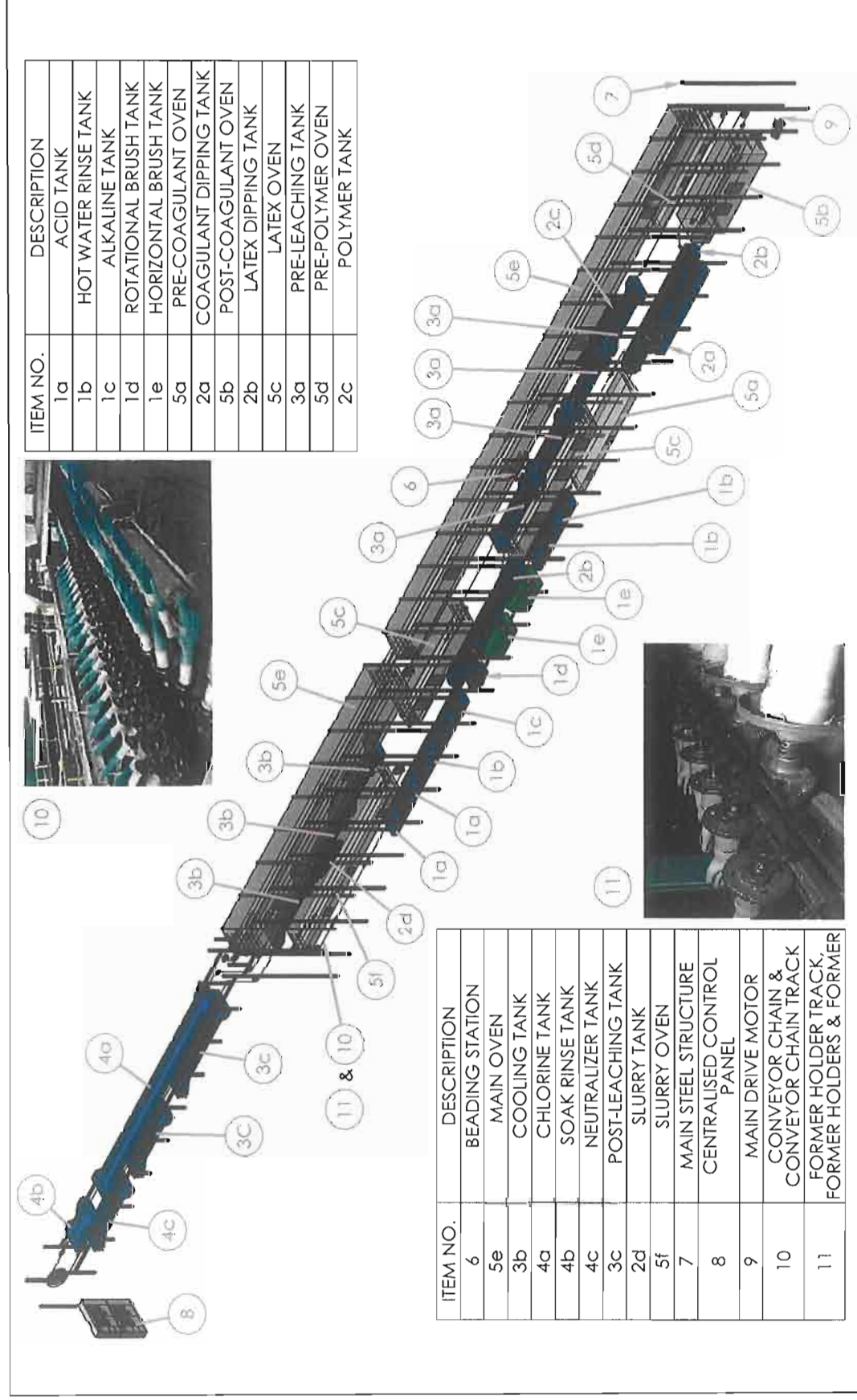
Our glove-dipping lines comprise components which are either:-

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

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6. BUSINESS OVERVIEW (Cont'd)

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



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

6. BUSINESS OVERVIEW (Cont'd)

Ref No	Glove-dipping line components	Description
1.	Former cleaning system  (acid tank)  (hot water rinse tank)  (alkaline tank)  (rotational brush tank)  (horizontal brush tank)	A former cleaning system cleans formers before the start of the next production cycle and it consists of the following components:- - acid tank, which contains acid for the purpose of removing residues from the surface of formers from the previous production cycle; - hot water rinse tank, which serves to wash away acid from the surface of formers; - alkaline tank, which contains alkaline cleaning solution for the purpose of neutralising formers after washing from acid tank as well as removing non-latex and other organic residues from the surface of formers; - rotational brush tank, which contains nylon brushes for mechanical scrubbing and removal of the remaining residues from the surface of formers; and - horizontal brush tank, which contains nylon brushes for mechanical scrubbing and removal of the remaining residues from the surface of formers.
2.	Dipping tank  (coagulant dipping tank)  (latex dipping tank)	Dipping tanks serve to contain compounded solution and will be installed at different stages of a glove-dipping line. As formers pass through, they will be dipped into the solution contained in the dipping tanks for coating purpose. - coagulant dipping tank, which contains coagulant that serves to facilitate the formation of a uniform layer of latex film onto the former; - latex dipping tank, which contains compounded latex for the purpose of coating onto the former to form a uniform layer of latex film; - polymer tank, which contains polymer for the purpose of coating onto the inner surface of powder-free rubber gloves to ease donning; and

6. BUSINESS OVERVIEW (Cont'd)

Ref No	Glove-dipping line components	Description
	Dipping tank (cont'd)  (polymer tank)  (slurry tank)	2d. slurry tank, which contains slurry for the purpose of coating a layer of powder onto the surface of powdered rubber gloves to prevent them from sticking together and to ease donning. For powder-free rubber glove, this tank will act as lubrication tank to enhance donning.
3.	Water tank  (pre-leaching tank)  (cooling tank)  (post-leaching tank)	Water tanks, such as hot water rinse tank (indicated as item 1(b) above), pre-leaching tank, cooling tank and post-leaching tank, serve to contain water for the purpose of rinsing and cooling, will be installed at different stages of a glove-dipping line. 3a. pre-leaching tank, which serves to remove water soluble chemicals and protein residues on rubber gloves before the vulcanisation process; 3b. cooling tank, which serves to chill down former before chlorination; and 3c. post-leaching tank, which serves to further remove water soluble chemicals and protein residues on rubber gloves after the vulcanisation process.
4.	Fiberglass tanks  (chlorine tank)	4a. chlorine tank serves to subject rubber gloves to chlorine solution at controlled concentration for the purpose of surface treatment to provide a slippery effect on the surface of rubber glove to ease donning.

6. BUSINESS OVERVIEW (Cont'd)

Ref No	Glove-dipping line components	Description
	Fiberglass tanks (cont'd)  (soak rinse tank)  (neutralizer tank)	4b. soak rinse tank serves to wash away excessive chlorine solution from the surface of rubber gloves. 4c. neutralizer tank serves to ensure excessive chlorine solution is neutralized before proceed to post-leaching process.
5.	Oven  (pre-coagulant oven)  (post-coagulant oven)  (latex oven)  (pre-polymer oven)  (main oven)	Ovens will be installed at different stages of a glove-dipping line for the purpose of drying formers before coagulant dipping and after coagulant and latex dipping. It also facilitates the eventual vulcanisation process, which serves to dry and vulcanise latex film formed on former into a more durable material. 5a. pre-coagulant oven, which serves to dry former before coagulant dipping; 5b. post-coagulant oven, which serves to partially dry coagulant solution after coagulant dipping; 5c. latex oven, which serves to dry the layer of latex film formed on former after latex dipping; 5d. pre-polymer oven, which serves to dry the layer of latex film formed on former after pre-leaching; 5e. main oven, which facilitates the eventual vulcanisation process that dries and vulcanises the layer of latex film formed on former into a more durable material, and hence forming the eventual rubber glove; and 5f. slurry oven, which serves to dry slurry solution after slurry dipping or the chlorination process.

6. BUSINESS OVERVIEW (Cont'd)

Ref No	Glove-dipping line components	Description
	Oven (cont'd)  <u>(slurry oven)</u>	
6.	Beading station 	A beading station rolls the cuff of rubber glove to form a bead for added strength to prevent tearing and to ease removal of rubber glove from the former.
7.	Main steel structure of the entire glove-dipping line 	The main steel structure of the entire glove-dipping line (including other ancillary components attached such as steel platforms, staircases, piping support and tanks support), which forms the mainframe that holds up all the components of a glove-dipping line.
8.	Centralised control panel 	A centralised control panel, which forms the control unit of a glove-dipping line, serves to control the entire rubber glove manufacturing process based on predetermined parameters.
9.	Main drive motor 	An electric motor converts electrical energy into kinetic energy thereby powering the conveyor chain of a glove-dipping line.

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6. BUSINESS OVERVIEW (Cont'd)

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

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

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

6.1.3 Supply and trading of the associated parts and components

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

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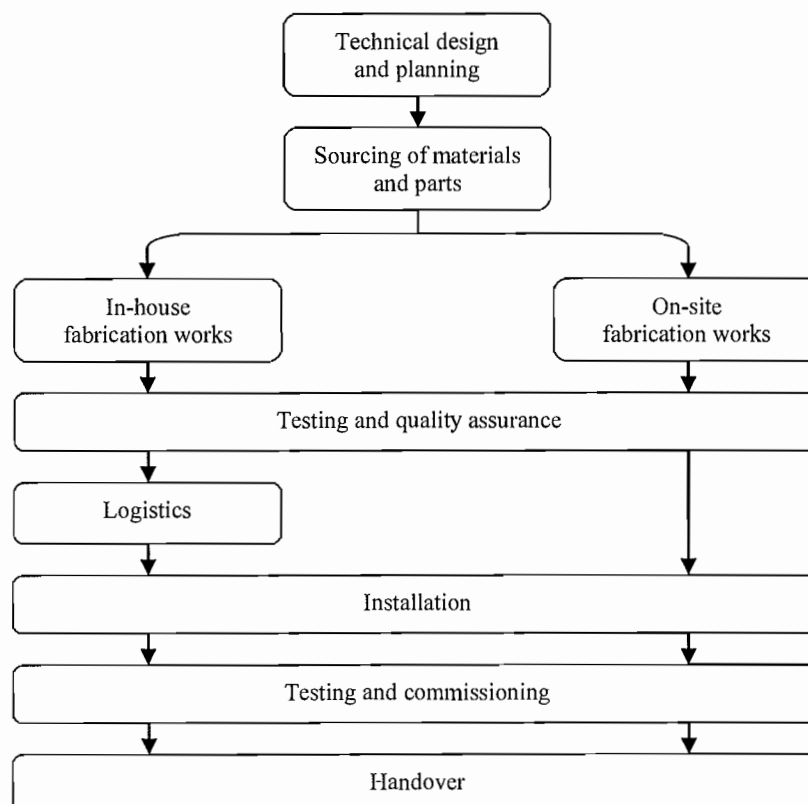
6. BUSINESS OVERVIEW (Cont'd)

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

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

6.2 BUSINESS PROCESS FLOW

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



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6. BUSINESS OVERVIEW (Cont'd)

6.2.1 Technical design and planning

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

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

6.2.2 Sourcing of materials and parts

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

6.2.3 In-house fabrication works

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

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

6.2.4 On-site fabrication works

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

6.2.5 Testing and quality assurance

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

6. BUSINESS OVERVIEW (Cont'd)

6.2.6 Installation

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

6.2.7 Testing and commissioning

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

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

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

6.2.8 Handover

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

6.2.9 Estimated implementation timeframe

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

Stages of implementation	Estimated timeframe
▪ Technical design and planning ▪ Sourcing of materials and parts	} within 1 month to 3 months
▪ In-house fabrication works ▪ On-site fabrication works ▪ Testing and quality assurance ▪ Installation	} within 5 months to 6 months
▪ Testing and commissioning ▪ Handover	} within 1 week to 3 months

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

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

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

Year	Key Milestones
2009	- Commenced operations as a glove-dipping line manufacturer - Secured our earliest local orders for glove-dipping line from Central Medicare Sdn Bhd, YTY Industry Sdn Bhd and Green Prospect Sdn Bhd
2010	- Secured order for glove-dipping line from Shorubber (Malaysia) Sdn Bhd - Received a Pioneer Status Certification from MITI for a 5-year period from 2009 to 2014
2011	- Secured our first foreign order for glove-dipping line, from Shandong Intco Medical Products Co. Ltd., a glove manufacturer based in China - Secured orders for glove-dipping line from HL Rubber Industries Sdn Bhd and Latexx Manufacturing Sdn Bhd - Entered into an agreement to acquire HL Advance Premises from Hup Lek Engineering
2013	- Expanded our overseas market to include Indonesia through an order for glove-dipping line secured from PT Medisafe Technologies - Received the Golden Eagle Award under the Malaysian 100 Excellent Enterprises category
2014	- Expanded our overseas market for glove-dipping line to include India through an order for glove-dipping line secured from Kanam Latex Industries Pvt. Ltd. - Secured order for glove-dipping line from Rubberex Alliance Sdn Bhd - We were selected by MATRADE to participate in WEDP as a recognition of the efforts and achievements of Chan Yoke Chun, our co-Founder and Executive Director/CEO towards women entrepreneurship - Received the second set of Pioneer Status Certification from MITI for a further 5-year period ending November 2019
2015	- Expanded our overseas market for glove-dipping line to include Thailand through an order for glove-dipping line secured from Cardinal Health 222 (Thailand) Ltd - Secured order for glove-dipping line from WRP Asia Pacific Sdn Bhd - Received the Golden Eagle Award under the Malaysian 100 Excellent Enterprises category as well as the 4th position winner of the Top 10 Excellent Eagle

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

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

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

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

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

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

6.4.2 Competitive Landscape

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

6. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

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

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

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

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

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

6. BUSINESS OVERVIEW (Cont'd)

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

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

6.5 COMPETITIVE STRENGTHS

6.5.1 Provision of a comprehensive solution for glove-dipping lines

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

6.5.2 Design and manufacturing capabilities

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

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

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

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

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

6. BUSINESS OVERVIEW (Cont'd)

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

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

6.5.3 Experienced management team

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

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

6.5.4 Knowledge and experience of our technical team

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

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

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

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6. BUSINESS OVERVIEW *(Cont'd)*

6.5.5 Track record

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

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

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

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

6.5.6 Ability to comply with the requirements set by our customers

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

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

6.6 TYPES, SOURCES AND AVAILABILITY OF RESOURCES

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

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

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6. BUSINESS OVERVIEW (Cont'd)

6.7 TECHNOLOGY USED

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

6.7.1 Fabrication processes

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

6.7.2 Computer-aided software

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

6.8 QUALITY ASSURANCE PROCEDURES

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

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

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6. BUSINESS OVERVIEW (Cont'd)

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

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

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

6.9 RESEARCH AND DEVELOPMENT

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

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

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

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

6. BUSINESS OVERVIEW (Cont'd)

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

6.10 SEASONALITY

We do not experience any material seasonality in our business.

6.11 INTERRUPTION TO BUSINESS AND OPERATIONS

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

6.12 EMPLOYEES**6.12.1 Category of employees**

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

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

Notes:-

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

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6. BUSINESS OVERVIEW (Cont'd)

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

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

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

6.12.2 Training and development

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

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

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

6.12.3 Management succession plan

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

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

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

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6. BUSINESS OVERVIEW (Cont'd)**6.13 MODES OF MARKETING, DISTRIBUTION AND SALES**

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

6.13.1 Referrals from our customers and business associates

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

6.13.2 Trade shows and exhibitions

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

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

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

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

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6. BUSINESS OVERVIEW (Cont'd)**6.14 APPROVALS, MAJOR LICENCES AND PERMITS**

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

Company	Description of license / approval	Authority	License No./ Reference No.	Date of issuance / commencement / expiry	Major Conditions Imposed	Status of Compliance
HL Advance	Composite licence for No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor Darul Ehsan - Kilang memproses / membuat kejuruteraan logam / besi / mekanikal / plastik - Memborong / menjual (barangan besi) - Kilang menyimpan barang (yang diluluskan sahaja) - Pejabat pengurusan	MPS	23262	Issue date: 9.12.2015 Commencement date: Not applicable ⁽¹⁾ Expiry date: 31.12.2016	(a) The licence must be displayed at a location clearly seen and ownership of which cannot be transferred except with the consent of the Yang Dipertua, MPS. (b) MPS can use its discretion to revoke or not renew the licence without assigning any reason.	Complied
HL Advance	Manufacturing licence for the manufacturing of machinery for dipped latex products and parts thereof at No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor Darul Ehsan	MITI	A 018332	Issue date: 22.9.2011 ⁽²⁾ Commencement date: 13.08.2008 ⁽²⁾ Expiry date: Not applicable ⁽³⁾	(i) The licence is subject to the approval from the relevant State Government and Department of Environment. (ii) MITI and MIDA shall be informed of any sale of shares of HL Advance. (iii) HL Advance must train Malaysian citizens so that transfer of technology and expertise can be channelled to all levels of designations / positions. (iv) HL Advance shall carry out its projects as approved and in accordance with the law and regulations in Malaysia.	Complied

6. BUSINESS OVERVIEW (Cont'd)

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

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6. BUSINESS OVERVIEW (Cont'd)

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

6. BUSINESS OVERVIEW (Cont'd)

Company	Description of license / approval	Authority	License No./ Reference No.	Date of issuance / commencement / expiry	Major Conditions Imposed	Status of Compliance
HL Advance	Certificate of fitness for a single girder electric overhead travelling crane ("Crane") in accordance with the FAMA and Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970 Machine registration number: SL PMA 22233 Location of the machine: No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor.	DOSH	234207	Issue date: 12.04.2016 Commencement date: Not applicable ⁽³⁾ Expiry date: 06.06.2017	This certificate is valid until the expiry date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and the regulations relating to the Crane shall not be violated.	Complied

Notes:-

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

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

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

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

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

6.15.2 Property rented by our Group

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

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

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

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

Notes:-

(1) Calculated based on the year of acquisition up to the LPD.

(2) Based on our management's best estimates.

(3) Within one (1) year.

(4) Fully depreciated as at 31 July 2016.

(5) Comprising, inter alia, disc grinders, bandsaw and plate rolling machinery.

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6. BUSINESS OVERVIEW (Cont'd)

6.15.4 Production Capacities and Output

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

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

(i) Involves complex fabrication works

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

(ii) Long fabrication process

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

(iii) Our factory space constraints

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

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

	⁽¹⁾ Estimated maximum annual capacity (Units of glove-dipping lines manufactured)	⁽³⁾ Estimated annual production (Units of glove-dipping lines manufactured)	Estimated utilisation rate (%)
FYE 2013	11 lines	10 lines	90.91
FYE 2014	11 lines	8 lines	72.73
FYE 2015	11 lines	9 lines	81.82
FPE 2016	⁽²⁾ 6 $\frac{1}{2}$ lines	⁽⁴⁾ 5 $\frac{1}{2}$ lines	84.62

Notes:-

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

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

6. BUSINESS OVERVIEW (Cont'd)

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

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

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

6.15.5 Material Plans to Construct, Expand or Improve Facilities

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

6.16 INTELLECTUAL PROPERTY RIGHTS

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

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

6.17 DEPENDENCY ON CONTRACTS/ARRANGEMENTS/LICENCES/PATENTS

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

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

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

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

Notes:-

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

* Negligible

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6. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

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

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

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

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6. BUSINESS OVERVIEW (Cont'd)**6.20 FUTURE PLANS, STRATEGIES AND PROSPECTS****6.20.1 Expansion of production capacity**

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

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

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

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

6.20.2 Continue to seek market opportunities and strengthen our market presence

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

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

6. BUSINESS OVERVIEW (Cont'd)

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

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

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

6.20.3 Increase product offering

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

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

6.20.4 Setting up of a dedicated R&D team

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

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

6. BUSINESS OVERVIEW (Cont'd)

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

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

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

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

6.20.5 Prospects

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

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

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

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

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)
Suite 23-3, Level 23, Office Suite, Menara 1MK,
1 Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur, Malaysia.
T +603 6211 2121

SMITH ZANDER

22 NOV 2016

The Board of Directors

HLT Global Berhad

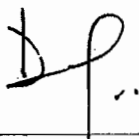
Third Floor, No. 79 (Room A)
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor

Dear Sirs/Madam,

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

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

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

1 INTRODUCTION

Objective and Scope

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

Rationale for the Scope of Work

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

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

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

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2 THE RUBBER GLOVE INDUSTRY

Introduction

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

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

- **NR gloves**

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

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

- **SR gloves**

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

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

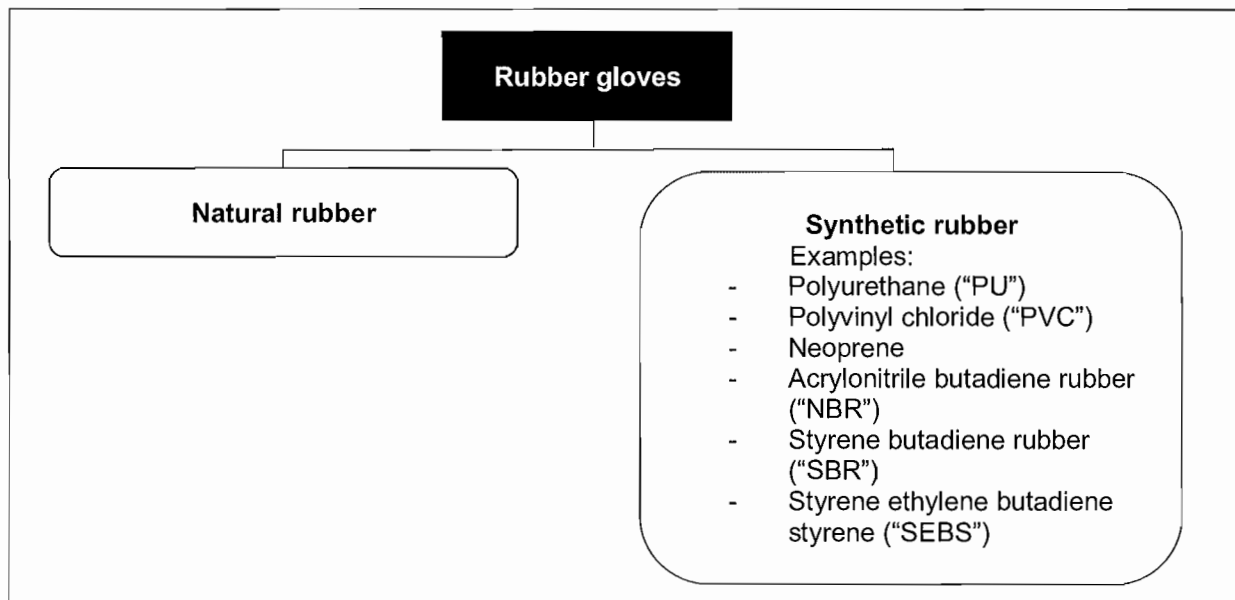
There are over 200 varieties of SR available commercially, with the most consumed forms for glove-making being polyurethane ("PU"), polyvinyl chloride ("PVC"), neoprene, acrylonitrile butadiene

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

SMITH ZANDER

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

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

Rubber glove industry segmentation (Global), 2016

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

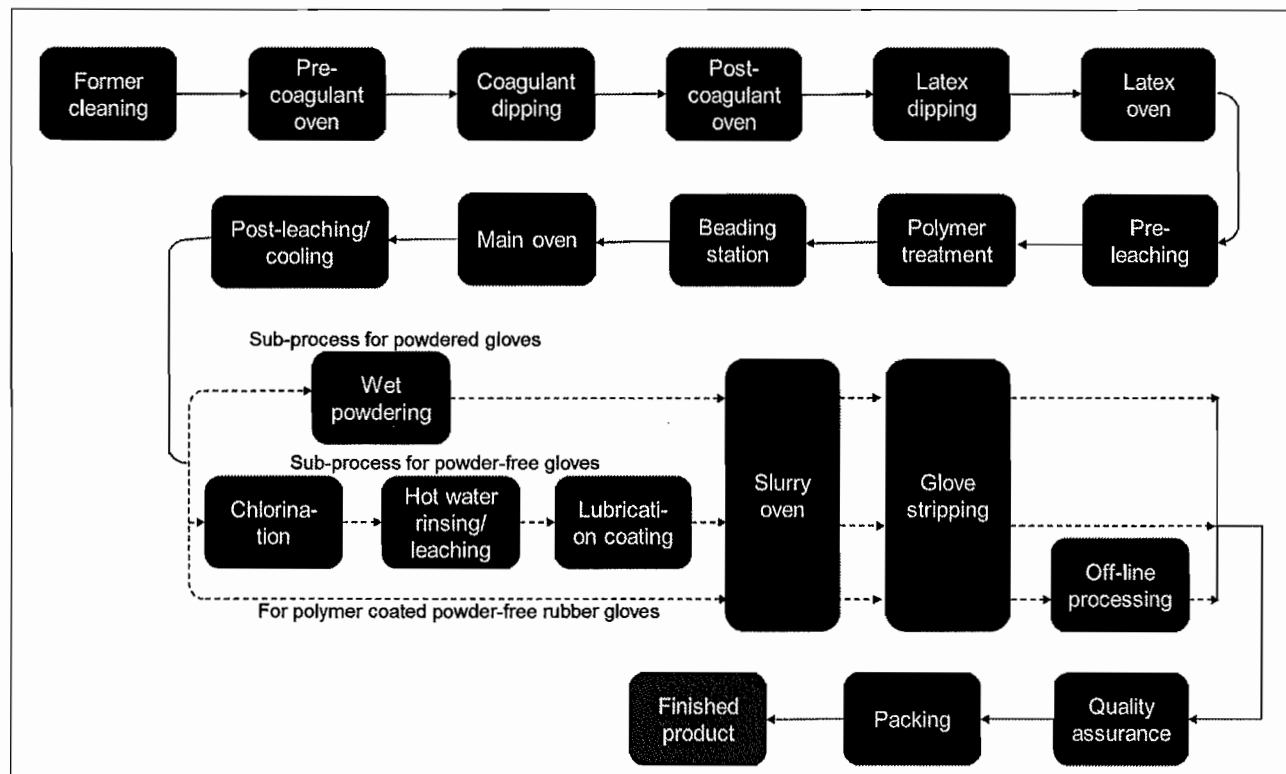
The glove-making process begins with the cleaning of formers or hand-shaped moulds. Next, these formers are dried before being dipped in a coagulant, and then dried in an oven. Following this, the formers are dipped in natural or synthetic liquid latex, which turns into a film after going through a heated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

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

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

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

Rubber glove manufacturing process

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

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

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

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

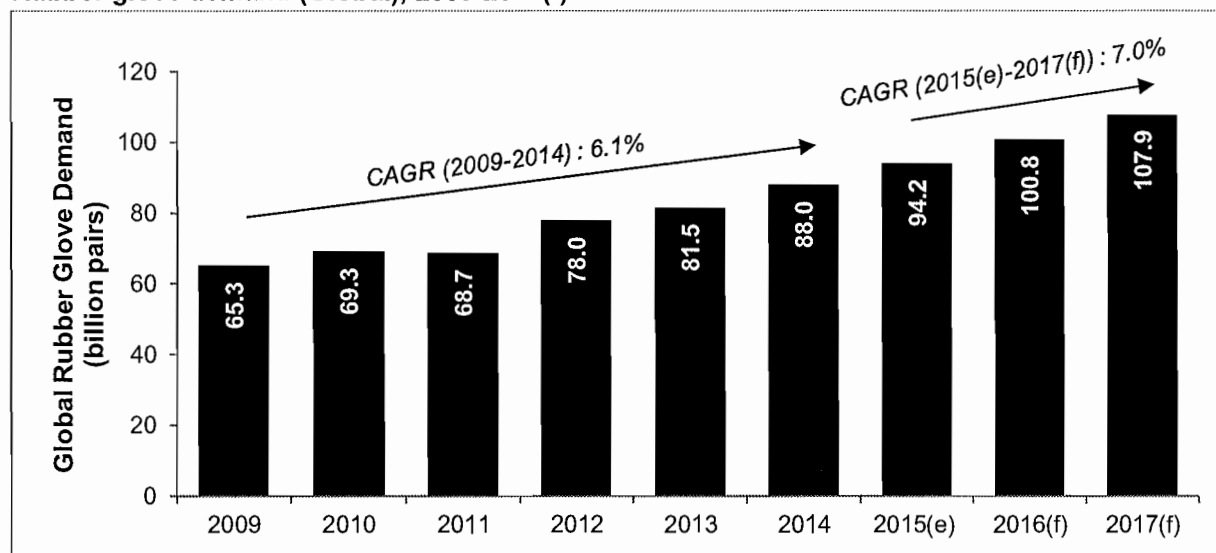
7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

SMITH ZANDER

Industry Performance, Size and Growth - Global

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

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

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

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

Notes:

Latest available information is as at 2014

(e) - estimate

(f) - forecast

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

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

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

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

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

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

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

Note:

Latest available information is as at 2014

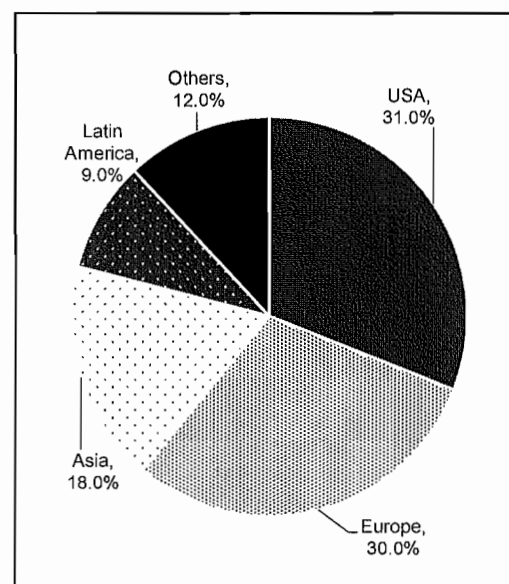
Source: Comtrade

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

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

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

Rubber glove market (Global), 2014(e)



Note:

Latest available information is as at 2014

Source: Konzept Analytics

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

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

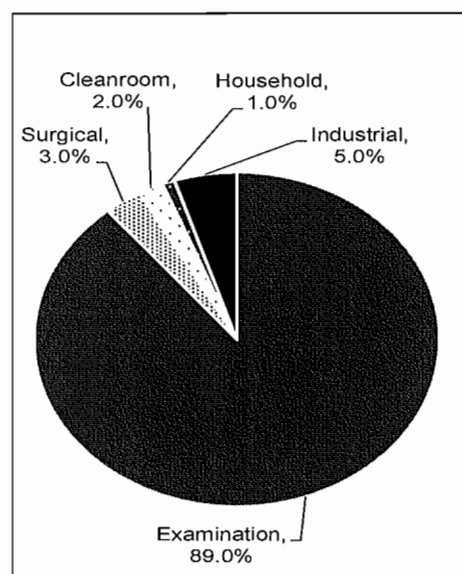
Note:

Latest available information is as at 2014

Source: Comtrade

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

Rubber glove exports by usage (Global), 2014



Note:

Latest available information is as at 2014

Industry Performance, Size and Growth - Malaysia

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

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

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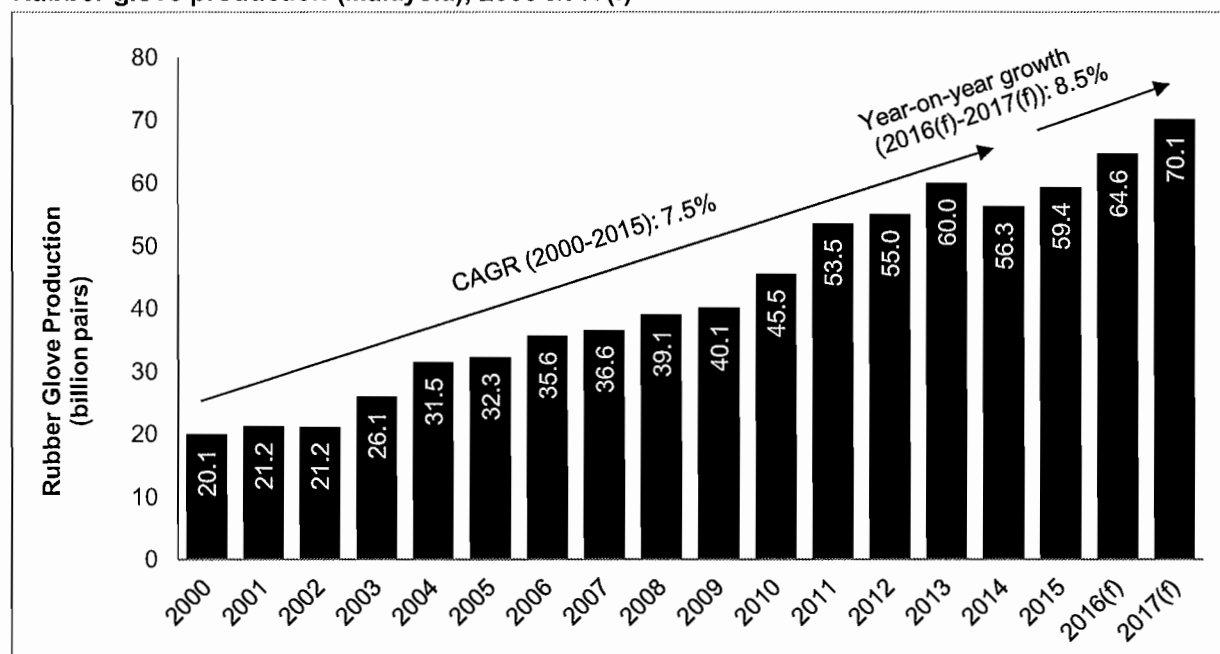
the development of this industry. The Tun Abdul Razak Research Centre ("TARRC") is a unit of the Malaysian Rubber Board and promotes the Malaysian rubber and rubber product industries, besides researching on advancement of the industry through science and technology, processing and design.

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

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

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

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



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

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

Note:

(f) – forecast

Source: Malaysian Rubber Board, Department of Statistics Malaysia

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

Rubber glove exports (Malaysia), 2010-2015

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

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

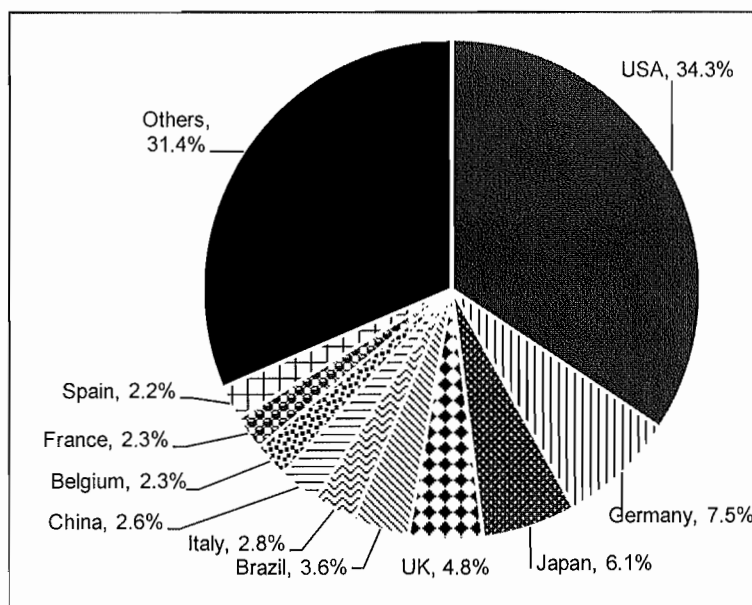
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In 2015, the top destination for rubber gloves manufactured in Malaysia is the USA where 34.3% of locally manufactured rubber gloves are exported to. This is followed by Germany (7.5%), Japan (6.1%), UK (4.8%), Brazil (3.6%), Italy (2.8%), China (2.6%),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

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



Source: MARGMA

Rubber glove manufacturers in Malaysia who are interested in exporting their products to developed countries will first have to be certified. The purpose of this certification program is to ensure that exported rubber gloves meet the regulatory requirements and standards set by the USA Food and Drug Administration ("FDA") and ASTM International.

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

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

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

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

3 THE GLOVE-DIPPING LINE INDUSTRY IN MALAYSIA

Definitions and Segmentation

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

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

Components of glove-dipping lines (Global), 2016

Component	Function
Former cleaning system	A former washing system cleans formers before the start of the next production cycle and it consists of the following components:- - acid tank, which contains nitric acid for the purpose of removing residues from the surface of formers from the previous production cycle; - hot water rinse tank, which serves to wash away acid from the surface of formers; - alkaline tank, which contains alkaline cleaning solution for the purpose of neutralising formers after washing from acid tank as well as removing non-rubber and other organic residues from the surface of formers; and - rotational and horizontal brush tank, which contains nylon brushes for mechanical scrubbing for the purpose of removing remaining residues from the surface of formers.
Dipping tank	Dipping tanks serve to contain chemical solutions such as coagulant, latex, polymer and corn starch slurry, and will be installed at different stages of a glove-dipping line. As formers pass through, they will be dipped into the solution contained in the dipping tanks for coating purpose.
Water tank	Water tanks, such as hot water rinse tank, cooling tank, pre-leaching tank and post-leaching tank, serve to contain water for the purpose of rinsing and cooling, and will be installed at different stages of a glove-dipping production line.
Fibreglass tank	There are three (3) types of fibreglass tanks, i.e. neutraliser tank, soak rinse tank and chlorination tank. A neutralizer tank serves to ensure excessive chlorine solution is neutralised before proceeding to the post-leaching process, while a soak rinse tank washes away excessive chlorine solution from the surface of rubber gloves. A chlorination tank serves to subject rubber gloves to chlorine solution at controlled concentration for the purpose of surface treatment to provide a slippery effect on the surface of rubber gloves to ease donning.
Oven	Ovens will be installed at different stages of a glove-dipping production line for the purpose of drying formers before coagulant dipping and after coagulant and latex dipping. It also facilitates the eventual vulcanisation process, which serves to dry and vulcanise the latex film on formers into a more durable material.
Beading station	A beading station rolls the cuff of rubber gloves to form a bead for added strength to prevent tearing and to ease removal of rubber gloves from formers.
Main steel structure of the entire glove-dipping production line	The main steel structure of the entire glove-dipping production line, including other ancillary components attached (such as steel platforms, staircases, piping support and tank support), which forms the mainframe which holds up all of the glove-dipping line components.

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

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

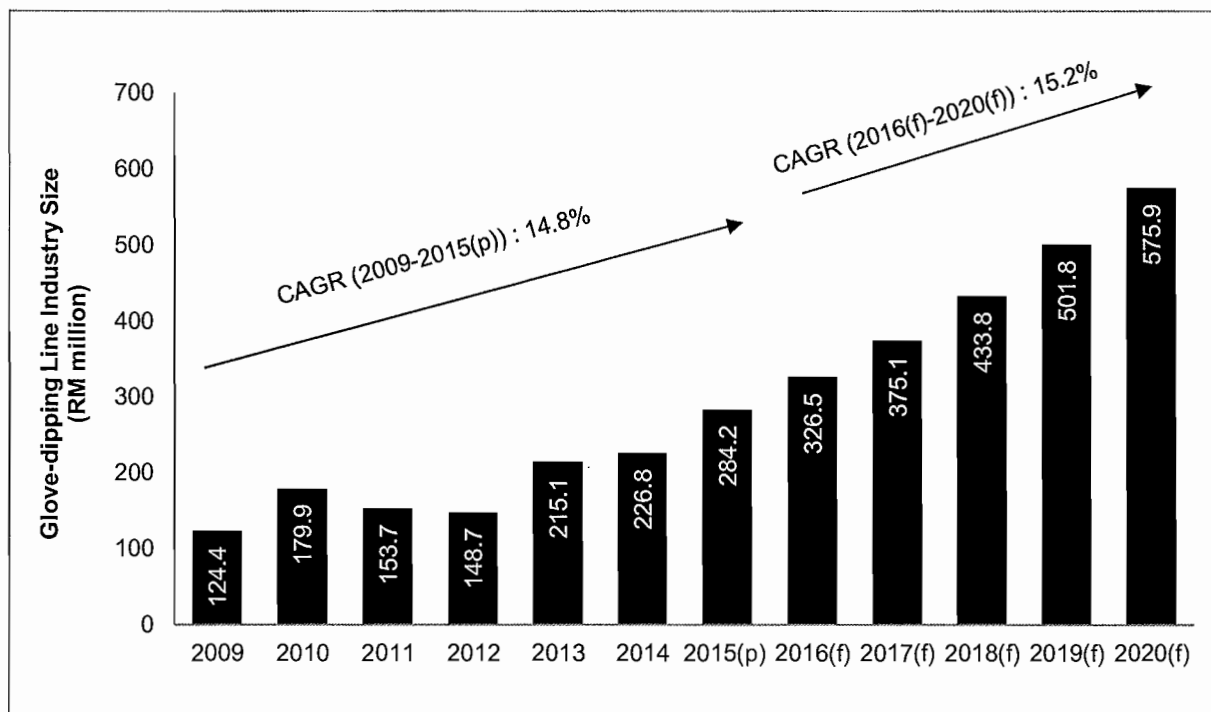
Industry Performance, Size and Growth

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

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

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

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



Notes:

(p) – preliminary

(f) – forecast

Source: Suruhanjaya Syarikat Malaysia ("SSM")

Demand Conditions: Key Growth Drivers

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

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

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

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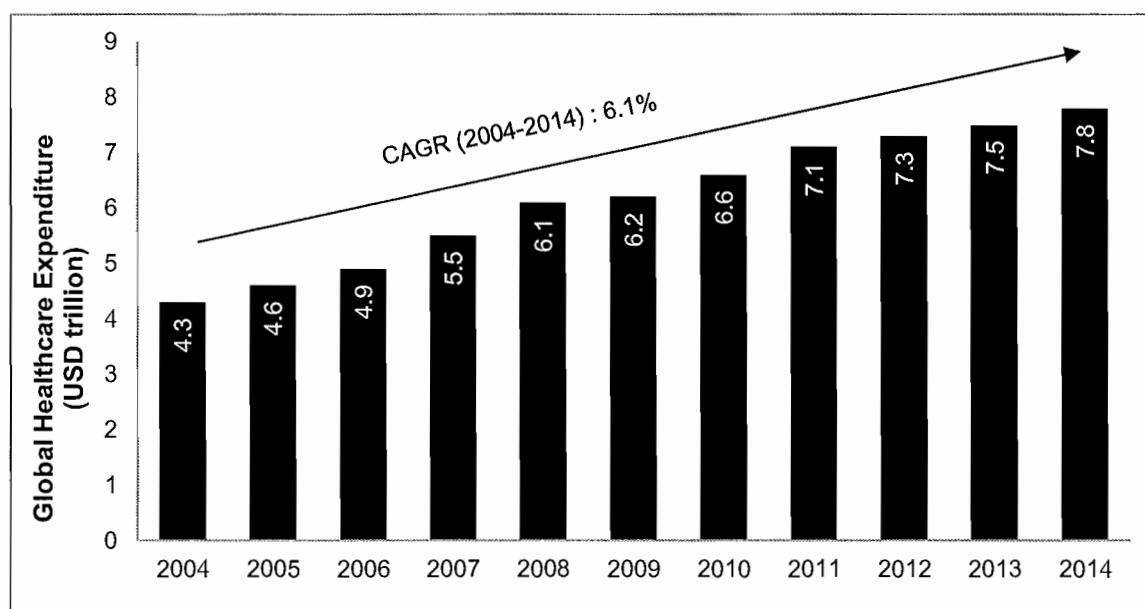
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Much of the growth in the rubber glove industry is attributable to the growing end-user markets:

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

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

Healthcare expenditure (Global), 2004-2014



Note:

Latest available information is as at 2014

Source: World Bank

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

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

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

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

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

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

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

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

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

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

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

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An ageing population is defined as a shift in the distribution of a country's population towards an older age group, which is mainly caused by the ageing of the baby boomers¹, who are moving into retirement age, and further exacerbated by low birth rate, low mortality rate and improved life expectancy. The world's population aged above 80 has been increasing at a rate of approximately 3.0% over the past 20 years. Malaysia's percentage of young population (0 to 14 years) has decreased from 27.4% in 2010 to 25.0% in 2015 while the ageing population (65 years and above) has increased from 5.0% of the total population in 2010 to 5.9% of the total population in 2015. Low birth rate is attributed to urbanisation, increasing costs of raising a child and better employment opportunities for women. Low mortality rate and improved life expectancy are primarily the result of better living conditions from increased wealth, access to better nutrition, healthcare and sanitation, as well as political stability. Malaysia is a newly industrialised country with a growing economy and

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

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

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

Notes:

^(a) The only publicly available data is as at 2014.

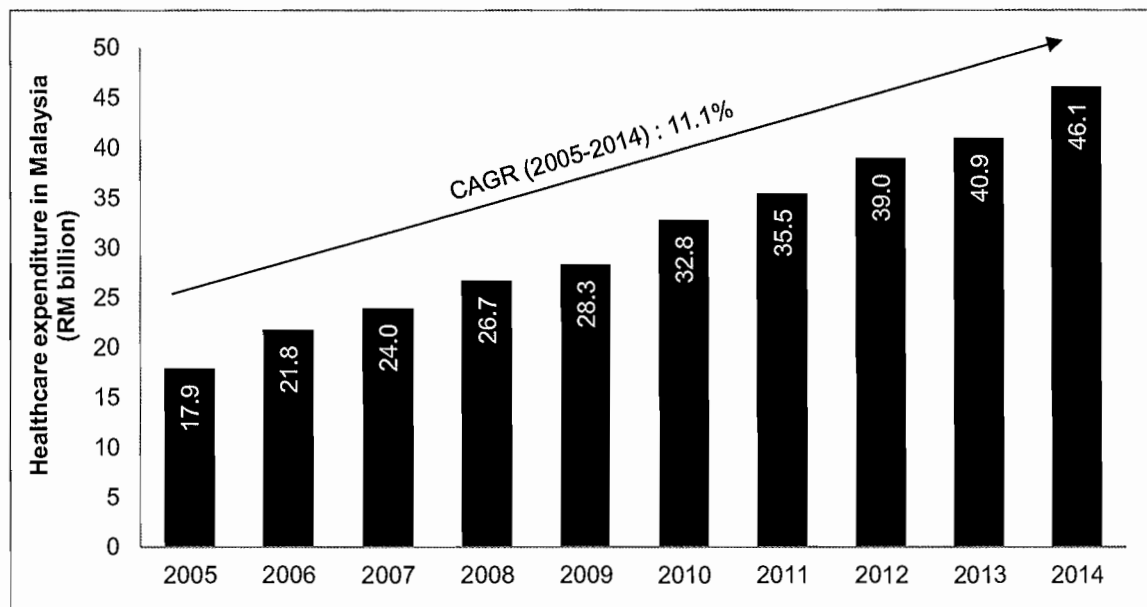
(p) – preliminary

Source: Department of Statistics Malaysia

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

¹The baby boomers refer to those born during the 1940s -1960s

Healthcare expenditure (Malaysia), 2005-2014



Note:

Latest available information for total healthcare expenditure is in 2014

Source: World Bank

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

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

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

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

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Manufacturing activities (Global), 2009-2014

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

Notes:

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

Source: World Bank

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

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

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

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

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

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

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

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

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

SMITH ZANDER

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

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

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

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

Notes:

(e) – estimate

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

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(p) – preliminary

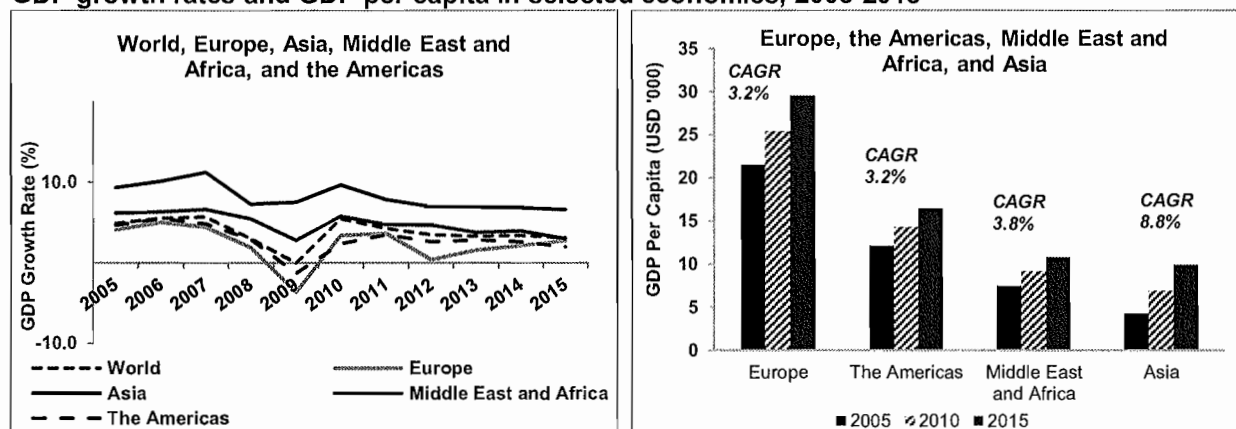
(a) Others include other economic activities that may not be relevant to the rubber glove industry. These economic activities include the manufacture of vegetable and animal oil and fats, beverages, tobacco products, textile and wearing apparel, leather and related products, wood products, printing and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

Source: Department of Statistics Malaysia

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

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

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



Notes:

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

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

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

Availability of raw materials utilised in the manufacturing of rubber gloves

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

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

SMITH ZANDER

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

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

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

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

Note:

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

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

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

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

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

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

Supply Conditions and Dependencies**Availability of labour and equipment for the manufacturing of glove-dipping lines**

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

Availability of raw materials and supplies

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

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

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER****Product/Service Substitution**

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

Reliance and Vulnerability to Imports

The value of imports of machinery and parts of machinery for working rubber/plastics or for the manufacture of products from these materials² was USD143.3 million (RM504.8 million) in 2009 and grew to USD170.2 million (RM664.9 million) by 2015, at a CAGR of 2.9%. It is important to note that these machinery and machine parts do not just encompass glove-dipping lines, but also machinery and machine parts for other rubber and plastic-based products. Nevertheless between 2009 and 2015, the glove-dipping line industry illustrated a higher CAGR (i.e. 14.8%) relative to the CAGR of imports of these machinery and machine parts of 2.9%. This illustrates that the domestic glove-dipping line industry is growing faster than imports of foreign glove-dipping lines into Malaysia, thus indicating that demand for domestic glove-dipping lines are growing at a faster rate relative to demand for foreign glove-dipping lines. As such, it can be deduced that there is a reducing vulnerability of the glove-dipping line industry in Malaysia to imports as the domestic glove-dipping line industry in Malaysia grows.

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

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

Note:

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

2009: USD1 = RM3.5236

2010: USD1 = RM3.2182

2011: USD1 = RM3.0594

2012: USD1 = RM3.0898

2013: USD1 = RM3.1511

2014: USD1 = RM3.2736

2015: USD1 = RM3.9073

Source: Comtrade

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

Relevant Laws and Regulations

Environmental Quality Act 1974

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

Industrial Co-ordination Act 1975

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

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

Occupational Safety and Health Act 1994

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

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

Factories and Machinery Act 1967

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

Employment Act 1955

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

Competitive Overview

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

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

Key Industry Players

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

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

SMITH ZANDER

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

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

SMITH ZANDER

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

Notes:

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

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

^b Latest publicly available financial information is for the FYE 31 December 2011.

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

^d Based on financial information before intra-group elimination.

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

^f Computed based on gross profit over revenue, and multiplied by 100%.

^g Computed based on PBT over revenue, and multiplied by 100%.

^h Computed based on PAT over revenue, and multiplied by 100%.

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

SMITH ZANDER

ⁱ Computed based on total borrowings over total equity.

^j Computed based on total current assets over total current liabilities.

^k Computed based on PAT over total assets, and multiplied by 100%.

^l Computed based on PAT over total equity, and multiplied by 100%.

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

Source: SSM

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

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

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

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

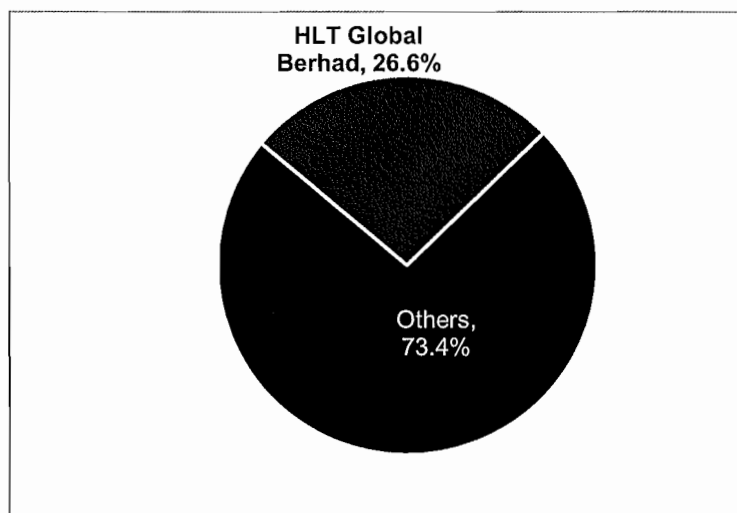
While for the gearing ratio, HLT Global Berhad recorded a lower ratio of 0.05 times, in comparison to the industry average of 0.64 times. HLT Global also showed a strong current ratio of 2.12 times, which was above the industry average of 1.62 times. With regards to return on assets, HLT Global Berhad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

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

SMITH ZANDER

Industry Revenue Share

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

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

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

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

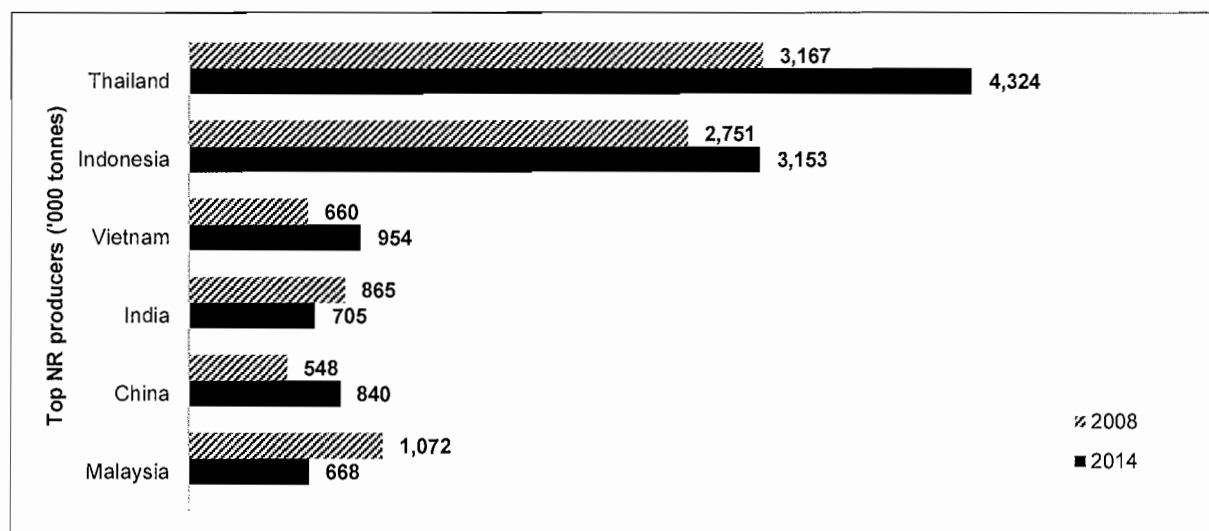
Source: SSM, HLT Global Berhad

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4 OVERVIEW OF THE GLOVE-DIPPING LINE INDUSTRY IN THAILAND

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

Top NR producers (Global), 2008 and 2014

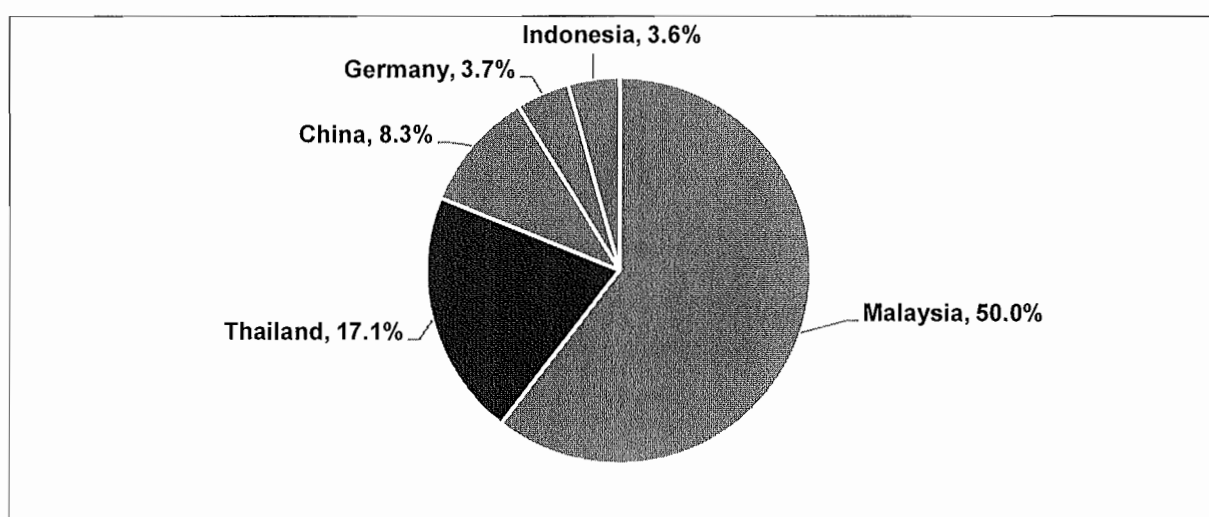


Note:

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

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

Top exporters of rubber gloves (Global), 2014



Note:

Latest available data is in 2014

Source: Comtrade

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

SMITH ZANDER

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

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

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

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5 PROSPECTS AND OUTLOOK FOR HLT GLOBAL BERHAD

The prospects for growth in the glove-dipping line industry in Malaysia are positive as the industry is expected to continue being driven by the growth in demand for rubber gloves globally as well as domestically. The rubber glove industry is a vibrant and growing industry, as evidenced by global rubber glove demand which has grown from 65.3 billion pairs in 2009 to an estimated 88.0 billion pairs in 2014, registering a CAGR of 6.1%. In particular, Malaysia dominates the global rubber glove industry as the largest producer and exporter, producing 59.4 billion pairs and exporting 658,016.0 tonnes of rubber gloves in 2015.

Much of the growth in the global and domestic rubber glove industry is driven by the growing end-user industries, particularly the healthcare industry where rubber gloves play a significant role. Global healthcare expenditure has demonstrated strong positive growth over the last decade, from USD4.3 trillion (RM16.3 trillion) in 2004 to USD7.8 trillion (RM25.5 trillion) in 2014, representing a CAGR of 6.1% over the period. Meanwhile, total healthcare expenditure in Malaysia also grew from RM17.9 billion in 2005 to RM46.1 billion in 2014, at a CAGR of 11.1%.

Consumption of rubber gloves increases drastically when there is a major disease outbreak. Rubber gloves are the most basic form of protective equipment used by hospitals when there are cases of diseases that are highly contagious. In developed countries, rubber gloves are seen as a basic necessity to contain the disease and avoid an increase in the number of fatalities. As such, there will usually be a spike in demand for medical rubber gloves during major incidences of disease outbreaks, leading to a surge in production.

Other than the healthcare industry, there is increasing demand for rubber gloves from other manufacturing industries such as food processing, refined petroleum products, chemicals and chemical products and pharmaceutical products, fabricated metal products, machinery and equipment, computers and peripheral equipment, electrical equipment, electronic components and boards, communication equipment and consumer electronics, as well as motor vehicles and transport equipment. Globally, manufacturing activities have been increasing over the years, as a result of an increase in demand for products contributed by the growth in world population. Global manufacturing activities have increased by a CAGR of 3.3%, from USD9.8 trillion (RM34.5 trillion) in 2009 to USD11.5 trillion (RM37.6 trillion) in 2014. In Malaysia, GDP from the manufacturing industry has grown from RM192.5 billion in 2010 to RM263.7 billion in 2015, registering a CAGR of 6.5%. The rapid growth of this industry translates into opportunities for growth in the rubber glove industry as well, since many manufacturing facilities use rubber gloves during their processes.

In addition, the rubber glove industry is also expected to be supported by the growing global economy, availability of rubber as a raw materials, as well as the continuous technological advancement of glove-dipping lines.

Premised on the above, the glove-dipping line industry in Malaysia is forecast to grow at a healthy CAGR of 15.2%, from an estimated RM326.5 million in 2016 to RM575.9 million in 2020. HLT Global Berhad, as one of the key industry players in the glove-dipping line industry in Malaysia, shows potential to gain from the growing domestic and international demand. In 2015, HLT Global Berhad's industry revenue share in Malaysia was 26.6% based on its revenue of RM75.7 million for the FYE 31 December 2015. With their track record and technical capabilities, as well as their strong position in the domestic market, HLT Global Berhad is poised to increase its presence in the glove-dipping line industry, as well as capture opportunities in the export markets.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT**8.1 SUBSTANTIAL SHAREHOLDERS AND PROMOTERS****8.1.1 Shareholdings of Substantial Shareholders and Promoters**

The shareholdings of our substantial shareholders and Promoters in our Company before and after the IPO are as follows:-

Substantial Shareholders and Promoters	(I)				(II)				(III)			
	Before the IPO ⁽¹⁾				After the IPO ⁽²⁾				After (II) and full exercise of the 1 st Tranche ESOS Options ⁽³⁾			
	Direct		Indirect ⁽⁴⁾		Direct		Indirect ⁽⁴⁾		Direct		Indirect ⁽⁴⁾	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chan Yoke Chun	114,408,300	51.00	109,921,700	49.00	96,911,000	36.72	93,110,000	35.28	97,111,000	36.52	93,310,000	35.09
Wong Kok Wah	109,921,700	49.00	114,408,300	51.00	93,110,000	35.28	96,911,000	36.72	93,310,000	35.09	97,111,000	36.52

Notes:-

- (1) Based on our issued and paid-up share capital of 224,330,000 Shares after the Acquisition.
- (2) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after the IPO.
- (3) Based on our enlarged issued and paid-up share capital of 265,921,000 Shares after the IPO and assuming full exercise of the 1st Tranche ESOS Options.
- (4) Deemed interest by virtue of his/her spouse's direct interest in our Company.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.1.2 Changes in Shareholdings of Substantial Shareholders and Promoters**

Save for the following, there has been no change in the shareholdings of our substantial shareholders and the Promoters in our Company since its incorporation:-

Substantial Shareholders and Promoters	(I) As at the date of incorporation ⁽¹⁾			(II) As at the LPD ⁽³⁾		
	Direct		Indirect ⁽²⁾	Direct		Indirect ⁽²⁾
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chan Yoke Chun	50	50.00	40	40.00	114,408,300	51.00
Wong Kok Wah	40	40.00	50	50.00	109,921,700	49.00
Maisarah Binti Rahmat	10	10.00	-	-	-	-

Notes:-

(1) Based on our issued and paid-up share capital as at the date of incorporation of RM10 comprising 100 Shares.

(2) Deemed interest by virtue of his/her spouse's direct interest in our Company.

(3) After the transfer of 10 initial subscriber's shares from Maisarah Binti Rahmat to Wong Kok Wah on 31 December 2015 and subsequent to the issuance of 224,329,900 Shares to the Vendors on 20 October 2016 pursuant to the Acquisition.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.1.3 Profile of Substantial Shareholders and Promoters

- (i) **Chan Yoke Chun**, a Malaysian female aged 53, is our Promoter, substantial shareholder and Executive Director/CEO. She was appointed to our Board on 22 October 2015. She is responsible for overseeing the overall management and operations of our Group.

She graduated from Universiti Kebangsaan Malaysia with a Bachelor of Economics in 1986. Upon graduation, she joined Chan Brothers, a local food processing machinery engineering firm, as an Executive where she was responsible for sales and marketing, and administration functions. She was with Chan Brothers for 7 years until 1993.

After a short break in her career between 1994 and 1995, Chan Yoke Chun started her involvement in the operations of Hup Lek (Partnership) in 1995 as a business partner. Hup Lek (Partnership) was initially involved in metal fabrication works for various industrial applications and gradually expanded its business activities to include design, fabrication, installation, testing and commissioning of glove-dipping lines, where she was involved in sales and marketing, as well as finance and administration functions. Together with our Deputy Chairman/Executive Director, Wong Kok Wah, and another partner of Hup Lek (Partnership), namely the late Liew Wah Thiam, she later co-founded Hup Lek Engineering, a company mainly involved in glove-dipping line manufacturing, in 1998 to assume the business operations of Hup Lek (Partnership) before the latter ceased its operations. As a Director of Hup Lek Engineering, she was then responsible for overseeing its overall management and operations until her resignation as a Director on 28 December 2015 following the disposal by her and Wong Kok Wah of their collective 100.0% equity interests in Hup Lek Engineering to third parties on 28 December 2015.

In 2006, she co-founded our wholly-owned subsidiary, HL Advance, together with our Deputy Chairman/Executive Director, Wong Kok Wah. Chan Yoke Chun took up the role of Executive Director/CEO of HL Advance in 2009 when HL Advance commenced business operations.

As at the LPD, she also sits on the board of several private limited companies as disclosed in Section 8.2.3 of this Prospectus.

- (ii) **Wong Kok Wah**, a Malaysian male aged 50, is our Promoter, substantial shareholder and Deputy Chairman/Executive Director. He was appointed to our Board on 22 October 2015. He is responsible for overseeing our Group's business development and sales as well as our entire manufacturing operations.

Wong Kok Wah studied at SJK (C) Chung Kwo in Kuala Lumpur until 1978, after which he continued with his secondary education at Sekolah Menengah Kebangsaan San Peng until 1980. In 1981, he was hired as an apprentice in a metal fabrication business in Johor. During this apprenticeship, he learned the trade of metalworking, and honed his skills in metal and steel fabrication.

In 1983, he returned to Kuala Lumpur, and continued to work in metal and steel fabrication as a freelance subcontractor before he co-founded Hup Lek (Partnership) in 1990. He subsequently co-founded Hup Lek Engineering in 1998, alongside his spouse, Chan Yoke Chun, and another partner of Hup Lek (Partnership), namely the late Liew Wah Thiam. It was during these years when he fine-tuned his expertise in the manufacturing of glove-dipping lines, as well as acquired knowledge and understanding of rubber glove manufacturing. He resigned as a Director of Hup Lek Engineering on 28 December 2015 following the disposal by him and Chan Yoke Chun of their collective 100.0% equity interests in Hup Lek Engineering to third parties on 28 December 2015.

Wong Kok Wah co-founded our wholly-owned subsidiary, HL Advance, with Chan Yoke Chun in 2006, which subsequently commenced business operations in the manufacturing of glove-dipping lines in 2009.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

As at the LPD, he also sits on the board of several private limited companies as disclosed in Section 8.2.3 of this Prospectus.

8.1.4 Persons Exercising Control over our Company

Save for our Promoters who will collectively hold a total of 190,021,000 Shares representing approximately 72.00% of our enlarged issued and paid-up share capital upon our Listing, as disclosed in Section 8.1.1 of this Prospectus, we are not aware of any other persons who, directly or indirectly, jointly or severally, exercise control over our Company.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.2 DIRECTORS****8.2.1 Shareholdings of Directors**

The direct and indirect shareholdings of our Directors in our Company before and after our IPO are as follows:-

Directors	(I) Before the IPO ⁽¹⁾				(II) After the IPO ⁽²⁾				(III) After (II) and full exercise of the 1 st Tranche ESOS Options ⁽³⁾			
	Direct		Indirect ⁽⁴⁾		Direct		Indirect ⁽⁴⁾		Direct		Indirect ⁽⁴⁾	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Wong Wai Tzing	-	-	-	-	200,000	0.08	-	-	280,000	0.11	-	-
Wong Kok Wah	109,921,700	49.00	114,408,300	51.00	93,110,000	35.28	96,911,000	36.72	93,310,000	35.09	97,111,000	36.52
Chan Yoke Chun	114,408,300	51.00	109,921,700	49.00	96,911,000	36.72	93,110,000	35.28	97,111,000	36.52	93,310,000	35.09
Yau Ming Teck	-	-	-	-	200,000	0.08	-	-	280,000	0.11	-	-
Wong Koon Wai	-	-	-	-	100,000	0.04	-	-	180,000	0.07	-	-

Notes:-

- (1) Based on our issued and paid-up share capital of 224,330,000 Shares after the Acquisition.
- (2) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after the IPO and assuming full subscription by our Directors of their respective entitlements for Pink Form Shares, where applicable.
- (3) Based on our enlarged issued and paid-up share capital of 265,921,000 Shares after the IPO and assuming full exercise of the 1st Tranche ESOS Options.
- (4) Deemed interest by virtue of his/her spouse's direct interest in our Company.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.2.2 Profiles of Directors

The profile of our Executive Directors, namely Wong Kok Wah and Chan Yoke Chun, who are also our Promoters and substantial shareholders, are disclosed in Section 8.1.3 of this Prospectus. The profiles of our other Directors are as follows:-

- (i) **Wong Wai Tzing**, a Malaysian female aged 59, is our Independent Non-Executive Chairman. She was appointed to our Board on 8 January 2016.

Wong Wai Tzing started her career as a legal secretary in Joseph Tan & Tang in 1979 where she was mainly involved in the preparation of statutory forms required under the National Land Code 1965. With her licentiateship of the Institute of Chartered Secretaries and Administrators obtained in 1984, she joined C.A. Corporate Services Sdn Bhd in 1987 as manager and she was appointed as company secretary of several companies under the care of C.A. Corporate Services Sdn Bhd.

In 1989, Wong Wai Tzing graduated with a Bachelor of Laws degree from the University of London and she left C.A. Corporate Services Sdn Bhd in 1990 to commence her pupillage in Cheang & Ariff. She became a legal assistant in Cheang & Ariff in 1991 and was subsequently made a partner in the same firm in 1996. In 1999, she left Cheang & Ariff and co-founded the legal firm known as Tay & Helen Wong. She has actively been involved in corporate and commercial legal work since 1991 covering, inter alia, mergers and acquisitions, take-overs, initial public offerings, joint ventures and franchising arrangements.

As at the LPD, she also sits on the board of Genetec Technology Berhad, a company listed on Bursa Securities, and a private limited company as disclosed in Section 8.2.3 of this Prospectus.

- (ii) **Yau Ming Teck**, a Malaysian male aged 45, is our Senior Independent Non-Executive Director. He was appointed to our Board on 30 October 2015.

Yau Ming Teck graduated with an Economics Degree from Monash University, Melbourne in 1994. Currently, he is a qualified Certified Practising Accountant of the CPA Australia and a Chartered Accountant of the Malaysian Institute of Accountants. In 1994, he started his career in the Insolvency & Corporate Division of Coopers & Lybrand (now known as PricewaterhouseCoopers) and remained there for about three (3) years. Whilst with Coopers & Lybrand, he handled a portfolio of clients with different background and industries.

In 1996, he joined Promet Berhad, which was then listed on the Main Board (now known as Main Market) of Bursa Securities, as Executive, Special Projects. He left Promet Berhad and joined Tai Wah Garments Manufacturing Berhad, which was then listed on the Main Board (now known as Main Market) of Bursa Securities, in 1998 as Assistant Manager, Corporate Finance and served as its Financial Controller from January 2002 until he left the company in 2003. During his tenure in these public listed companies, his main functions were taking charge of various corporate exercises and their implementations. Leveraging on his accounting and corporate experience as well as his written and oral skills in English and Mandarin, he had since 2004 worked as a freelance project consultant for China based clients that embarked on corporate exercises such as merger and acquisition, and fund raising involving public listed companies in Singapore and Australia.

As at the LPD, he sits on the board of UMS-Neiken Group Berhad and Oversea Enterprise Berhad, both listed on Bursa Securities as well as several private limited companies as disclosed in Section 8.2.3 of this Prospectus.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (iii) **Wong Koon Wai**, a Malaysian male aged 41, is our Independent Non-Executive Director. He was appointed to our Board on 8 January 2016.

Wong Koon Wai graduated with a Bachelor Degree in Business (Accountancy) from the Royal Melbourne Institute of Technology, Melbourne in 1999. He joined Poh & Co. as Audit Assistant in 2000 and left to join the audit department of RSM Robert Teo, Kuan & Co. in 2001. He left RSM Robert Teo, Kuan & Co. as Audit Senior in 2003 to join Crowe Horwath in the same year as Senior Assistant. He left the firm after 8 years in 2011, as Senior Manager. Throughout his tenure with RSM Robert Teo, Kuan & Co. and Crowe Horwath, he has gained knowledge in external audit and corporate transactions.

Wong Koon Wai joined Oriental Castle Sdn Bhd in 2011 as its Financial Controller where he was responsible to oversee the finance and accounting functions of the company and its group of companies in Malaysia, Singapore, China, Vietnam and Indonesia. He left the company in 2012 and joined the Malaysian Institute of Accountants as its Director of the Professional Standards & Practices Division, where he was responsible for the overall leaderships, direction and coordination of all activities of the said division.

In 2014, Wong Koon Wai left the Malaysian Institute of Accountants and joined Poh & Tan as Audit Principal where he was involved in accounting, audit, tax and transaction advisory services. In 2015, he left Poh & Tan for Global Line Network Sdn Bhd, where he joined as its Chief Operating Officer and is responsible on planning, directing and coordinating the company's operational policies, rules, initiatives and goals. As at the LPD, he also sits on the board of Xian Leng Holdings Berhad, a company listed on Bursa Securities as well as a private limited company as disclosed in Section 8.2.3 of this Prospectus.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.2.3 Principal Directorships in Other Corporations and Principal Business Activities Performed Outside Our Group

Save as disclosed below, our Directors do not have any other principal directorship in other corporations or any principal business activities performed outside our Group for the past five (5) years prior to the LPD:-

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
<u>Wong Wai Tzing</u> <u>Present</u> <u>Directorships</u>	Genetec Technology Berhad ⁽¹⁾	Investment holding and designing and building of customised factory automation equipment and integrated vision inspection systems from conceptual design, development of prototype to mass replication of equipment, whilst its subsidiaries are principally involved in, inter alia, fabrication of machine parts and toolings for equipment and replications of systems and equipment	Independent Non-Executive Director	26.1.2011	-	-
	Budi Tamadun Sdn Bhd	Consultancy, library management services and general office administrative services and letting of properties	Executive Director	5.1.2004	-	50.00
<u>Past Directorships</u>	Pappa Resources Sdn Bhd	Operating restaurants	Non-Executive Director	5.1.2011	1.3.2013	-
	Papparich Group Sdn Bhd	Investment holding company, whilst its subsidiaries are principally involved in the operation and franchising of restaurants	Non-Executive Director	5.5.2010	1.3.2013	-
	Roti Roti International Sdn Bhd	Operation and franchising of restaurants and including the manufacture, sourcing, supply, and distribution of food, beverages and bakery related products	Non-Executive Director	5.5.2010	1.3.2013	-

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
Wong Kok Wah Present <u>Directorships</u>	Bukit Merah Arowana Breeding Zone Sdn Bhd	Trading and commercial captive breeding of Arowana fishes	Non-Executive Director	26.9.2014	-	50.00
	Centennial Insight Sdn Bhd	Property investment and hostel management	Non-Executive Director	5.3.2013	-	25.00
	Ecogreen Biomass Sdn Bhd	Agricultural plantation	Non-Executive Director	4.7.2011	-	45.00
	K-Bioenergy System Sdn Bhd	Trading in thermo oil heater and supply energy of heat (<i>Status: In the process of being struck off</i>)	Non-Executive Director	5.7.2002	-	25.00
	Life Force Sdn Bhd	Dormant; previously involved in trading of medical equipment (<i>Status: In the process of being struck off</i>)	Non-Executive Director	1.7.1994	-	50.00
	Megabio Energy Sdn Bhd	Manufacture of biomass wood pellets	Non-Executive Director	3.6.2014	-	(2) -
	Meranti Fishing Farm Sdn Bhd	Renting of leisure and pleasure equipment as an integral part of recreational facilities; hotels and resort hotels; restaurants	Non-Executive Director	12.12.2014	-	30.00
	Meranti Sitiawan Resort Sdn Bhd	Hotels and resort hotels; buying, selling, renting and operating of self-owned or leased real estate – residential buildings; other retail sale not in stores, stalls or markets	Non-Executive Director	25.8.2015	-	30.00

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
Wong Kok Wah <u>Present</u> <u>Directorships</u> <u>(Cont'd)</u>	OCL Global Sdn Bhd	Real estate activities with own or leased property; development of building projects for own operation, i.e. for renting of space in these buildings; other transportation support activities	Non-Executive Director	8.5.2015	-	95.00
	Teh Lek Technique & Trading Sdn Bhd	Production of woodchips	Non-Executive Director	25.2.2011	-	30.00
	Sinar Arowana Sdn Bhd	Trading of Arowana fish	Non-Executive Director	26.9.2014	-	50.00
<u>Past Directorships</u>	Hup Lek Engineering & Technical Service Co. Ltd.	Provision of support and maintenance services for the rubber glove industry	Non-Executive Director	1.11.2005	31.5.2016	-
	Green Prospect Sdn Bhd	Manufacturing of surgical and rubber examination gloves	Executive Director	31.1.2012	2.5.2013	-
	Global Surgical Supply Sdn Bhd	Manufacturing and sales of surgical and examination gloves	Non-Executive Director	31.1.2012	2.5.2013	-
	HL Automation & Trading Sdn Bhd ⁽³⁾	Dealers and manufacturers in automation, conveying, custom equipment and its related activities	Non-Executive Director	2.5.2013	28.12.2015	-
	HNB Marketing Sdn Bhd	Wholesaler in medical equipment and pharmaceutical products	Non-Executive Director	5.12.2003	28.12.2015	-
	Hup Lek Engineering & Trading Sdn Bhd	Provision of subcontracting and support services for the manufacturing industry	Executive Director	7.5.1998	28.12.2015	-
	Profound Asia Sdn Bhd	Dormant; previously involved in renovation works (<i>Dissolved on 31.10.2013</i>)	Non-Executive Director	15.8.1995	-	-

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
Wong Kok Wah <u>Past Directorships</u> (Cont'd)	Verve HL Steel Centre Sdn Bhd	Dormant	Non-Executive Director	12.6.2014	28.12.2015	-
	YTY Industry Sdn Bhd	Manufacturing and sales of disposable gloves	Executive Director	31.1.2012	2.5.2013	-
	YTY Industry Holdings Sdn Bhd	Investment holdings and manufacturing and sales of rubber examination gloves, whilst its subsidiaries are principally involved in manufacturing and sales of rubber examination gloves	Executive Director	31.1.2012	2.5.2013	-
	YTY Industry (Manjung) Sdn Bhd	Property investment holding	Executive Director	31.1.2012	2.5.2013	-
Chan Yoke Chun <u>Present Directorships</u>	Bukit Merah Arowana Breeding Zone Sdn Bhd	Trading and commercial captive breeding of Arowana fishes	Non-Executive Director	26.9.2014	-	50.00
	Centennial Insight Sdn Bhd	Property investment and hostel management	Non-Executive Director	5.3.2013	-	25.00
	Ecogreen Biomass Sdn Bhd	Agricultural plantation	Non-Executive Director	4.7.2011	-	45.00
	Megabio Energy Sdn Bhd	Manufacture of biomass wood pellets	Non-Executive Director	3.6.2014	-	(2) -
	Sinar Arowana Sdn Bhd	Trading of Arowana fish	Non-Executive Director	26.9.2014	-	50.00

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
Chan Yoke Chun <u>Present</u> <u>Directorships</u> <u>(Cont'd)</u>	Teh Lek Technique & Trading Sdn Bhd	Production of woodchips	Non-Executive Director	25.2.2011	-	25.00
<u>Past Directorships</u>	Hup Lek Engineering & Technical Service Co. Ltd.	Provision of support and maintenance services for the rubber glove industry	Non-Executive Director	1.11.2005	31.5.2016	-
	HL Automation & Trading Sdn Bhd ⁽³⁾	Dealers and manufacturers in automation, conveying, custom equipment and its related activities	Non-Executive Director	2.5.2013	28.12.2015	-
	HNB Marketing Sdn Bhd	Wholesaler in medical equipment and pharmaceutical products	Non-Executive Director	5.12.2003	28.12.2015	-
	Hup Lek Engineering & Trading Sdn Bhd	Provision of subcontracting and support services for the manufacturing industry	Non-Executive Director	7.5.1998	28.12.2015	-
	Verve HL Steel Centre Sdn Bhd	Dormant	Non-Executive Director	12.6.2014	28.12.2015	-
Yau Ming Teck <u>Present</u> <u>Directorships</u>	Gardenic (M) Sdn Bhd	Trading in fertilizers and flowers seeds	Non-Executive Director	24.1.2000	-	18.13
	Oversea Enterprise Berhad	Investment holding, whilst its subsidiaries are principally restaurant operator, distributor of food products and manufacturer and wholesaler of confectioneries	Independent Non-Executive Director	6.11.2009	-	-
	Sukimi Ventures Sdn Bhd	Wholesale of a variety of goods without any particular specialization <i>(Dissolved on 28.8.2015)</i>	Non-Executive Director	4.9.2013	-	50.00

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Principal activities	Designation	Date of appointment	Date of resignation	Direct shareholding as at the LPD (%)
<u>Yau Ming Teck</u> <u>Present</u> <u>Directorships</u> <u>(Cont'd)</u>	UMS-Neiken Group Berhad	Investment holding, whilst its subsidiaries are principally involved in designing, manufacturing and trading of electrical wiring accessories, and marketing and trading in electrical products, accessories and appliances	Independent Non-Executive Director	13.4.2015	-	-
	Villania Sdn Bhd	Property investment	Executive Director	29.10.2012	-	50.00
<u>Wong Koon Wai</u> <u>Present</u> <u>Directorships</u>	Digital Chat Sdn Bhd	Dealer of telco's products and services	Non-Executive Director	1.9.2016	-	-
	Xian Leng Holdings Berhad	Investment holding and provision of management services, whilst its subsidiaries are principally involved in commercial captive breeding of Asian Arowana and other ornamental fishes, property holding, and trading of ornamental fishes and aquarium accessories	Independent Non-Executive Director	27.3.2015	-	-
<u>Past Directorship</u>	O&C Resources Berhad	Investment holding, whilst its subsidiaries are principally involved in manufacturing of rubber products and baby products, trading in baby accessories, apparel and milk powder, and distributing and retailing of baby products	Independent Non-Executive Director	29.6.2011	31.12.2012	-

Notes:-

- (1) The automation equipment designed and built by Genetec Technology Berhad are catered for the hard disk drive industry, automotive industry, pharmaceutical industry and semiconductor industry.
- (2) Indirect shareholding of 80.00% via Teh Lek Technique & Trading Sdn Bhd.
- (3) In terms of automation equipment, HL Automation & Trading Sdn Bhd has initially planned to manufacture visual inspection machine. However, the company has yet to commence its business operation.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.2.4 Involvement of our Directors in Other Businesses or Corporations

Save as disclosed in Section 8.2.3 of this Prospectus, our Directors are not involved in any other businesses/corporations. Our Directors' current principal directorships and principal business activities performed outside our Group will not give rise to a conflict of interest with our Group in view that none of those companies in which they have involvements carry on similar principal activities as our Group, or are the customers or suppliers of our Group. In respect of their involvements in investment holding companies outside our Group, the subsidiaries of those investment holding companies are not involved in similar principal activities as our Group, hence will not give rise to a conflict of interest with our Group.

Our Executive Directors are of the view that their involvement in other business activities outside our Group is minimal as they are not involved in the day-to-day operations and management of the said companies.

8.2.5 Directors' Term of Office

As at the LPD, the details of the date of expiration of the current term of office for each and every Director of our Company and the period for which our Directors have served in that office are as follows:-

Directors	Date of appointment	Date of expiration of the current term of office	No. of years in office
Wong Wai Tzing	8 January 2016	At our Second AGM to be held in 2017	Less than 1 year
Wong Kok Wah	22 October 2015	At our Second AGM to be held in 2017	1 year
Chan Yoke Chun	22 October 2015	At our Third AGM to be held in 2018	1 year
Yau Ming Teck	30 October 2015	At our Third AGM to be held in 2018	1 year
Wong Koon Wai	8 January 2016	At our Fourth AGM to be held in 2019	Less than 1 year

In accordance with our Articles of Association, all our Directors shall retire from office at the first AGM of our Company and one-third (or the number nearest to one-third) of our Directors are required to retire from office at each subsequent AGM of our Company. Accordingly, all our Directors are required to retire from office at least once in every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he retires. An election of Directors shall take place each year.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.2.6 Directors' Remuneration and Benefits

The aggregate remuneration (including any benefits-in-kind) paid in FYE 2015 and proposed to be paid in FYE 2016 to our Directors for services rendered in all capacities to our Group in the band of RM50,000 are as follows:-

Directors	Remuneration Band	
	FYE 2015	Proposed for FYE 2016
Wong Wai Tzing	-	50,001 – 100,000
Wong Kok Wah	600,001 – 650,000	700,001 – 750,000
Chan Yoke Chun	550,001 – 600,000	700,001 – 750,000
Yau Ming Teck	-	50,001 – 100,000
Wong Koon Wai	-	Less than 50,000

Save for the issuance of Shares by our Company as consideration pursuant to the Acquisition to our Promoters, our Directors' respective entitlement for the Pink Form Shares, the 1st Tranche ESOS Options and as disclosed above, no other amounts or benefits has been paid or was intended to be paid to any of our Promoters, substantial shareholders or Directors within the two (2) years preceding the date of this Prospectus.

The remuneration for our Directors, which includes salaries, bonuses, fees, allowances and other benefits-in-kind, is required to be considered and recommended by the Remuneration Committee and subsequently approved by our Board. Our Directors' fees are required to be further approved by our shareholders at a general meeting.

8.2.7 Audit Committee

Our Audit Committee was established on 8 January 2016 and its members are appointed by our Board. The members of our Audit Committee are as follows:-

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

The main functions of our Audit Committee include, inter-alia, the review of audit plans and audit reports with our external auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope, functions, competency and resources of the internal audit function of which the internal auditors should report directly to the Audit Committee, review of the quarterly and yearly financial statements, appointment and re-appointment of the external auditors, review of related party transactions and review of the criteria for allocation of ESOS Options.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.2.8 Remuneration Committee

Our Remuneration Committee was established on 8 January 2016 and its members are appointed by our Board. The members of our Remuneration Committee are as follows:-

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

The main functions of our Remuneration Committee include, inter-alia, the recommendation to our Board regarding the remuneration packages of the Directors, assisting our Board in assessing the responsibility and commitment undertaken by our Directors and assisting our Board in ensuring the remuneration of the Directors are reflective of the responsibility and commitment of the Directors concerned.

8.2.9 Nomination Committee

Our Nomination Committee was established on 8 January 2016 and its members are appointed by our Board. The members of our Nomination Committee are as follows:-

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

The main functions of our Nomination Committee include, inter-alia, the review of all nominations for the appointment or re-appointment of members of our Board and to determine the selection criteria thereof, review of the structure, size and composition of our Board, to assess and evaluate the performance of each Director of the Company, and to ensure that all our Directors undergo appropriate introduction and training programmes.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.3 KEY MANAGEMENT****8.3.1 Shareholdings of Key Management**

Save for the direct and indirect shareholdings of Chan Yoke Chun and Wong Kok Wah in our Company which are disclosed in Section 8.2.1 of this Prospectus, the direct and indirect shareholdings of our key management in our Company before and after our IPO are as follows:-

Key Management	(I)			(II)			(III)		
	Before the IPO ⁽¹⁾			After the IPO ⁽²⁾			After (II) and full exercise of the 1 st Tranche ESOS Options ⁽³⁾		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Muhammad Idris Yap Bin Abdullah	-	-	-	185,000	-	0.07	330,000	-	0.12
Chui Mee Chuen	-	-	-	185,000	-	0.07	330,000	-	0.12
Yam Chee Leong	-	-	-	150,000	-	0.06	280,000	-	0.11
Choong Siew Meng	-	-	-	150,000	-	0.06	280,000	-	0.11
Chin Shiau Wan	-	-	-	150,000	-	0.06	280,000	-	0.11

Notes:-

- (1) Based on our issued and paid-up share capital of 224,330,000 Shares after the Acquisition.
- (2) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after the IPO and assuming full subscription by our key management of their respective entitlements for Pink Form Shares.
- (3) Based on our enlarged issued and paid-up share capital of 265,921,000 Shares after the IPO and assuming full exercise of the 1st Tranche ESOS Options.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.3.2 Profiles of Key Management

The profile of Wong Kok Wah, our Deputy Chairman/Executive Director, and Chan Yoke Chun, our Executive Director/CEO, are disclosed in Section 8.1.3 of this Prospectus. The profiles of our other key management personnel are as follows:-

- (i) **Muhammad Idris Yap Bin Abdullah**, a Malaysian male aged 51, is the General Manager of Operations of our Group. He assists our Executive Directors in managing the overall operations of our Group.

Muhammad Idris Yap Bin Abdullah graduated from Universiti Malaya with a Bachelor of Science (Hons) degree majoring in Chemistry in 1988. He began his career in the rubber glove industry in 1988 as Chemist cum Production Supervisor with Setia Aircond Glove Manufacturer Sdn Bhd, a company principally involved in rubber glove manufacturing. He left the company in 1989 and joined Alfa Seal Sdn Bhd, a rubber glove manufacturer, as Assistant Factory Manager. In 1991, he joined another rubber glove manufacturing company, Wurlin-Soplamed (M) Sdn Bhd, as Production Manager. Following that, he joined Smart Glove Corporation Sdn Bhd, a rubber glove manufacturing company, as Factory Manager in 2000. In 2002, he joined Ansell Sdn Bhd, a rubber glove manufacturer, as Technical Manager, before being promoted to Manufacturing Manager in 2005. In 2007, he left Ansell Sdn Bhd to join Avery Dennison Materials Sdn Bhd, a company manufacturing labelling and packaging materials, as Plant Manager before moving back to the rubber glove industry to join Central Medicare Sdn Bhd, a rubber glove manufacturer, as Senior Vice President in 2008. In 2010, he joined our Group as Factory Manager and was promoted to his current position as General Manager of Operations in 2013.

Muhammad Idris Yap Bin Abdullah was awarded a Six Sigma Black Belt certification from Motorola University in 2004 in recognition of him successfully completing the Motorola Six Sigma Black Belt requirements and demonstrating the ability to effectively utilise statistical, problem solving and quality tools. His academic qualification in chemistry and coupled with his 25 years of experience in the rubber glove industry, gives us a competitive edge where we are able to assist our clients on glove-dipping line design, development and process control. One of his notable contributions is the implementation of systematic operational processes, and quality control and safety measures for our Group's production system.

- (ii) **Chui Mee Chuen**, a Malaysian female aged 37, is the Chief Financial Officer of our Group. She is responsible for overseeing the finance and accounting functions of our Group.

Chui Mee Chuen started her career as Audit Assistant with RSM Robert Teo, Kuan & Co. in 2003, after graduating from Tunku Abdul Rahman University College (then known as Tunku Abdul Rahman College) with an Advanced Diploma in Accountancy in the same year. She later joined Crowe Horwath as Audit Assistant in 2005 and left as Audit Senior (Platoon Leader) in 2008. She then joined In-Fusion Solutions Sdn Bhd, a company principally involved in the provision of education and education technology solutions, as Assistant Manager, Corporate Planning, during which she furthered her studies to obtain the Association of Chartered Certified Accountants ("ACCA") certificate and became a Chartered Certified Accountant in 2009. She was awarded the Fellowship of ACCA in 2013. She is also currently a member of the Malaysian Institute of Accountants.

In 2009, she left In-Fusion Solutions Sdn Bhd to join Pearl River Tyre (Holdings) Limited (presently known as Han Tang International Holdings Limited), a company listed on the Hong Kong Stock Exchange, as the Financial Controller. During her tenure with Pearl River Tyre (Holdings) Ltd, a company principally involved in manufacturing of tyre for commercial vehicles, she was involved in the preparation of group accounts and interim financial reports, handling both the internal and external auditors of companies within the group as well as tax planning and annual budget planning. Subsequently, she joined Foshan Niro Ceramic Building Materials Trading Co Ltd in China, a company principally involved in trading of tiles and sanitary ware, as its Finance Manager in 2014, where she led the finance department in preparing financial reports, performing budget variance analysis, as well as reviewing and implementing improved internal control procedures.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

In 2015, Chui Mee Chuen returned to Malaysia and joined our Group as Chief Financial Officer, bringing with her over 10 years of local and international experience in the areas of finance, accounting, cross border tax, internal control and corporate affairs.

- (iii) **Yam Chee Leong**, a Malaysian male aged 55, is the Project Manager of our Group. He is responsible for managing and overseeing on-site operations for our Group.

Yam Chee Leong completed his studies at Sekolah Menengah Rendah Kampar, Perak, after which he began his career at Fei Yin Engineering, an engineering enterprise, in 1979 where he was involved in engineering and fabrication of machinery. In 1984, he started his own business as a subcontractor for pipe fabrication works in the automotive manufacturing industry. Following this, he joined Sri Johani Sdn Bhd in 1989, a rubber glove manufacturing company, as Senior Mechanical Foreman where he gained experience in rubber glove manufacturing processes. He later joined Wembley Rubber Products (M) Sdn Bhd, a company principally involved in rubber glove manufacturing, in 1996 as Superintendent where he was responsible for overseeing and managing the production department. In 1998, he joined Hup Lek Engineering as Project Manager, where he was involved in the manufacturing of glove-dipping lines for local and international rubber glove manufacturers.

Yam Chee Leong left Hup Lek Engineering in 2014 to join our Group as Project Manager, bringing with him over 20 years of experience in the rubber glove industry.

- (iv) **Choong Siew Meng**, a Malaysian male aged 45, is the Factory Manager of our Group. He is responsible for overseeing all fabrication works performed at our factory.

Choong Siew Meng studied at Sekolah Menengah Kebangsaan San Peng until 1986, after which he was an apprentice in a metal fabrication business until 1991. In 1991, he joined Yee Wah Engineering Sdn Bhd, a company involved in the metal fabrication of machinery and equipment, as Mechanic where he was responsible for machinery repair and metal fabrication works until he left the company in 2000. He was later a freelance subcontractor in metal fabrication works from 2000 to 2001, before he rejoined Yee Wah Engineering Sdn Bhd as Mechanic in 2001. He subsequently joined Hup Lek Engineering in 2007 as Supervisor where he was mainly responsible for supervising factory operations.

In 2014, he left Hup Lek Engineering to join our Group as a Factory Manager, bringing with him over 20 years of experience in the manufacturing industry.

- (v) **Chin Shiau Wan**, a Malaysian female aged 38, is the Purchasing and Logistics Manager of our Group. She is responsible for overseeing our purchasing and logistics functions.

Chin Shiau Wan graduated from Kolej Tunku Abdul Rahman with a certificate in Computer Studies in 1998. She began her career in 1999 as Administrative Assistant at TSA Industries Sdn Bhd, a company principally involved in trading of construction and household hardware. She later joined Beye Aluminium Sdn Bhd, a company principally involved in trading of aluminium bars, as Sales Coordinator in 2009.

In 2010, she joined our Group as Administrative Executive and was promoted to her present position as Purchasing and Logistics Manager in 2014.

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8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.3.3 Involvement of Our Key Management in Other Businesses or Corporations

Save for the involvement of Chan Yoke Chun and Wong Kok Wah in other businesses or corporations which are as set out in Section 8.2.3 above and as disclosed below, none of our key management is involved in other businesses or corporations as at the LPD:-

Key Management	Company	Principal activities	Extent of involvement
Chin Shiau Wan	High Level Medical Sdn Bhd	Trading and supplying of rubber-made gloves and complementary products such as safety helmets, safety footwear and safety harnesses	Director and shareholder with 30.00% shareholding
	MCT Industrial Sdn Bhd	Trading of personal hygiene products and equipment	Director and shareholder with 25.00% shareholding

Our Board is of the opinion that the involvement of our key management in other businesses and/or corporations as highlighted above is not expected to affect the operations of our Group as they are not involved in the day-to-day operations and management of the said companies.

8.4 DECLARATION BY DIRECTORS, PROMOTERS AND KEY MANAGEMENT

None of our Directors, the Promoters and our key management is or has been involved in any of the following events, whether in or outside Malaysia:-

- (i) a petition under any bankruptcy or insolvency laws filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgement was entered against him involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) being the subject of any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.5 FAMILY RELATIONSHIPS

As at the LPD, save for Wong Kok Wah and Chan Yoke Chun who are husband and wife, there is no other family relationship or association between our Promoters, substantial shareholders, Directors and key management.

8.6 SERVICE AGREEMENTS

As at the LPD, there is no existing or proposed service agreement entered into or to be entered into between our Group and our Directors or key management.

9. APPROVALS AND CONDITIONS

9.1 APPROVALS AND CONDITIONS

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

Bursa Securities had, vide its letter dated 28 April 2016, approved:-

- (i) the admission of our Company to the Official List of the ACE Market of Bursa Securities;
- (ii) the listing of and quotation for our entire enlarged issued and paid-up share capital of RM26,392,100 comprising 263,921,000 Shares on the ACE Market of Bursa Securities; and
- (iii) the listing of such number of additional new Shares, representing up to 10% of our issued and paid-up ordinary share capital (excluding treasury shares), to be issued pursuant to the exercise of ESOS Options under the ESOS.

The approval from Bursa Securities is subject to the following conditions:-

No.	Details of conditions imposed	Status of Compliance
(1)	KAF IB to ensure that the Company is in compliance with Rule 3.19(1A) of the Listing Requirements, in respect of Shares to be granted to the Promoters under the ESOS;	Noted and to be complied with
(2)	Submission of the following information in respect to the moratorium on the shareholdings of the Promoters to Bursa Depository: (a) name of shareholders; (b) number of Shares; and (c) date of expiry of the moratorium for each block of Shares.	Complied
(3)	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied
(4)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied with prior to Listing
(5)	Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of HLT Global on the first day of listing;	To be complied with
(6)	Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company;	Complied
(7)	In relation to the public offering to be undertaken by HLT Global, please announce at least two (2) market days prior to the listing date, the result of the offering including the following: (a) level of subscription of public balloting and placement; (b) basis of allotment/allocation; (c) a table showing the distribution for placement tranche; and (d) disclosure of placees who become substantial shareholder of HLT Global arising from the public offering, if any. HLT Global / KAF IB to ensure that the overall distribution of HLT Global's securities is properly carried out to provide an orderly trading in the secondary market;	To be complied with prior to Listing

9. APPROVALS AND CONDITIONS (Cont'd)

No.	Details of conditions imposed	Status of Compliance
(8)	KAF IB is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to paragraph 6.44(1) of the Listing Requirements and stating the effective date of implementation;	Complied
(9)	In the event the new Shares to be issued pursuant to the ESOS will be listed and quoted as the existing securities of the same class, quotation of the new Shares will commence on the next market day after the following: (a) submission of the share certificate together with a covering letter containing the summary of the corporate proposal to Bursa Depository before 10 a.m. on the market day prior to the listing date; (b) receipt of confirmation from Bursa Depository that the additional new Shares are ready for crediting into the respective account holders; and (c) an announcement in accordance to paragraph 12.2 GN17 is submitted via Bursa Link before 3 p.m. on the market day prior to the listing date.	To be complied with where relevant after Listing
(10)	In the event the new Shares to be issued pursuant to the ESOS will be separately quoted from the existing securities i.e. "A" shares, the listing and quotation of the new Shares will take place two (2) market days upon the receipt of an application for quotation by Bursa Securities as specified under Part C of Annexure GN17-B;	To be complied with where relevant after Listing
(11)	KAF IB is required to ensure full compliance of all the requirements pertaining to the ESOS as provided under the Listing Requirements at all time; and	Noted and to be complied with
(12)	HLT Global / KAF IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied with

Bursa Securities had also, vide its letter dated 13 October 2016, granted HLT Global an extension of time until 27 February 2017 to comply with Rule 6.60(1) of the Listing Requirements to complete the implementation of the Listing.

The SC had, vide its letter dated 9 May 2016, approved the resultant equity structure of HLT Global under the equity requirement for public listed companies pursuant to our Listing.

The MITI had, vide its letter dated 24 March 2016, taken note of and stated that it has no objection to our IPO.

9.2 MORATORIUM ON SHARES

As at the date of submission of our listing application to Bursa Securities, we met the quantitative criteria for admission to the Main Market of Bursa Securities. Pursuant thereto and in compliance with Rule 3.19(1A)(b) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Promoters for a period of 6 months from the date of our admission to the Official List ("**Moratorium Period**").

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9. APPROVALS AND CONDITIONS (Cont'd)

The details of our Shares held by our Promoters which will be subject to moratorium are as follows:-

Promoters	No. of Shares to be held under the moratorium	
	Direct	(1) %
Chan Yoke Chun	96,911,000	36.72
Wong Kok Wah	93,110,000	35.28
Total	190,021,000	72.00

Note:-

(1) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after the IPO.

In addition, the aforementioned moratorium also includes all new Shares issued to our Promoters, if any, during the Moratorium Period arising from the exercise of ESOS Options granted to them under the ESOS. As at the date of this Prospectus, 200,000 ESOS Options have been granted to each of Chan Yoke Chun and Wong Kok Wah under the 1st Tranche ESOS Options.

The moratorium, which is fully accepted by our Promoters, will be specifically endorsed on the share certificate representing the entire shareholdings of our Promoters to ensure that our Company's share registrar does not register any transfer that contravenes the moratorium restrictions. In addition, our Promoters have also provided undertakings that they will comply with the said moratorium condition relating to the sale of their Shares as mentioned above.

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**10.1 RELATED PARTY TRANSACTIONS****10.1.1 Non-Recurrent Related Party Transactions**

Save for the Acquisition and as disclosed below, there are no other related party transactions, existing or proposed, entered or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the Period Under Review as well as for the period from 1 August 2016 to 31 December 2017:-

Transacting Party	Related Party	Nature of Relationship	Nature of Transaction	Actual Transaction Value ⁽¹⁾				Estimated 1.8.2016 to 31.12.2017 RM'000
				<-----FYE----->				
				2013	2014	2015	FPE 2016	
				RM'000	RM'000	RM'000	RM'000	
HL Advance	Hup Lek Engineering	Chan Yoke Chun and Wong Kok Wah, who are our Directors and major shareholders, were also Directors and major shareholders of Hup Lek Engineering up to 28 December 2015	Acquisition of used motor vehicle and machinery from Hup Lek Engineering	-	28	23	-	-

Note:-

(1) Aggregate value of transactions for the respective financial years/period.

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment to our minority shareholders.

Upon our Listing, our Audit Committee will review the terms of all related party transactions, and our Directors will report such transactions, if any, annually in our Company's annual report. In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Directors shall disclose to our Board their interests and the nature and extent of their interests, including all matters in relation to the proposed related party transactions that they are aware or should reasonably be aware of, which are not in our best interest. The interested Directors shall also abstain from any Board deliberation and voting on the relevant resolutions in respect of such proposed related party transactions.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transactions will also abstain from voting in respect of their direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake to ensure that persons connected with them will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**10.1.2 Recurrent Related Party Transactions**

Save as disclosed below, there are no other recurrent related party transactions, existing or proposed, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors and major shareholders and/or persons connected with them for the Period Under Review as well as for the period from 1 August 2016 to 31 December 2017:-

Transacting Party	Related Party	Nature of Relationship	Nature of Transaction	(1) Actual Transaction Value					Estimated 1.8.2016 to 31.12.2017
				<-----FYE ----->			FPE		
				2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000		
HL Advance	Hup Lek Engineering	Chan Yoke Chun and Wong Kok Wah, who are our Directors and major shareholders, were also Directors and major shareholders of Hup Lek Engineering up to 28 December 2015	Provision of subcontracting and support services by Hup Lek Engineering to HL Advance	1,133	803	1,145	-	-	RM'000
HL Advance	Chan Yoke Chun	Chan Yoke Chun is our major shareholder and Director	Renting of 2 units of apartment by HL Advance from Chan Yoke Chun for staff accommodation ⁽²⁾	11	11	10	-	-	-
HL Advance	YTY Industry Sdn Bhd	Wong Kok Wah was a Director and an indirect shareholder of YTY Industry Sdn Bhd up to 2 May 2013 and 11 November 2013 respectively	Sale of glove-dipping lines, provision of upgrading and modification works for glove-dipping lines and sale of associated parts and components by HL Advance to YTY Industry Sdn Bhd	9,921	-	-	-	-	-
HL Advance	Green Prospect Sdn Bhd	Wong Kok Wah was a Director and an indirect shareholder of Green Prospect Sdn Bhd up to 2 May 2013 and 11 November 2013 respectively	Sale of glove-dipping lines, provision of upgrading and modification works for glove-dipping lines and sale of associated parts and components by HL Advance to Green Prospect Sdn Bhd	13,015	-	-	-	-	-

Notes:-

- (1) Aggregate value of transactions for the respective financial years/period.
(2) The tenancies were terminated effective from 1 December 2015.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment to our minority shareholders.

Our Group may, in the ordinary course of our business, enter into transactions that are of revenue or trading nature with persons who are considered "related parties" as defined in the Listing Requirements. Pursuant to Rule 10.09 of the Listing Requirements, a listed issuer may seek its shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading in nature which are necessary for its day to day operations ("RRPT Mandate") subject to, inter-alia, the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under the Listing Requirements;
- (c) the circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities; and
- (d) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Due to the time-sensitive nature of commercial transactions, the RRPT Mandate, if sought by us and approved by our non-interested shareholders, will facilitate our recurrent transactions with related parties, provided such recurrent related party transactions are made on arm's length basis and on normal commercial terms.

Upon our Listing, our Audit Committee will review the terms of all recurrent related party transactions, and our Directors will report such transactions, if any, annually in our Company's annual report. In the event that there are any proposed recurrent related party transactions that involve the interest, direct or indirect, of our Directors, the interested Directors shall disclose their interests to our Board, of the nature and extent of their interests, including all matters in relation to the proposed recurrent related party transactions that they are aware or should reasonably be aware of, which is not in our best interest. The interested Directors shall also abstain from any Board deliberation and voting on the relevant resolutions(s) in respect of such proposed recurrent related party transactions.

In the event that there are any proposed recurrent related party transactions that require the prior approval of our shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed recurrent related party transactions will also abstain from voting in respect of their direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake to ensure that the person connected with them will abstain from voting on the resolution approving the proposed recurrent related party transaction at the general meeting.

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

10.2 INTEREST IN SIMILAR BUSINESS

As at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in the following:-

- (a) any other businesses and corporations carrying on a similar trade as our Group; and
- (b) any other businesses and corporations which are the customers or suppliers of our Group.

10.3 OTHER TRANSACTIONS

10.3.1 There were no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the Period Under Review.

10.3.2 There were no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the Period Under Review and as at the LPD.

10.4 DECLARATION BY THE ADVISERS

- (i) KAF IB has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent in respect of our IPO.
- (ii) Crowe Horwath has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants in respect of our IPO.
- (iii) Cheang & Ariff has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors in respect of our IPO.
- (iv) Smith Zander has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher in respect of our IPO.

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11. FINANCIAL INFORMATION**11.1 HISTORICAL FINANCIAL INFORMATION****11.1.1 Statements of Profit or Loss and Other Comprehensive Income, and Other Selected Financial Information**

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

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 11.3 of this Prospectus and the Accountants' Report and accompanying notes set out in Section 12 of this Prospectus.

	Audited			Audited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	46,042	43,568	75,697	31,134	47,692
Cost of sales	(33,758)	(32,331)	(60,474)	(24,313)	(40,965)
Gross profit	12,284	11,237	15,223	6,821	6,727
Other operating income	451	384	1,071	564	1,980
Selling and distribution expenses	(406)	(360)	(391)	(221)	(134)
Administrative expenses	(2,318)	(2,624)	(3,764)	(1,855)	(2,301)
Finance costs	(11)	(21)	(2)	(2)	(4)
PBT	10,000	8,616	12,137	5,307	6,268
Income tax expense	(58)	(53)	(3)	(3)	(55)
PAT	9,942	8,563	12,134	5,304	6,213
Other comprehensive income	-	-	-	-	-
Total comprehensive income attributable to owners	9,942	8,563	12,134	5,304	6,213
EBITDA ⁽¹⁾	10,251	8,928	12,604	5,627	6,631
Gross profit margin (%)	26.68	25.79	20.11	21.91	14.11
PBT margin (%)	21.72	19.78	16.03	17.05	13.14
PAT margin (%)	21.59	19.65	16.03	17.04	13.03
Number of Shares assumed in issue ('000) ⁽²⁾	263,921	263,921	263,921	263,921	263,921
Basic EPS (sen) ⁽³⁾	3.77	3.24	4.60	2.01	2.35
Diluted EPS (sen) ⁽⁴⁾	3.77	3.24	4.60	2.01	2.35

Other Selected Financial Information ⁽⁵⁾

Non-current assets	5,611	5,343	6,375	5,615	6,062
Current assets	22,593	27,536	46,036	45,616	62,033
Total assets	28,204	32,879	52,411	51,231	68,095
Non-current liabilities	1,760	1,587	1,434	1,498	1,349
Current liabilities	9,877	9,162	21,713	27,299	31,269
Total liabilities	11,637	10,749	23,147	28,797	32,618
Net assets	16,567	22,130	29,264	22,434	35,477
Issued and paid-up share capital	400	400	400	400	400
Retained profits	16,167	21,730	28,864	22,034	35,077

11. FINANCIAL INFORMATION (Cont'd)**Notes:-**

(1) The table below sets forth a reconciliation of our PBT to EBITDA:-

	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	10,000	8,616	12,137	5,307	6,268
Finance costs	11	21	2	2	4
Interest income	(290)	(263)	(196)	(18)	(100)
Depreciation	530	554	661	336	459
Amortisation	-	-	-	-	-
EBITDA	10,251	8,928	12,604	5,627	6,631

Our EBITDA presented in this Prospectus is a supplemental measure of our performance and liquidity and is not required by, or presented in accordance with, the Malaysian Financial Reporting Standards and should not be considered as an alternative to PAT, operating or any other performance measures derived in accordance with the Malaysian Financial Reporting Standards or as an alternative to our cash flows or as a measure of our liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure. We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting finance costs and interest income), tax position (such as the impact of changes in effective tax rates or net operating losses) and the age and book depreciation/amortisation of tangible/intangible assets (affecting relative depreciation/amortisation expenses).

- (2) Assumed number of ordinary shares in issue in HLT Global immediately after the IPO.
- (3) Calculated based on PAT divided by the enlarged number of 263,921,000 Shares in issue after the IPO.
- (4) The diluted EPS is equal to the basic EPS as there were no potential dilutive ordinary shares outstanding at the end of the financial year/period.
- (5) There was no non-controlling interest for the Period Under Review and the FPE 2015.

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11. FINANCIAL INFORMATION (Cont'd)**11.1.2 Statements of Cash Flows**

The following table sets out a summary of our Group's audited combined statements of cash flows for the Period Under Review and the FPE 2015, which was extracted from the Accountants' Report set out in Section 12 of this Prospectus.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 11.3 of this Prospectus and the Accountants' Report and accompanying notes set out in Section 12 of this Prospectus.

	Audited			Audited	Audited
	FYE	FYE	FYE	FPE	FPE
	2013	2014	2015	2015	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
PBT	10,000	8,616	12,137	5,307	6,268
Adjustments for:-					
Depreciation of property, plant and equipment	530	554	661	336	459
Interest expense	11	21	2	2	4
Loss/(Gain) on disposal of property, plant and equipment	-	1	(44)	-	-
Property, plant and equipment written off	56	-	-	-	-
Unrealised loss/(gain) on foreign exchange	(3)	(50)	209	(545)	(1,875)
Interest income	(290)	(263)	(196)	(18)	(100)
Operating profit before working capital changes	10,304	8,879	12,769	5,082	4,756
Increase in inventories	(880)	(432)	(513)	(495)	(1,626)
Decrease/(Increase) in amount owing by/(to) contract customers	(2,247)	1,383	(22,562)	5,433	11,858
Decrease/(Increase) in trade and other receivables	(2,095)	(9,540)	7,035	(5,271)	(9,005)
Increase/(Decrease) in trade and other payables	1,761	(343)	13,226	5,206	1,963
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES	6,843	(53)	9,955	9,955	7,946
Income tax paid	(43)	(93)	(105)	(67)	(60)
Interest received	290	263	196	18	100
Interest paid	(11)	(21)	(2)	(2)	(4)
NET CASH FROM OPERATING ACTIVITIES	7,079	96	10,044	9,904	7,982

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11. FINANCIAL INFORMATION (Cont'd)

	Audited			Audited	Audited
	FYE	FYE	FYE	FPE	FPE
	2013	2014	2015	2015	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	(127)	(314)	(1,706)	(608)	(146)
Placement of deposits pledged to a licensed bank	-	-	(5,198)	(5,034)	(85)
Proceeds from disposal of property, plant and equipment	-	27	58	-	-
Repayment from a director	693	-	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	566	(287)	(6,846)	(5,642)	(231)
CASH FLOWS FOR FINANCING ACTIVITIES					
Proceeds from issuance of shares	-	-	*	-	-
Dividend paid	(6,000)	(3,000)	(5,000)	-	-
Repayment of hire purchase payables	(124)	(54)	(42)	(33)	-
Repayment of term loan	(151)	(134)	(151)	(86)	(83)
Advances from/ (Repayment to) directors	213	(239)	-	-	-
NET CASH FOR FINANCING ACTIVITIES	(6,062)	(3,427)	(5,193)	(119)	(83)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,583	(3,618)	(1,995)	4,143	7,668
Effects of foreign exchange translation	3	50	13	415	1,597
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/ PERIOD	8,869	10,455	6,887	6,887	4,905
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/ PERIOD	10,455	6,887	4,905	11,445	14,170

Note:-

* Representing RM10.

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11. FINANCIAL INFORMATION (Cont'd)**11.2 CAPITALISATION AND INDEBTEDNESS**

The following table sets out the consolidated cash and cash equivalents, capitalisation and indebtedness of our Company as at 31 October 2016 based on our unaudited consolidated management accounts as at 31 October 2016 and as adjusted to show the effects of our IPO and utilisation of proceeds from our Public Issue.

	Unaudited As at 31 October 2016 RM'000	Pro Forma After our IPO and utilisation of proceeds RM'000
Fixed deposits with licensed banks and cash and bank balances ⁽¹⁾	4,187	9,103
Indebtedness		
(a) Short term		
<u>Secured and guaranteed:</u>		
- Term loan	77	77
	<u>77</u>	<u>77</u>
(b) Long term		
<u>Secured and guaranteed:</u>		
- Term loan	1,310	1,310
	<u>1,310</u>	<u>1,310</u>
Total Indebtedness	<u>1,387</u>	<u>1,387</u>
Capitalisation		
Total equity	37,410	52,826
Total Capitalisation and Indebtedness	<u>38,797</u>	<u>54,213</u>
Gearing ratio (times) ⁽²⁾	0.04	0.03

Notes:-

(1) Excluding fixed deposits pledged to the bank.

(2) As a ratio of total indebtedness to total equity.

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11. FINANCIAL INFORMATION (Cont'd)**11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following management's discussion and analysis in respect of our Group's financial condition and results of operations should be read in conjunction with the Accountants' Report and accompanying notes set out in Section 12 of this Prospectus.

This discussion and analysis contains data derived from our pro forma consolidated statements of financial position as well as forward-looking statements that reflect our current views with respect to future events and our future financial performance. Our Group's actual results may differ materially from those anticipated in these forward-looking statements. Factors that may cause future results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

As HL Advance is our sole operating subsidiary, the review and commentaries on our past results of operations for the Period Under Review are largely in relation to the past financial performance of HL Advance.

11.3.1 Overview of Our Operations

Our Company is principally an investment holding company, whereby our Group's revenue is derived through our sole subsidiary, HL Advance, from the following business activities:-

- (i) design, fabrication, installation, testing and commissioning of glove-dipping lines ("**Sale of New Lines**");
- (ii) provision of upgrading and modification works for glove-dipping lines ("**Upgrade and Modification**"); and
- (iii) supply and trading of the associated parts and components for glove-dipping lines ("**Supply and Trading**").

Please refer to Section 6.1 of this Prospectus for detailed information on our Group's principal activities, products and services.

In line with our future plans as set out in Section 6.20 of this Prospectus, we intend to increase our production capacity and set up a dedicated R&D team to focus on product development and process improvement, which would in turn facilitate the expansion of our business operations in the Sale of New Lines segment and Upgrade and Modification segment. We will continue to be involved in the Supply and Trading segment so as to support and complement our Sale of New Lines segment and Upgrade and Modification segment.

11.3.2 Review of Our Historical Results of Operations**(i) Revenue**

Our revenue is mainly derived from our Sale of New Lines segment, which contributed between 78.20% and 97.78% to our Group's total revenue for the Period Under Review, whilst our Upgrade and Modification segment contributed between 1.42% and 18.19% to our Group's total revenue during the same period. The remaining revenue of our Group was contributed by our Supply and Trading segment, which made up less than 5% of our Group's total revenue for the Period Under Review. Our customers consist of local and foreign rubber glove manufacturers.

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11. FINANCIAL INFORMATION (Cont'd)**(a) Sale of New Lines**

Revenue from this segment is derived from our design, fabrication, installation, testing and commissioning of glove-dipping lines. For the Period Under Review, revenue contributed by our Sale of New Lines segment was derived from our customers based in Malaysia as well as foreign countries including Indonesia, Thailand and India.

The pricing of our products varies from customer to customer as they are made to customers' specifications and are generally determined based on factors such as materials used, production parameters, dimensional measurement, process complexity and logistics arrangement. For foreign customers, we will also factor in ancillary costs such as levy on working permits for our employees and subcontractors, and the associated travelling and accommodation expenses. Hence, our foreign sales are generally priced higher in relative to our local sales. Premised on this, the number of glove-dipping lines completed by us on an annual basis may not correspond to our overall revenue or profitability for a given year as the value of order for each glove-dipping line recognised in any given year varies from one to another depending on, amongst others,-

- pricing differential due to:-
 - quality of materials used, such as higher grade/quality steel materials, insulant, heat exchangers, etc, which will accordingly increase the price of a glove-dipping line;
 - different production parameters, dimensional measurement and process complexity, for instance, a double former glove-dipping line will generally cost more than a single former glove-dipping line; and
 - logistics arrangement, where foreign order is generally priced higher in relative to local order as explained above;

and

- the timing on implementation as generally, the implementation timeframe for each order ranges between 6 months and 15 months, which can often spread over two (2) financial years. In this regard, revenue contribution from each order will generally peak during the initial year of implementation and taper off in the following year.

Revenue generated from our Sale of New Lines segment qualifies for tax exemption under our Pioneer Status.

(b) Upgrade and Modification

Revenue from this segment is derived from our provision of upgrading and modification works for glove-dipping lines for the purpose of:-

- replacement of obsolete, faulty or worn-out components of glove-dipping lines, such as coagulant dipping tanks, latex dipping tanks, etc;
- upgrading/modification on production parameters, such as increase of production capacity, conversion to the production of different type of rubber gloves, etc; and
- integration of additional components, such as extension to on-line chlorination system, installation of on-line polymer coating system, etc.

For the Period Under Review, our revenue from Upgrade and Modification segment was mainly contributed by our customers based in Malaysia, Thailand and Indonesia. For our Upgrade and Modification segment, we adopt the same pricing strategy as that of our Sale of New Lines segment as explained in Section 11.3.2(i)(a) of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)

Revenue generated from our Upgrade and Modification segment also qualifies for tax exemption under our Pioneer Status.

(c) Supply and Trading

Revenue from this segment is derived from our supply and trading of the associated parts and components for glove-dipping lines, such as conveyor chains, bearings, beading brushes and washing brushes.

For the Period Under Review, our revenue from Supply and Trading segment was mainly contributed by our customers based in Malaysia. Given the straightforward nature of our Supply and Trading business, we adopt a cost-plus pricing strategy for our Supply and Trading segment.

Revenue generated from our Supply and Trading segment does not qualify for tax exemption under our Pioneer Status and hence, is subject to statutory income tax.

For our Sale of New Lines segment, orders from customers are secured either through tenders or direct negotiations, whilst for our Upgrade and Modification and Supply and Trading segments, orders from customers are secured through direct negotiations.

For the Period Under Review, our revenue was solely derived through HL Advance and hence, no breakdown of revenue by companies is necessary. A breakdown of our revenue by business segments is as follows:-

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sale of New Lines	36,523	79.32	34,072	78.20	69,897	92.34	29,943	96.17	46,633	97.78
Upgrade and Modification	8,328	18.09	7,924	18.19	5,734	7.57	1,152	3.70	675	1.42
Supply and Trading	1,191	2.59	1,572	3.61	66	0.09	39	0.13	384	0.80
Total	46,042	100.00	43,568	100.00	75,697	100.00	31,134	100.00	47,692	100.00

The Sale of New Lines segment has been our largest revenue stream for the Period Under Review with contribution of 79.32%, 78.20%, 92.34% and 97.78% to our total revenue for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. Our sale of glove-dipping lines is on project basis with each order from our customers comprised of up to several glove-dipping lines to be installed at the same factory of our customers. Depending on the number of glove-dipping lines to be installed, the execution timeframe for an order generally ranges from six (6) months to fifteen (15) months from the date of receipt of a confirmed order. The revenue from our Sale of New Lines segment is recognised based on the work undertaken for orders secured during each financial year, using the percentage-of-completion method of accounting.

On the other hand, our Upgrade and Modification segment contributed 18.09%, 18.19%, 7.57% and 1.42%, whilst our Supply and Trading segment contributed 2.59%, 3.61%, 0.09% and 0.80% to our total revenue for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. Orders for these business segments are largely secured on an ad-hoc basis, from time to time. For Upgrade and Modification segment, revenue is recognised upon delivery and installation (if required) of the relevant components of glove-dipping line at our customers' factories, whereas revenue for Supply and Trading segment is recognised upon delivery of goods.

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11. FINANCIAL INFORMATION (Cont'd)

For the Period Under Review, our revenue was generated from a combination of local sales and foreign sales to countries such as Thailand, Indonesia, China and India. The breakdown of our revenue by local sales and foreign sales is set out as follows:-

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local sales	30,953	67.23	28,720	65.92	40,610	53.65	14,912	47.90	35,109	73.62
Foreign sales										
- Thailand	-	-	402	0.92	32,895	43.45	14,722	47.28	12,333	25.86
- Indonesia	15,012	32.61	13,290	30.50	550	0.73	447	1.44	250	0.52
- China	-	-	-	-	6	0.01	5	0.02	-	-
- India	-	-	1,036	2.38	1,454	1.92	866	2.78	-	-
- Saudi Arabia	22	0.04	120	0.28	182	0.24	182	0.58	-	-
- Vietnam	55	0.12	-	-	-	-	-	-	-	-
Total foreign sales	15,089	32.77	14,848	34.08	35,087	46.35	16,222	52.10	12,583	26.38
Total	46,042	100.00	43,568	100.00	75,697	100.00	31,134	100.00	47,692	100.00

As illustrated above, our revenue was mainly generated from local sales to our customers in Malaysia, which is in line with the overall competitive landscape of the international rubber glove manufacturing industry with the Malaysian market being populated by some of the world's largest rubber glove manufacturers. We also recorded revenue from foreign sales to our customers based in other countries and we deem Thailand and Indonesia as our current key export markets, both of which are amongst the major rubber glove producing countries in the world.

For the past three (3) FYE 2013 to FYE 2015, our revenue increased by 64.40% or RM29.65 million from RM46.04 million for the FYE 2013 to RM75.69 million for the FYE 2015. The overall increase in our revenue from FYE 2013 to FYE 2015 was mainly attributable to higher value orders secured from customers under our Sale of New Lines segment and the improved performance of our foreign sales. Our revenue also increased by 53.20% or RM16.56 million from RM31.13 million for the FPE 2015 to RM47.69 million for the FPE 2016 due to better performance of our Sale of New Lines segment backed by revenue contribution of RM21.93 million from two (2) new orders secured during the FPE 2016 (including an order which was secured in December 2015 but whose implementation commenced in January 2016) as well as revenue contribution from outstanding orders brought forward from the FYE 2015 amounting to RM24.70 million.

On an overall basis, our revenue growth for the Period Under Review was mostly contributed by our Sale of New Lines segment, which recorded revenue growth of 91.40% or RM33.38 million from RM36.52 million for the FYE 2013 to RM69.90 million for the FYE 2015, and 55.74% or RM16.69 million from RM29.94 million for the FPE 2015 to RM46.63 million for the FPE 2016. Revenue from our Upgrade and Modification segment decreased by 31.21% or RM2.60 million from RM8.33 million for the FYE 2013 to RM5.73 million for the FYE 2015, and by 40.87% or RM0.47 million from RM1.15 million for the FPE 2015 to RM0.68 million for the FPE 2016. Similarly, revenue from our Supply and Trading segment decreased by 94.96% or RM1.13 million from RM1.19 million for the FYE 2013 to RM0.06 million for the FYE 2015. Nevertheless, revenue from our Supply and Trading segment increased by 850.00% or RM0.34 million from RM0.04 million for the FPE 2015 to RM0.38 million for the FPE 2016. The decrease in revenue from our Upgrade and Modification segment for the Period Under Review as well as from our Supply and Trading segment between FYE 2013 and FYE 2015 was mainly due to lesser orders secured from customers during the said financial years/period.

Commentary on Historical Revenue**Comparison between FYE 2012 and FYE 2013**

Our revenue increased by 61.60% or RM17.55 million to RM46.04 million (FYE 2012 : RM28.49 million) as a result of better performance of all of our business segments including our foreign sales.

11. FINANCIAL INFORMATION (Cont'd)

For the FYE 2013, our Sale of New Lines segment contributed revenue of RM36.52 million, representing 79.32% of our total revenue. The RM13.39 million or 57.89% increase in the segment's revenue from RM23.13 million recorded for the FYE 2012 to RM36.52 million for the FYE 2013 was mainly due to new orders secured as illustrated below:-

Contribution from new orders secured to segment's revenue	Contribution from outstanding orders brought forward from FYE 2012 to segment's revenue	Total segment's revenue
RM34.82 million	RM1.70 million	RM36.52 million

The new orders for glove-dipping lines, which were secured from three (3) customers, were made up of a combination of two (2) local orders for a total of twelve (12) glove-dipping lines and one (1) foreign order for six (6) glove-dipping lines. Whilst the contribution from our local sales to the segment's revenue remained fairly constant at RM21.72 million for the FYE 2013 as compared with RM21.83 million for the FYE 2012, the segment's revenue from our foreign sales grew from RM1.30 million for the FYE 2012 to RM14.80 million for the FYE 2013 as a result of the foreign order secured.

On the other hand, revenue generated from our Upgrade and Modification segment, which contributed 18.09% of our total revenue for the FYE 2013, increased by 64.30% or RM3.26 million to RM8.33 million (FYE 2012 : RM5.07 million). The increase in the segment's revenue was mainly attributable to an order secured valued at RM2.10 million pertaining to the modification of a glove-dipping line formerly catered for latex examination gloves into that for surgical gloves. We were also engaged by a customer for the supply and installation of, inter-alia, brush tanks and ducting for ovens, which contributed RM1.14 million to the segment's revenue.

Notwithstanding an increase of 310.34% or RM0.90 million to RM1.19 million (FYE 2012 : RM0.29 million), Supply and Trading segment continued to be our smallest revenue contributor by delivering the remaining 2.59% of our total revenue. The improvement in the segment's revenue was mainly attributable to higher sales value of parts and components sold to our customers during the FYE 2013 as compared with the FYE 2012.

Comparison between FYE 2013 and FYE 2014

Our revenue decreased by 5.36% or RM2.47 million to RM43.57 million (FYE 2013 : RM46.04 million) due to the decline in revenue from our Sale of New Lines segment and Upgrade and Modification segment.

For the FYE 2014, revenue from our Sale of New Lines segment, which contributed 78.20% to our total revenue, decreased by 6.71% or RM2.45 million to RM34.07 million (FYE 2013 : RM36.52 million). The performance of this segment was sustained by revenue contribution from both outstanding FYE 2013's orders and new orders secured as illustrated below:-

Contribution from new orders secured to segment's revenue	Contribution from outstanding orders brought forward from FYE 2013 to segment's revenue	Total segment's revenue
RM14.97 million	RM19.10 million	RM34.07 million

The new orders for glove-dipping lines, which were secured from three (3) customers, were made up of a combination of two (2) local orders for a total of five (5) glove-dipping lines and one (1) foreign order for one (1) glove-dipping line. The total number of glove-dipping lines under new orders secured was lower than that for the FYE 2013 mainly because our production capacity was largely utilised during the FYE 2014 for the execution of outstanding orders brought forward from the FYE 2013, pursuant to which we were restricted to considering potential orders for smaller number of glove-dipping lines from customers that can fit into our implementation scheduling. Revenue from this segment for the FYE 2014 continued to be contributed by both local sales and foreign sales, which contributed RM19.84 million and RM14.23 million respectively.

11. FINANCIAL INFORMATION (Cont'd)

Revenue from our Upgrade and Modification segment, which contributed 18.19% to our total revenue for the FYE 2014, decreased by 4.80% or RM0.40 million to RM7.93 million (FYE 2013 : RM8.33 million) due to the cessation of revenue contribution from a local customer, for whom we undertook and completed a series of upgrading works during the FYE 2012 and FYE 2013. Nevertheless, the segment's revenue was partly sustained by an order from customer valued at RM2.98 million for upgrading works on production output speed. We were also engaged by a customer for the supply of, inter-alia, latex dipping tanks, coagulant dipping tanks and other dipping/rinsing tanks, which contributed RM3.39 million to the segment's revenue.

Revenue from our Supply and Trading segment, which contributed 3.61% to our total revenue for the FYE 2014, continued to be on an uptrend and increased by 31.93% or RM0.38 million to RM1.57 million (FYE 2013 : RM1.19 million). The improvement in the segment's revenue was mainly due to several orders secured from a local customer for a range of parts and components including, inter-alia, insulant, bearings and blower fans.

Comparison between FYE 2014 and FYE 2015

Our revenue increased by 73.72% or RM32.12 million to RM75.69 million (FYE 2014 : RM43.57 million) due to the better performance of our Sale of New Lines segment.

For the FYE 2015, revenue from our Sale of New Lines segment, which contributed 92.34% to our total revenue, increased by 105.17% or RM35.83 million to RM69.90 million (FYE 2014 : RM34.07 million). The higher segment's revenue for the FYE 2015 was mainly attributable to revenue contribution from new orders secured during the FYE 2015 as illustrated below:-

Contribution from new orders secured to segment's revenue	Contribution from outstanding orders brought forward from FYE 2014 to segment's revenue	Total segment's revenue
RM67.35 million	RM2.55 million	RM69.90 million

The new orders for glove-dipping lines, which were secured from four (4) customers, were made up of a combination of three (3) local orders for a total of thirteen (13) glove-dipping lines and one (1) foreign order for six (6) glove-dipping lines. Revenue from this segment for the FYE 2015 continued to be contributed by both local sales and foreign sales, which contributed RM35.55 million and RM34.35 million respectively.

Revenue from our Upgrade and Modification segment, which contributed 7.57% to our total revenue for the FYE 2015, decreased by 27.74% or RM2.20 million to RM5.73 million (FYE 2014 : RM7.93 million) due to lesser orders secured from customers as part of our production capacity planning in preparation for the execution of new orders secured.

Revenue from our Supply and Trading segment, which contributed 0.09% to our total revenue for the FYE 2015, decreased by 96.18% or RM1.51 million to RM0.06 million (FYE 2014 : RM1.57 million) due to lesser orders from customers for parts and components.

Comparison between FPE 2015 and FPE 2016

Our revenue increased by 53.20% or RM16.56 million to RM47.69 million (FPE 2015 : RM31.13 million) due to the better performance of our Sale of New Lines segment.

For the FPE 2016, revenue from our Sale of New Lines segment, which contributed 97.78% to our total revenue, increased by 55.74% or RM16.69 million to RM46.63 million (FPE 2015 : RM29.94 million). The higher segment's revenue for the FPE 2016 was attributable to revenue contribution from both outstanding FYE 2015's orders and new orders secured as illustrated below:-

Contribution from new orders* secured to segment's revenue	Contribution from outstanding orders brought forward from FYE 2015 to segment's revenue	Total segment's revenue
RM21.93 million	RM24.70 million	RM46.63 million

11. FINANCIAL INFORMATION (Cont'd)

New orders* for glove-dipping lines for the FPE 2016 were secured from two (2) local customers and comprised of a total of thirteen (13) glove-dipping lines. In line with the local orders secured, local sales contributed RM34.30 million to the segment's revenue, whilst the remaining RM12.33 million was from foreign sales.

* Including an order which was secured in December 2015 but whose implementation commenced in January 2016.

Revenue from our Upgrade and Modification segment, which contributed 1.42% to our total revenue for the FPE 2016, decreased by 40.87% or RM0.47 million to RM0.68 million (FPE 2015 : RM1.15 million) due to lesser orders secured from customers as part of our production capacity planning in preparation for the execution of new orders for glove-dipping lines secured.

Revenue from our Supply and Trading segment, which contributed 0.80% to our total revenue for the FPE 2016, increased by 850.00% or RM0.34 million to RM0.38 million (FPE 2015 : RM0.04 million) due mainly to a foreign customer's multiple purchases of parts and components during the FPE 2016 totalling RM0.25 million.

(ii) Cost of Sales

We set out below the breakdown of our cost of sales by type of cost and by business segments for the Period Under Review and the FPE 2015:-

Cost of sales by type of cost

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Materials and parts	26,778	79.32	24,773	76.62	50,300	83.18	19,786	81.38	33,293	81.27
Direct labour	5,873	17.40	6,527	20.19	8,346	13.80	3,995	16.43	6,395	15.61
Overheads	1,107	3.28	1,031	3.19	1,828	3.02	532	2.19	1,277	3.12
Total	33,758	100.00	32,331	100.00	60,474	100.00	24,313	100.00	40,965	100.00

Cost of sales by business segments

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sale of New Lines	26,589	78.76	24,024	74.31	54,891	90.77	23,219	95.50	40,034	97.73
Upgrade and Modification	6,163	18.26	7,026	21.73	5,527	9.14	1,061	4.36	612	1.49
Supply and Trading	1,006	2.98	1,281	3.96	56	0.09	33	0.14	319	0.78
Total	33,758	100.00	32,331	100.00	60,474	100.00	24,313	100.00	40,965	100.00

The breakdown of our cost of sales by countries is not presented as we do not maintain such information.

Further information on the components of our cost of sales is elaborated as follows:-

(a) Materials and parts

Materials and parts used for our Group's business operations consist of, inter-alia, steel pipes, plates and hollows, conveyor chains, former holders, insulant, nylon brushes, motors, heat exchangers, blower fans, fibreglass tanks, centralised control panel as well as factory consumables such as welding wires, argon gas, industrial adhesives and tapes, bolts and nuts, etc. We generally purchase our materials and parts based on estimated work/project requirements upon confirmation of orders from customers.

11. FINANCIAL INFORMATION (Cont'd)

The materials and parts for our business operations are mainly sourced from local suppliers with a few being sourced from foreign suppliers. On a case-by-case basis and out of cost-efficiency considerations, certain materials and parts required may be sourced in the country where our foreign customers are based.

Suppliers are selected by us based on various criteria including, amongst others, pricing, availability of materials and parts required, and delivery lead time. Thus far, we have not experienced any material shortages in sourcing the aforesaid materials and parts for our operations. Furthermore, these materials are readily available from many suppliers in Malaysia as well as overseas.

(b) Direct labour costs

Our direct labour costs consist of subcontractor costs as well as salaries and allowances paid to our in-house workers for fabrication works carried out in our factory premises as well as on-site works at our customers' factories. Our in-house workers and the subcontracted workers engaged by us are either Malaysians or foreign nationals sourced locally. Direct labour costs are incurred by our Sale of New Lines segment and Upgrade and Modification segment but not our Supply and Trading segment, which does not require fabrication and installation works to be undertaken.

With due consideration given to the requisite skills in the fabrication and installation of glove-dipping lines, we usually send our in-house workers and locally sourced subcontracted workers to undertake on-site fabrication and installation works for our foreign orders. In addition, we also engage unskilled domestic workers in the country where our foreign customers are based for supporting tasks out of cost-efficiency considerations.

As we maintain a small team of in-house workers, subcontractors are frequently engaged by us for our labour-intensive fabrication and installation works. We rely mainly on our subcontractors for fabrication and installation works in our business operations as we believe it would not be cost effective to maintain a large production workforce given the project-based nature of our orders from customers. Pricing for the services of our subcontractors is determined on a case-by-case basis and is highly dependent on the complexity of works required for our orders and the associated execution timeline. The breakdown of our direct labour costs by subcontractor costs and salaries and allowances for our in-house workers for the Period Under Review and the FPE 2015 is as follows:-

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Subcontractor costs	5,650	96.20	5,889	90.23	7,718	92.48	3,652	91.41	6,079	95.06
Salaries and allowances to in-house workers	223	3.80	638	9.77	628	7.52	343	8.59	316	4.94
Total	5,873	100.00	6,527	100.00	8,346	100.00	3,995	100.00	6,395	100.00

(c) Overheads

Our overheads comprise mainly of depreciation on plant and machinery, utilities, insurance premiums for coverage against various risks relevant to our business operations, levies, equipment rental and transportation costs which are directly relevant to our factory operations and implementations of orders from customers.

Our cost of sales ranged from RM32.33 million to RM60.47 million for the past three (3) FYE 2013 to FYE 2015, and was RM40.96 million for the FPE 2016, which represented about 73.32% to 85.89% of our Group's revenue for the Period Under Review. Our costs of materials and parts constituted the largest portion of our total cost of sales, comprising over 75.00% of our total cost of sales for the Period Under Review.

11. FINANCIAL INFORMATION (Cont'd)**Commentary on Historical Cost of Sales****Comparison between FYE 2012 and FYE 2013**

Our cost of sales increased by 61.76% or RM12.89 million to RM33.76 million (FYE 2012 : RM20.87 million) due mainly to the increase in our costs of materials and parts by 66.54% or RM10.70 million to RM26.78 million (FYE 2012 : RM16.08 million) as a result of higher amount of materials and parts utilised in line with the higher revenue contribution from our Sale of New Lines segment for FYE 2013.

Our direct labour costs increased by 38.44% or RM1.63 million to RM5.87 million (FYE 2012 : RM4.24 million) mainly due to the increase in our subcontractor costs by 35.82% or RM1.49 million to RM5.65 million (FYE 2012 : RM4.16 million) as a result of higher volume of installation and fabrication works undertaken during the FYE 2013 in line with the new orders secured under our Sale of New Lines segment. The increase in our direct labour costs for the FYE 2013 was less proportionate to the increase in our total revenue as we managed to secure a lower scale of subcontractor costs given the higher volume of installation and fabrication works undertaken during the FYE 2013.

Our overheads increased by 101.82% or RM0.56 million to RM1.11 million (FYE 2012 : RM0.55 million) as a result of higher expenses incurred, particularly on transportation costs, equipment rental and levies on overseas working permits, in tandem with our higher revenue and foreign sales.

Comparison between FYE 2013 and FYE 2014

Our cost of sales decreased by 4.24% or RM1.43 million to RM32.33 million (FYE 2013 : RM33.76 million) due mainly to the net effect of the following:-

- 7.51% or RM2.01 million decrease in our costs of materials and parts to RM24.77 million (FYE 2013 : RM26.78 million) as a result of lesser materials and parts utilised in line with the lower revenue contribution from our Sale of New Lines segment for FYE 2014;
- 11.24% or RM0.66 million increase in our direct labour costs to RM6.53 million (FYE 2013 : RM5.87 million) due to the higher payment for subcontractor costs in conjunction with the implementation of minimum wages policy in Malaysia effective from 1 January 2014 and higher salaries and allowances for in-house workers following an increase in headcount of our production department; and
- 7.21% or RM0.08 million decrease in our overheads to RM1.03 million (FYE 2013 : RM1.11 million) as a result of, amongst others, lower levies on overseas working permits and insurance premiums in tandem with our lower revenue and foreign sales.

Comparison between FYE 2014 and FYE 2015

Our cost of sales increased by 87.04% or RM28.14 million to RM60.47 million (FYE 2014 : RM32.33 million) due mainly to the increase in our costs of materials and parts by 103.07% or RM25.53 million to RM50.30 million (FYE 2014 : RM24.77 million) as a result of higher amount of materials and parts utilised in line with the higher revenue contribution from our Sale of New Lines segment for the FYE 2015. The higher percentage increase in our costs of materials and parts as compared with that of our total revenue was due to lower gross profit margin of certain orders undertaken by our Sale of New Lines segment during the FYE 2015.

Our direct labour costs increased by 27.72% or RM1.81 million to RM8.34 million (FYE 2014 : RM6.53 million) mainly due to the increase in our subcontractor costs by 31.07% or RM1.83 million to RM7.72 million (FYE 2014 : RM5.89 million) as a result of higher volume of installation and fabrication works during the FYE 2015 in line with our higher number of orders for glove-dipping lines secured and implemented. As the increase in our total revenue for the FYE 2015 was arising from higher value orders for glove-dipping lines to mainly cater to our higher costs of materials and parts, our direct labour costs did not increase in proportion to the increase in our total revenue for the FYE 2015.

11. FINANCIAL INFORMATION (Cont'd)

Our overheads increased by 77.67% or RM0.80 million to RM1.83 million (FYE 2014 : RM1.03 million) due to, amongst others, higher insurance premiums and transportation costs in tandem with our higher value of orders for glove-dipping lines secured and higher foreign sales respectively.

Comparison between FPE 2015 and FPE 2016

Our cost of sales increased by 68.49% or RM16.65 million to RM40.96 million (FPE 2015 : RM24.31 million) due to the increase in all components of our cost of sales in line with our higher revenue. The higher percentage increase in our cost of sales as compared with that of our total revenue was due to lower gross profit margin of certain orders undertaken by our Sale of New Lines segment during the FPE 2016.

Our costs of materials and parts increased by 68.22% or RM13.50 million to RM33.29 million (FPE 2015 : RM19.79 million) as a result of higher amount of materials and parts utilised in line with the higher revenue contribution from our Sale of New Lines segment for the FPE 2016.

Our direct labour costs increased by 60.15% or RM2.40 million to RM6.39 million (FPE 2015 : RM3.99 million) mainly due to the increase in our subcontractor costs by 66.58% or RM2.43 million to RM6.08 million (FPE 2015 : RM3.65 million) as a result of higher volume of installation and fabrication works undertaken during the FPE 2016 in line with our higher revenue contribution from our Sale of New Lines segment for the same period.

Our overheads increased by 141.51% or RM0.75 million to RM1.28 million (FPE 2015 : RM0.53 million) due mainly to higher insurance premiums and transportation costs in tandem with our higher value of orders for glove-dipping lines implemented.

(iii) Gross Profit and Gross Profit Margin

A breakdown of our gross profit and gross profit margin by business segments is as follows:-

Gross profit by business segments

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sale of New Lines	9,934	80.87	10,048	89.42	15,006	98.57	6,724	98.58	6,599	98.10
Upgrade and Modification	2,165	17.62	898	7.99	207	1.36	91	1.33	63	0.94
Supply and Trading	185	1.51	291	2.59	10	0.07	6	0.09	65	0.96
Total	12,284	100.00	11,237	100.00	15,223	100.00	6,821	100.00	6,727	100.00

Gross profit margin by business segments

	FYE 2013 %	FYE 2014 %	FYE 2015 %	FPE 2015 %	FPE 2016 %
Sale of New Lines	27.20	29.49	21.47	22.46	14.15
Upgrade and Modification	26.00	11.33	3.61	7.90	9.33
Supply and Trading	15.53	18.51	15.15	15.38	16.93
Overall	26.68	25.79	20.11	21.91	14.11

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11. FINANCIAL INFORMATION (Cont'd)

As illustrated above, our gross profit for each financial year depends substantially on the gross profit of our Sale of New Lines segment, which contributed between 80.87% and 98.57% to our total gross profit for the Period Under Review. Following which, our Upgrade and Modification segment contributed between 0.94% and 17.62% to our total gross profit for the Period Under Review, whilst the remaining 0.07% to 2.59% of our total gross profit for the Period Under Review was contributed by our Supply and Trading segment.

In this regard, the overall gross profit margin of our Group would be largely influenced by the gross profit margin of our Sale of New Lines segment, which depends on the pricing of our products that varies from customer to customer as they are made to customers' specifications and are generally determined based on factors such as materials used, production parameters, dimensional measurement, process complexity and logistics arrangement. For the Period Under Review, our overall gross profit margin varied between 14.11% and 26.68%.

Commentary on Historical Gross Profit and Gross Profit Margin**Comparison between FYE 2012 and FYE 2013**

In line with the 61.60% increase in our revenue from FYE 2012 to FYE 2013, our gross profit increased by 61.15% or RM4.66 million to RM12.28 million (FYE 2012 : RM7.62 million) due mainly to the following:-

- 55.64% or RM3.55 million increase in gross profit contributed by our Sale of New Lines segment to RM9.93 million (FYE 2012 : RM6.38 million); and
- 90.35% or RM1.03 million increase in gross profit contributed by our Upgrade and Modification segment to RM2.17 million (FYE 2012 : RM1.14 million),

following a higher segment revenue recorded by both of our Sale of New Lines segment and Upgrade and Modification segment for the FYE 2013.

Our overall gross profit margin for the FYE 2013 was fairly consistent at 26.68% as compared with that of the FYE 2012's 26.75%. Notably, the 3.55% improvement in gross profit margin attained by our Upgrade and Modification segment had cushioned the decrease in gross profit margin recorded by both of our Sale of New Lines segment and Supply and Trading segment by 0.36% to 27.20% (FYE 2012 : 27.56%) and 22.19% to 15.53% (FYE 2012 : 37.72%) respectively.

Comparison between FYE 2013 and FYE 2014

Our gross profit decreased by 8.47% or RM1.04 million to RM11.24 million (FYE 2013 : RM12.28 million) mainly due to the 58.53% or RM1.27 million decrease in gross profit recorded by our Upgrade and Modification segment to RM0.90 million (FYE 2013 : RM2.17 million) as a result of a low gross profit margin recognised by our Upgrade and Modification segment at 11.33% for the FYE 2014 as opposed to 26.00% achieved for the FYE 2013:-

- through undertaking the following low profit margin orders, which in aggregate constituted about 79.38% of the revenue recorded by our Upgrade and Modification segment for the FYE 2014:-
 - an order in relation to upgrading works undertaken for a customer shortly after commissioning of the glove-dipping lines installed by us and hence, a low margin was charged on goodwill purpose; and
 - an order in relation to the supply of certain in-house fabricated components of our glove-dipping lines to a customer without providing the associated installation and integration with the existing glove-dipping lines of our customer;

and

11. FINANCIAL INFORMATION (Cont'd)

- pursuant to the 14.12% or RM0.87 million higher cost of sales recorded by our Upgrade and Modification segment despite a 4.80% decrease in the segment revenue for the FYE 2014 due to the higher direct labour costs incurred by us in conjunction with the implementation of minimum wages policy in Malaysia effective from 1 January 2014 and following an increase in headcount of our production department, which have caused direct labour costs as a percentage of our total revenue to increase from 12.76% for the FYE 2013 to 14.98% for the FYE 2014.

The higher gross profit margin attained by our Sale of New Lines segment and Supply and Trading segment for the FYE 2014 of 29.49% (FYE 2013 : 27.20%) and 18.51% (FYE 2013 : 15.53%) respectively was insufficient to cushion the decrease in gross profit margin recorded by our Upgrade and Modification segment. As a result, our overall gross profit margin reduced from 26.68% for the FYE 2013 to 25.79% for the FYE 2014.

Comparison between FYE 2014 and FYE 2015

Our gross profit increased by 35.41% or RM3.98 million to RM15.22 million (FYE 2014 : RM11.24 million) due to the net effect of the following:-

- 49.35% or RM4.96 million increase in gross profit contributed by our Sale of New Lines segment to RM15.01 million (FYE 2014 : RM10.05 million) following a 105.17% or RM35.83 million increase in segment revenue to RM69.90 million (FYE 2014 : RM34.07 million);
- 77.78% or RM0.70 million decrease in gross profit contributed by our Upgrade and Modification segment to RM0.20 million (FYE 2014 : RM0.90 million) in line with a 27.74% or RM2.20 million decrease in segment revenue to RM5.73 million (FYE 2014 : RM7.93 million); and
- 96.55% or RM0.28 million decrease in gross profit contributed by our Supply and Trading segment to RM0.01 million (FYE 2014 : RM0.29 million) in line with a 96.18% or RM1.51 million decrease in segment revenue to RM0.06 million (FYE 2014 : RM1.57 million).

Despite a 105.17% increase in the revenue from our Sale of New Lines segment for the FYE 2015, the segment gross profit increased by a lower pace of 49.35% due to certain orders with lower gross profit margin undertaken by our Sale of New Lines segment during the FYE 2015. This is evidenced by the segment cost of sales as a percentage of the segment revenue, which had increased from 70.51% for the FYE 2014 to 78.53% for the FYE 2015.

As orders for glove-dipping lines are on project basis, the pricing/profit margin of our orders varies from project to project depending on, amongst others, the specifications of the subject glove-dipping lines with due regard to the materials used, production parameters, dimensional measurement, process complexity and logistics arrangement as well as the potential repeat orders in the future. For the FYE 2015, certain orders were secured by us at a lower profit margin after taking into consideration that, amongst others, the specifications of such orders were similar to some recent orders implemented by us and hence enable us to shorten the associated implementation time, the proximity of the customer's factory to our factory and hence minimise the associated transportation costs and ancillary expenses incurred, and the potential repeat orders to be secured from the same customer.

Our overall gross profit margin decreased by 5.68% to 20.11% (FYE 2014 : 25.79%) due largely to:-

- the decrease in gross profit margin attained by our Sale of New Lines segment by 8.02% to 21.47% (FYE 2014 : 29.49%) due to certain orders with lower gross profit margin undertaken by our Sale of New Lines segment during the FYE 2015 as explained above. Notwithstanding the lower gross profit margin attained, such orders were secured as part of our continuing strategy to expand our customer portfolio, which are expected to contribute positively to our business growth and financial performance in the long run; and

11. FINANCIAL INFORMATION (Cont'd)

- the decrease in gross profit margin attained by our Upgrade and Modification segment by 7.72% to 3.61% (FYE 2014 : 11.33%) due to certain orders with lower gross profit margin undertaken by our Upgrade and Modification segment during the FYE 2015.

Comparison between FPE 2015 and FPE 2016

Our gross profit decreased by 1.32% or RM0.09 million to RM6.73 million (FPE 2015 : RM6.82 million) due mainly to a 1.79% or RM0.12 million decrease in gross profit contributed by our Sale of New Lines segment to RM6.60 million (FPE 2015 : RM6.72 million) despite a 55.74% or RM16.69 million increase in segment revenue to RM46.63 million (FPE 2015 : RM29.94 million). The decrease in the segment gross profit notwithstanding an increase in the segment revenue was due to certain orders with lower gross profit margin implemented by our Sale of New Lines segment during the FPE 2016, as evidenced by the segment cost of sales as a percentage of the segment revenue, which had increased from 77.54% for the FPE 2015 to 85.85% for the FPE 2016. Such lower gross profit margin orders were secured by us having considered, amongst others, the following:

- such orders have provided us with further business opportunities with the relevant customers in terms of repeat orders, which are expected to contribute positively to our business growth and financial performance in the forthcoming financial year. As at the LPD, repeat orders for glove-dipping lines with order value totalling RM39.04 million have been secured from the said relevant customers in July 2016 and October 2016; and
- due to our capacity constraint as more particularly discussed in Section 6.15.4 of this Prospectus, we have procured the agreement from one of our customers for us to carry out fabrication works, particularly on assembly, fitting and welding, for the relevant components of glove-dipping lines at the said customer's factory, which ought to be undertaken in-house at our factory. By so doing, we would be able to utilise our factory's production floor space for the execution of other orders. In addition, the said customer is in the midst of expanding its production facilities for which there could be further orders to be secured by us. To-date, we have secured orders for a total of sixteen (16) glove-dipping lines, of which eight (8) glove-dipping lines were secured during the 4th quarter of FYE 2015, while another eight (8) glove-dipping lines were secured subsequent to the FPE 2016 from the said customer for its on-going expansion plan.

Accordingly, our overall gross profit margin decreased by 7.80% to 14.11% (FPE 2015 : 21.91%) due largely to the decrease in gross profit margin attained by our Sale of New Lines segment by 8.31% to 14.15% (FPE 2015 : 22.46%) as explained above.

(iv) Other operating income

We recorded other operating income of RM0.45 million, RM0.38 million, RM1.07 million and RM1.98 million for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. Other operating income recorded by us for the Period Under Review consisted of interest income, sundry income, gain on foreign exchange and gain on disposal of property, plant and equipment ("PPE").

Commentary on Historical Other Operating Income**Comparison between FYE 2012 and FYE 2013**

For the FYE 2013, our other operating income increased by 164.71% or RM0.28 million to RM0.45 million (FYE 2012 : RM0.17 million) due mainly to the following:-

- an increase in our interest income by RM0.12 million to RM0.29 million (FYE 2012 : RM0.17 million) as a result of our overall higher cash reserves maintained during the FYE 2013; and
- recognition of a sundry income of RM0.16 million for the FYE 2013 in relation to an insurance claim in respect of an incident of vehicle theft.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2013 and FYE 2014**

For the FYE 2014, our other operating income decreased by 15.56% or RM0.07 million to RM0.38 million (FYE 2013 : RM0.45 million) due mainly to the net effect of the following:-

- a decrease in our interest income by RM0.03 million to RM0.26 million (FYE 2013 : RM0.29 million) as a result of our overall lower cash reserves maintained during the FYE 2014;
- a decrease in sundry income by RM0.15 million to RM0.01 million (FYE 2013 : RM0.16 million) as the previously higher sundry income was supplemented by an insurance claim; and
- recognition of a gain on foreign exchange of RM0.11 million as a result of the strengthening USD against RM during the fourth quarter of 2014.

Comparison between FYE 2014 and FYE 2015

For the FYE 2015, our other operating income increased by 181.58% or RM0.69 million to RM1.07 million (FYE 2014 : RM0.38 million) mainly attributable to the net effect of the following:-

- an increase in our gain on foreign exchange by RM0.72 million to RM0.83 million (FYE 2014 : RM0.11 million) as a result of the strengthening USD against RM during the FYE 2015;
- a one-off gain on disposal of RM0.04 million from the disposal of used machinery; and
- a decrease in our interest income by RM0.06 million to RM0.20 million (FYE 2014 : RM0.26 million) due to our lower average fixed deposits held during the FYE 2015.

Comparison between FPE 2015 and FPE 2016

For the FPE 2016, our other operating income increased by 253.57% or RM1.42 million to RM1.98 million (FPE 2015 : RM0.56 million) mainly attributable to an increase in our gain on foreign exchange by RM1.33 million to RM1.87 million (FPE 2015 : RM0.54 million) primarily resulting from the positive impact of the USD fluctuation against RM during the FPE 2016 on our trade receivables and cash and bank balances denominated in USD.

(v) Selling and Distribution Expenses

Our selling and distribution expenses mainly consist of expenses incurred on local travelling, overseas travelling and accommodation, and upkeep of motor vehicles. We incurred selling and distribution expenses of RM0.40 million, RM0.36 million, RM0.39 million and RM0.13 million for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively.

Commentary on Historical Selling and Distribution Expenses**Comparison between FYE 2012 and FYE 2013**

For the FYE 2013, our selling and distribution expenses increased by 2.56% or RM0.01 million to RM0.40 million (FYE 2012 : RM0.39 million) due mainly to the higher expenses on local travelling and upkeep of motor vehicles incurred totalling RM0.28 million (FYE 2012 : RM0.18 million) for a local project. Such higher expenses were partly set-off by lower overseas travelling and accommodation expenses incurred amounting to RM0.12 million (FYE 2012 : RM0.21 million), attributable to the close proximity of the foreign project site. Our foreign sales for the FYE 2013 were in relation to a project based in Indonesia as opposed to our foreign sales to a China-based project for the FYE 2012.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2013 and FYE 2014**

For the FYE 2014, our selling and distribution expenses decreased by 10.00% or RM0.04 million to RM0.36 million (FYE 2013 : RM0.40 million) due mainly to a RM0.06 million decrease in local travelling expenses in line with our lower revenue.

Comparison between FYE 2014 and FYE 2015

For the FYE 2015, our selling and distribution expenses increased by 8.33% or RM0.03 million to RM0.39 million (FYE 2014 : RM0.36 million) due mainly to higher overseas travelling and accommodation expenses incurred amounting to RM0.24 million (FYE 2014 : RM0.14 million) in line with our higher foreign sales for the FYE 2015, which were partly offset by lower expenses on local travelling and upkeep of motor vehicles incurred totalling RM0.13 million (FYE 2014 : RM0.22 million) for our local projects.

Comparison between FPE 2015 and FPE 2016

For the FPE 2016, our selling and distribution expenses decreased by 40.91% or RM0.09 million to RM0.13 million (FPE 2015 : RM0.22 million) due mainly to lower overseas travelling and accommodation expenses incurred amounting to RM0.08 million (FPE 2015 : RM0.14 million) in line with our lower foreign sales for the FPE 2016.

(vi) Administrative Expenses and Finance Costs

Our administrative expenses consist mainly of staff costs (including staff's salaries and allowances, directors' salaries, bonuses and employees provident fund contributions), depreciation charges, PPE related expenses, professional fees and entertainment costs. We incurred administrative expenses of RM2.32 million, RM2.63 million, RM3.76 million and RM2.30 million for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively.

Our finance costs consist mainly of interest expenses arising from hire purchase and term loan for acquisitions of motor vehicles and the HL Advance Premises respectively. Interest expenses on our term loan are calculated based on the outstanding principal amount of term loan as reduced in proportion to the balance in our designated current account, which is linked to the term loan. We incurred finance costs of RM0.01 million, RM0.02 million, RM1,984 and RM4,118 for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively.

Commentary on Historical Administrative Expenses and Finance Costs**Comparison between FYE 2012 and FYE 2013**

For the FYE 2013, our administrative expenses increased by 14.29% or RM0.29 million to RM2.32 million (FYE 2012 : RM2.03 million) due mainly to the following:-

- RM0.15 million increase in staff costs to RM1.29 million (FYE 2012 : RM1.14 million) due to the additional staff headcount and higher salaries paid to directors and employees following annual salary increment; and
- RM0.09 million increase in PPE related expenses to RM0.11 million (FYE 2012 : RM0.02 million) pursuant to a write-off on motor vehicle due to theft and higher road tax and insurance for our motor vehicles.

Our finance costs reduced to RM0.01 million (FYE 2012 : RM0.02 million) in line with our lower outstanding amount of hire purchase loan for the FYE 2013. We did not incur any interest expenses on term loan for the FYE 2013 as the cash balance in our current account was in excess of the outstanding term loan principal amount during the FYE 2013.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2013 and FYE 2014**

For the FYE 2014, our administrative expenses increased by 13.36% or RM0.31 million to RM2.63 million (FYE 2013 : RM2.32 million) due mainly to the net effect of the following:-

- RM0.38 million increase in staff costs to RM1.67 million (FYE 2013 : RM1.29 million) due largely to the additional staff headcount as well as higher salaries and bonuses paid to our directors during the FYE 2014 as a reward for our improved financial performance for the FYE 2013; and
- RM0.07 million increase in professional fees to RM0.10 million (FYE 2013 : RM0.03 million) due mainly to the higher audit fee paid to our new auditors and the payment of tax consultancy fee in relation to HL Advance's application for Pioneer Status for a second 5-year period from November 2014 to November 2019,

which was cushioned by the following:-

- RM0.08 million decrease in entertainment costs to RM0.11 million (FYE 2013 : RM0.19 million) with lesser marketing activities being carried out during the FYE 2014 as a result of our improved revenue performance for the FYE 2013; and
- RM0.06 million lower in PPE related expenses for the FYE 2014, as we recognised a one time write-off on motor vehicle due to theft amounting to RM0.06 million during the FYE 2013.

Our finance costs increased by RM0.01 million to RM0.02 million (FYE 2013 : RM0.01 million) due mainly to the interest expenses incurred on our term loan.

Comparison between FYE 2014 and FYE 2015

For the FYE 2015, our administrative expenses increased by 42.97% or RM1.13 million to RM3.76 million (FYE 2014 : RM2.63 million) due mainly to the following:-

- RM0.21 million loss on foreign exchange recognised for the FYE 2015. Notwithstanding this, our Group recognised a net gain on foreign exchange of RM0.62 million for the FYE 2015 after taking into consideration a gain on foreign exchange of RM0.83 million recognised as other operating income for the same year;
- RM0.55 million increase in staff costs to RM2.22 million (FYE 2014 : RM1.67 million) due mainly to the higher salaries and bonuses paid to our directors;
- RM0.09 million increase in depreciation charges to RM0.55 million (FYE 2014 : RM0.46 million) following the acquisitions of additional motor vehicles during the FYE 2015; and
- a net increase of RM0.28 million in other administrative expenses, such as bank charges, goods and services tax incurred by the Company which was not claimable given that HLT Global is not registered under the Goods and Services Tax Act 2014, PPE related expenses and HLT Global's pre-operating expenses pertaining to its incorporation, to RM0.78 million (FYE 2014 : RM0.50 million) pursuant to our business operation requirements.

Our finance costs decreased by RM18,951 to RM1,984 (FYE 2014 : RM20,935), being interest expenses incurred on both of our hire purchase loan and term loan.

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11. FINANCIAL INFORMATION (Cont'd)**Comparison between FPE 2015 and FPE 2016**

For the FPE 2016, our administrative expenses increased by 24.32% or RM0.45 million to RM2.30 million (FPE 2015 : RM1.85 million) due mainly to the following:-

- RM0.52 million realised loss on foreign exchange recognised for the FPE 2016 (FPE 2015 : RM0.13 million) arising from our settlement of trade payables denominated in USD when the USD was strengthening against the RM during the same period. Notwithstanding this, our Group recognised a net gain on foreign exchange of RM1.35 million for the FPE 2016 after taking into consideration an unrealised gain on foreign exchange of RM1.87 million arising from the translation of our trade receivables and bank balances denominated in USD as at 31 July 2016 into RM, which was recognised as other operating income for the same period; and
- RM0.10 million increase in depreciation charges to RM0.38 million (FPE 2015 : RM0.28 million) following the acquisitions of additional motor vehicles subsequent to the FPE 2015.

Our finance costs increased by RM2,198 to RM4,118 (FPE 2015 : RM1,920), all being term loan interest expenses.

(vii) PBT, Income Tax Expense and PAT

We recorded PBT of RM10.00 million, RM8.61 million, RM12.14 million and RM6.27 million for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. We incurred minimal income tax expenses for the Period Under Review as the revenue generated by our pioneer activities, i.e. those under our Sale of New Lines segment and Upgrade and Modification segment, is exempted from income tax by virtue of HL Advance's Pioneer Status. Therefore, we recorded insignificant effective tax rate of 0.58%, 0.62%, 0.02% and 0.88% for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. In this regard, our PAT is comparable to our PBT for the Period Under Review.

Commentary on Historical PBT, Income Tax Expense and PAT**Comparison between FYE 2012 and FYE 2013**

In line with a 61.60% increase in our revenue, our PBT increased by 86.92% or RM4.65 million to RM10.00 million (FYE 2012 : RM5.35 million). Although our gross profit margins for the FYE 2012 and FYE 2013 were fairly consistent at 26.75% and 26.68% respectively, our PBT margin improved by 2.93% to 21.72% (FYE 2012 : 18.79%) due mainly to the decrease in our selling and distribution expenses as well as our administrative expenses for the FYE 2013 in relation to our revenue. For the FYE 2013, our selling and distribution expenses as a percentage of our revenue decreased by 0.49% to 0.88% (FYE 2012 : 1.37%), whilst our administrative expenses as a percentage of our revenue reduced by 2.10% to 5.04% (FYE 2012 : 7.14%). Accordingly, our PAT increased at a similar rate of 86.84% or by RM4.62 million to RM9.94 million (FYE 2012 : RM5.32 million) after deducting income tax expense of RM0.06 million.

Comparison between FYE 2013 and FYE 2014

Our PBT for the FYE 2014 reduced by 13.90% or RM1.39 million to RM8.61 million (FYE 2013 : RM10.00 million) following a 5.36% decrease in our revenue and coupled with a decline in our gross profit margin and higher administrative expenses incurred during the FYE 2014. As a result, our PBT margin reduced by 1.94% to 19.78% (FYE 2013 : 21.72%). On the same note, our PAT decreased at a similar rate of 13.88% or by RM1.38 million to RM8.56 million (FYE 2013 : RM9.94 million) after deducting income tax expense of RM0.05 million.

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11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2014 and FYE 2015**

Our PBT for the FYE 2015 increased by 41.00% or RM3.53 million to RM12.14 million (FYE 2014 : RM8.61 million) following a 73.72% increase in our revenue. The lower percentage increase in our PBT as compared with that of our revenue was due mainly to our lower gross profit margin of 20.11% (FYE 2014 : 25.79%). As a result, our PBT margin reduced by 3.75% to 16.03% (FYE 2014 : 19.78%). In line with our higher PBT, we recorded a higher PAT of RM12.13 million (FYE 2014 : RM8.56 million) after deducting income tax expense of RM3,181.

Comparison between FPE 2015 and FPE 2016

Our PBT for the FPE 2016 increased by 18.08% or RM0.96 million to RM6.27 million (FPE 2015 : RM5.31 million) following a 53.20% increase in our revenue. The lower percentage increase in our PBT as compared with that of our revenue was due mainly to our lower gross profit margin of 14.11% (FPE 2015 : 21.91%). As a result, our PBT margin reduced by 3.91% to 13.14% (FPE 2015 : 17.05%). In line with our higher PBT, we recorded a higher PAT of RM6.21 million (FPE 2015 : RM5.30 million) after deducting income tax expense of RM0.06 million.

11.3.3 Factors affecting our financial condition and results of operations

Our financial condition and results of operations have been, and will continue to be, affected by, amongst others, the following key factors:-

(i) Demand and supply conditions of the global rubber glove industry

As mentioned in Section 7 of this Prospectus, the demand for our products is mainly driven by, inter-alia, anticipated growth in demand for rubber gloves due to, amongst others, development of the global and domestic healthcare industry, increasing demand arising from other end-user markets such as manufacturing, continued growth in the global economy, and availability of raw materials utilised in the manufacturing of rubber gloves. Continuing growth in demand for rubber gloves will benefit our business operations as rubber glove manufacturers will require additional glove-dipping lines for rubber glove production purposes in order to be able to meet the growing demand for rubber gloves internationally. In addition, continuous technological advancements in glove-dipping lines will also lead to a need for upgrading and modification of the existing glove-dipping lines of rubber glove manufacturers, thereby providing more business opportunities to glove-dipping line manufacturers like us. However, underlying factors for future growth in rubber glove demand, which include those mentioned above, are expected to be influenced by, inter-alia, changes in macroeconomic conditions, hence are beyond our control.

(ii) Ability to sustain our competitiveness and secure good pricing for orders

Our ability to secure orders in the future is mainly dependent on our competitiveness in terms of quality of our products as well as our product pricing. Our ability to secure orders at good pricing from our customers will have a direct impact on our profitability. In addition, if we are unable to manage our operating cost effectively, hence resulting in cost overruns, our profitability may also be adversely affected. Any delay in the execution of our orders will also delay the recognition of revenue for the relevant orders.

(iii) Ability to secure skilled labour supplies

Our ability to consistently secure skilled labour supplies is an important aspect of our business operations given that the execution of our orders involves labour-intensive fabrication and installation works. Although we have employed in-house production staff, we currently rely mainly on our subcontractors to carry out fabrication and installation works related to our orders. Through supervision by our project manager and site engineer, we strive to ensure that our subcontractors are able to deliver their services within the stipulated time frame and in accordance with the prescribed specifications, as any failure or delay in delivery of works will inadvertently affect our relationship with our customers. The work quality of our subcontractors will also affect our track record, which may in turn affect referrals from our existing customers for future orders.

11. FINANCIAL INFORMATION (Cont'd)**(iv) Fluctuations in the prices of materials and parts for our business operations**

Steel materials, conveyor chain, former holders, nylon brushes, motors, insulant, heat exchangers and blower fans are some of the materials and parts used in our manufacturing operations. Presently, although there are ample sources of local and foreign supply of these materials and parts, their prices may fluctuate and any such fluctuation may in turn adversely impact our financial performance. However, we will only purchase the required materials and parts upon receipt of confirmed order from our customers (except for steel materials which we may stock up when steel prices fall) and we constantly endeavour to price our products with due consideration to the latest available pricing for materials and parts before confirmation of customers' orders. In addition, we make efforts to source for competitive prices through our pool of suppliers prior to procuring the required materials and parts.

(v) Foreign exchange fluctuations

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

We have not incurred any material losses arising from foreign currency translations for the Period Under Review. The impact of foreign exchange fluctuations on our financial performance for the Period Under Review and the FPE 2015 is illustrated below:-

	Audited				
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Net gain on foreign exchange	3	113	621	415	1,350
As a percentage of PBT	0.03%	1.31%	5.12%	7.82%	21.54%

During the Period Under Review, there was no occurrence of any unusual/infrequent events or new developments that have materially affected our financial condition and results of operations.

Further information on other risk factors which could materially affect our financial condition and results of operations are set out in Section 4 of this Prospectus, whilst further information on prevailing economic situation and the prospects of the glove-dipping line industry are set out in Section 7 of this Prospectus.

11.3.4 Impact of fluctuation of interest rates, inflation, and government, economic, fiscal or monetary policies or factors on our Group's operations**(i) Impact of fluctuation of interest rates**

We have been incurring minimal finance costs for the Period Under Review given our low outstanding borrowings position over the same period. Therefore, there was no material impact of fluctuation of interest rates on our historical financial results for the Period Under Review.

(ii) Impact of inflation

There was no material impact of inflation on our historical financial results for the Period Under Review.

(iii) Impact of government, economic, fiscal or monetary policies or factors

For the Period Under Review, our historical financial results were not materially affected by any government, economic, fiscal or monetary policies or factors. Risks relating to changes in government, economic, fiscal or monetary policies or factors which could materially affect our Group's operations are set out in Section 4.1.14 of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)**11.3.5 Order Book**

Our future profitability is mainly dependent on the number of orders to be secured by us under our Sale of New Lines segment and their corresponding value. For the Period Under Review, we have successfully secured orders for glove-dipping lines from both local and foreign rubber glove manufacturers directly.

As at the LPD, our outstanding order book (based on total value of orders secured less amount that has been recognised as revenue up to the FPE 2016) is approximately RM69.00 million, the details of which are as follows:-

Year of commencement	Expected year of completion	⁽¹⁾ Outstanding value of orders to be recognised as revenue subsequent to the FPE 2016 RM'000
2015	2016	18,451
2015	2017	4,977
2016	2016	6,534
2016	2017	39,040
		69,002

Note:-

- (1) Outstanding value of foreign orders in USD were converted at USD1.00 : RM4.4205, being the middle rate as at 5:00 p.m. on the LPD as extracted from Bank Negara Malaysia's website.

11.4 LIQUIDITY AND CAPITAL RESOURCES**11.4.1 Working Capital**

Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while external source of funds comprises credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 30 days to 120 days. The principal uses of these funds are for working capital requirements, such as payments for the purchase of materials and parts, subcontractors costs, selling and distribution expenses, and administrative expenses.

As at the LPD, we have total cash and bank balances (excluding fixed deposits pledged to a licensed bank) of RM1.45 million. In view that our business operations have been generating sufficient cash flows to fund our working capital requirements, we have not taken up any banking facilities for working capital purposes as at the LPD. We may raise additional capital or funds through debt or equity offerings in the future to part finance our expansion plans or to enhance our working capital should the need arises.

Our Directors are of the opinion that, after taking into account our cash and bank balances, funds envisaged to be generated from our business operations as well as the net proceeds to be raised from our Public Issue allocated for working capital purposes, we will have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus.

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11. FINANCIAL INFORMATION (Cont'd)**11.4.2 Cash Flow**

A summary of our statements of cash flows for the Period Under Review is as follows:-

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

Please refer to Section 11.1.2 of this Prospectus for our detailed statements of cash flows for the Period Under Review.

There are no legal, financial or economic restrictions on the ability of our subsidiary to transfer funds to us in the form of cash dividends, loans and advances for us to meet our cash obligations.

(i) Net cash from operating activities

- (a) For the FYE 2013, we generated an operating profit before working capital changes of RM10.30 million on the back of a PBT of RM10.00 million, after adjusting for depreciation of PPE of RM0.53 million, unrealised gain on foreign exchange of RM2,446, PPE written off of RM0.06 million and net interest income of RM0.28 million. Having been adjusted further for a net outflow of RM3.46 million from working capital changes, income tax paid of RM0.04 million and net interest income of RM0.28 million, we generated a net cash inflow from operating activities of RM7.08 million for the FYE 2013.

Working capital changes for the FYE 2013 arose from the following:-

- increase in inventories by RM0.88 million due mainly to a higher level of raw materials held as at 31 December 2013 catered for our outstanding orders;
- increase in net amount owing by contract customers by RM2.25 million resulting from unbilled amount attributable to our outstanding orders;
- increase in trade and other receivables by RM2.09 million in line with our higher revenue achieved in FYE 2013; and
- increase in trade and other payables by RM1.76 million due mainly to the higher purchases of materials and parts as required for the execution of our outstanding orders during the FYE 2013.

- (b) For the FYE 2014, we generated an operating profit before working capital changes of RM8.88 million on the back of a PBT of RM8.62 million, after adjusting for depreciation of PPE of RM0.55 million, unrealised gain on foreign exchange of RM0.05 million, loss on disposal of PPE of RM1,000 and net interest income of RM0.24 million. Having been adjusted further for a net outflow of RM8.93 million from working capital changes, income tax paid of RM0.09 million and net interest income of RM0.24 million, we generated a net cash inflow from operating activities of RM0.10 million for the FYE 2014.

11. FINANCIAL INFORMATION (Cont'd)

Working capital changes for the FYE 2014 arose from the following:-

- increase in inventories by RM0.43 million due mainly to an increase in finished goods held as at 31 December 2014 pending shipment to a foreign customer, which has more than offset the decrease in raw materials and work-in-progress as a result of lower volume of outstanding orders in hand as at 31 December 2014;
 - decrease in net amount owing by contract customers by RM1.38 million as a result of lower unbilled amount attributable to the lower volume of outstanding orders in hand as at 31 December 2014;
 - increase in trade and other receivables by RM9.54 million due mainly to:-
 - a longer collection period on certain overdue trade receivables owing by some of our major recurring customers as they were experiencing tighter cash flow following the installation of new glove-dipping lines and/or upgrading and modification works for existing glove-dipping lines. The increase in trade and other receivables by RM9.54 million was also partially due to our low trade receivables balances outstanding as at 31 December 2013 of RM6.97 million mainly as a result of early settlement of trade receivables by a major customer for the FYE 2013; and
 - a retention sum which is not due of RM3.97 million as at 31 December 2014,
- and
- decrease in trade and other payables by RM0.34 million due mainly to the lower purchases of materials and parts in line with our lower revenue for the FYE 2014.

- (c) For the FYE 2015, we generated an operating profit before working capital changes of RM12.77 million on the back of a PBT of RM12.14 million, after adjusting for depreciation of PPE of RM0.66 million, unrealised loss on foreign exchange of RM0.21 million, net interest income of RM0.20 million and gain on disposal of PPE of RM0.04 million. Having been adjusted further for a net outflow of RM2.82 million from working capital changes, income tax paid of RM0.11 million and net interest income of RM0.20 million, we generated a net cash inflow from operating activities of RM10.04 million for the FYE 2015.

Working capital changes for the FYE 2015 arose from the following:-

- increase in inventories by RM0.51 million due mainly to an increase in our raw materials held as at 31 December 2015 pending execution of our outstanding orders;
- increase in net amount owing by contract customers by RM22.56 million resulting from unbilled amount attributable to our customers' orders for glove-dipping lines, whereby our billings were pending the relevant customers' inspection of the components fabricated and installed prior to their acknowledgment of the stage of completion for such outstanding orders;
- decrease in trade and other receivables by RM7.03 million mainly as a result of more prompt settlement of amount owing to us by our customers; and
- increase in trade and other payables by RM13.22 million due mainly to the higher purchases of materials and parts as required for the execution of orders secured during the FYE 2015 and higher outstanding amount of trade payables as at 31 December 2015 which were not due for settlement.

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11. FINANCIAL INFORMATION (Cont'd)

- (d) For the FPE 2016, we generated an operating profit before working capital changes of RM4.76 million on the back of a PBT of RM6.27 million, after adjusting for depreciation of PPE of RM0.46 million, unrealised gain on foreign exchange of RM1.87 million and net interest income of RM0.10 million. Having been adjusted further for a net cash inflow of RM3.18 million from working capital changes, income tax paid of RM0.06 million and net interest income of RM0.10 million, we generated a net cash inflow from operating activities of RM7.98 million for the FPE 2016.

Working capital changes for the FPE 2016 arose from the following:-

- increase in inventories by RM1.63 million due mainly to an increase in our raw materials held as at 31 July 2016 pending further execution of our on-going orders and our purchases of certain common steel materials in advance in anticipation of the project requirements of new orders to be secured;
- decrease in net amount owing by contract customers by RM11.86 million due mainly to an increase in the amount owing to contract customers, which was in turn arising from advanced billings to customers that can yet to be recognised as revenue in view of the stages of execution of the relevant outstanding orders based on percentage-of-completion method of accounting adopted by us;
- increase in trade and other receivables by RM9.01 million in line with our higher revenue achieved in the FPE 2016; and
- increase in trade and other payables by RM1.96 million due mainly to the higher purchases of materials and parts as required for the execution of orders secured during the FPE 2016.

(ii) Net cash for/from investing activities

- (a) For the FYE 2013, we recorded a net cash from investing activities of RM0.56 million, which comprised of repayment of advances by a Director of RM0.69 million whilst RM0.13 million was utilised for the acquisitions of plant and machinery, computer and computer software.
- (b) For the FYE 2014, we recorded a net cash used in investing activities of RM0.29 million, which was mainly utilised for the acquisitions of motor vehicle, computer and computer software.
- (c) For the FYE 2015, we recorded a net cash used in investing activities of RM6.85 million, of which RM1.71 million was mainly utilised for the acquisitions of motor vehicles and plant and machineries, whilst RM5.20 million was placed as deposits pledged to a licensed bank for a bank guarantee facility. Cash used in investing activities was partly offset by proceeds from disposal of PPE of RM0.06 million.
- (d) For the FPE 2016, we recorded a net cash used in investing activities of RM0.23 million, of which RM0.15 million was utilised for the acquisitions of forklift as well as plant and machinery, whilst RM0.08 million was placed as deposits pledged to a licensed bank for a bank guarantee facility.

(iii) Net cash for financing activities

- (a) For the FYE 2013, net cash used in financing activities amounted to RM6.06 million. Cash outflows comprised of dividend paid of RM6.00 million and repayment of hire purchase payables and term loan totalling RM0.27 million, whilst cash inflow comprised of advances from Directors of RM0.21 million.
- (b) For the FYE 2014, net cash used in financing activities amounted to RM3.43 million, which was utilised for payment of dividend of RM3.00 million, repayment of hire purchase payables and term loan totalling RM0.19 million, and repayment of advances from Directors of RM0.24 million.

11. FINANCIAL INFORMATION (Cont'd)

- (c) For the FYE 2015, net cash used in financing activities of RM5.19 million was for the payment of dividend of RM5.00 million and repayment of hire purchase payables and term loan of RM0.04 million and RM0.15 million respectively.
- (d) For the FPE 2016, net cash used in financing activities of RM0.08 million was for the repayment of term loan.

11.4.3 Borrowings

As at 31 July 2016, our Group's total outstanding borrowings, all of which are interest-bearing local borrowings, are as follows:-

	As at 31 July 2016
	RM'000
(a) Short term	
<u>Secured and guaranteed:</u>	
- Term loan	76
	<u>76</u>
(b) Long term	
<u>Secured and guaranteed:</u>	
- Term loan	1,349
	<u>1,349</u>
Total borrowings	<u><u>1,425</u></u>
Gearing ratio as at 31 July 2016 (times) ⁽¹⁾	0.04
Gearing ratio after our IPO (times) ⁽²⁾	0.03

Notes:-

- (1) Based on our pro forma consolidated shareholders' equity as at 31 July 2016 of RM35.48 million assuming completion of the Acquisition, but before our IPO.
- (2) Based on our pro forma consolidated shareholders' equity as at 31 July 2016 of RM50.89 million after our IPO and utilisation of proceeds from our Public Issue.

Our term loan, which was taken up to finance our acquisition of the HL Advance Premises, is to be repaid by way of monthly instalments over a repayment period of 20 years ending in 2032. As at the LPD, based on our financier's base lending rate of 6.72%, our term loan is subject to an interest rate of 4.52% per annum (i.e. 2.20% below our financier's base lending rate).

As at the LPD, our Group has no borrowings in foreign currency and save for our term loan as aforementioned, our Group has no other committed borrowing facilities.

To the best of our Directors' knowledge, as at the LPD, our Group is not subject to any seasonality factors in relation to borrowing requirements.

Our Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the Period Under Review and the subsequent financial period thereof up to the LPD.

To the best of our Directors' knowledge, as at the LPD, we have not breached any terms and conditions or covenants associated with our credit arrangements or bank loans, which can materially affect our business operations, financial position or results of operations, or the investments by holders of securities in our Company.

11. FINANCIAL INFORMATION (Cont'd)**11.4.4 Type of financial instruments used**

As at the LPD, save as disclosed in this Prospectus, our Group does not utilise any other financial instruments.

11.4.5 Treasury Policies and Objectives

We have been financing our business operations mainly through shareholders' funds, cash generated from our operations as well as credit terms granted by our suppliers. Our existing outstanding term loan was taken up to finance our acquisition of the HL Advance Premises. Interest rate for our term loan fluctuates in accordance with our financier's base lending rate. We do not have any other borrowings as at the LPD.

Our sales and purchases are mainly transacted in RM and USD, and we maintain bank balances in RM and USD. Therefore, our Group is exposed to foreign exchange risk. Nevertheless, we have not incurred any material losses arising from foreign currency translations for the Period Under Review.

We do not have any hedging policies nor have we entered into any forward contracts in respect of our foreign exchange risk exposure.

11.4.6 Key Financial Ratios

The table below sets out some of our key financial ratios for the Period Under Review:-

	FYE 2013	FYE 2014	FYE 2015	FPE 2016
Inventory turnover period (days) ⁽¹⁾	13	21	14	18
Trade receivables turnover period (days) ⁽²⁾	47	82	48	46
Trade payables turnover period (days) ⁽³⁾	95	114	99	129
Current ratio (times) ⁽⁴⁾	2.29	3.01	2.12	1.98
Gearing ratio (times) ⁽⁵⁾	0.11	0.08	0.05	0.04

Notes:-

- (1) Computed based on the average opening and closing inventories for the respective financial year/period over total cost of sales, and multiply by the number of days in the respective financial year/period.
- (2) Computed based on the average opening and closing trade receivables (less retention sum which is not due, if any) for the respective financial year/period over total revenue, and multiply by the number of days in the respective financial year/period.
- (3) Computed based on the average opening and closing trade payables for the respective financial year/period over total purchases, and multiply by the number of days in the respective financial year/period.
- (4) Computed based on total current assets over total current liabilities.
- (5) Computed based on total borrowings over total shareholders' funds.

(i) Inventory turnover period

It is our practice to purchase the required materials and parts upon confirmation of orders from customers, hence we usually maintain low levels of inventories. Accordingly, our inventory turnover period remained low at 13 days, 21 days, 14 days and 18 days for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively.

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11. FINANCIAL INFORMATION (Cont'd)**(ii) Trade receivables turnover period**

The normal credit terms granted by us to our customers generally range from 30 to 90 days. On a case by case basis, we may extend longer credit terms to our customers after assessing their background, credit worthiness and payment history as well as our relationship with them. We will assess the need for an impairment of long overdue trade receivables on individual customer basis as and when such assessment is deemed necessary. We have not experienced any instances of bad debts for the Period Under Review.

Due to the nature of our business, our trade receivables also include retention sum in relation to orders under our Sale of New Lines segment which is generally retained over a period of 6 to 12 months from the date of completion of the relevant orders.

Our trade receivables turnover period of between 46 days and 82 days over the Period Under Review is within the normal credit period granted to our customers. Trade receivables turnover period for the FYE 2014 increased from 47 days for the FYE 2013 to 82 days pending collection of certain overdue trade receivables owing by some of our major recurring customers. Our trade receivables turnover period decreased to 48 days for the FYE 2015 following the collection of those overdue trade receivables brought forward from the FYE 2014 and early settlement of trade receivables by two (2) of our major customers for the FYE 2015. Our trade receivables turnover period further decreased to 46 days for the FPE 2016 as most of our trade receivables were promptly settled by our customers during the FPE 2016. So long as our overall cash flow position will not be adversely impacted materially and subject to satisfactory past collection of trade receivables from the relevant customers, we, at the request of our customers, may allow settlement of trade receivables owing to us over an extended period beyond the normal credit period granted with due consideration to our customers' cash flow positions amid their on-going expansion of manufacturing facilities. This is in line with our continuing effort in fostering long term business relationships with our customers so as to facilitate our business growth.

The ageing analysis of our trade receivables as at 31 July 2016 is as follows:-

	Not past due	Past due			Total
		Less than 3 months	3 to 6 months	Over 6 months	
As at 31 July 2016	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	15,128	714	242	394	16,478
Less: Retention sum which is not due	* (1,837)	-	-	-	(1,837)
Net trade receivables	13,291	714	242	394	14,641
% of total net trade receivables	90.78	4.88	1.65	2.69	100.00
Subsequent collections up to the LPD	10,170	686	-	129	10,985
Trade receivables net of subsequent collections up to the LPD	3,121	28	242	265	3,656
% of total trade receivables	85.37	0.76	6.62	7.25	100.00

Note:-

- * Excluding an amount of RM1.24 million which was not due as at 31 July 2016 but was subsequently collected before the LPD.

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11. FINANCIAL INFORMATION (Cont'd)

As at the LPD, 75.00% or RM10.98 million of the net trade receivables outstanding as at 31 July 2016 of RM14.64 million has been collected, whilst the remaining RM3.66 million was still outstanding, including RM0.54 million of trade receivables which were past due as at 31 July 2016. These trade receivables which remained outstanding as at the LPD are due from customers who generally require longer period for payment processing and/or have been making progressive payments to us. Out of these amounts, RM0.19 million, which has been past due for more than six (6) months as at 31 July 2016, was in relation to an original sum totaling RM4.47 million which was billed to a major customer for the FYE 2014. We have since then received progress payments up to the LPD of more than 95.00% from the original sum totaling RM4.47 million owing by such customer. In this regard, we believe that such outstanding amount is recoverable and we are giving the said customer a longer settlement period. The rest of the outstanding trade receivables which were past due as at 31 July 2016 of RM0.35 million are due from our other customers who have not defaulted on payments in the past but occasionally settle their amount owing to us over a longer time than the credit period granted to them.

Notwithstanding our normal credit period to customers of up to 90 days, as part of our credit control practice, we constantly follow up on our collections from customers with outstanding receivables exceeding 60 days so as to minimise the occurrence of our trade receivables becoming past-due.

Premised on the above and taking into consideration the long term business relationship between us and our customers, our Directors are of the opinion that the remaining trade receivables owing by our customers are fully recoverable.

There was no allowance for impairment loss on trade receivables nor bad debt written off for the Period Under Review.

(iii) Trade payables turnover period

The normal credit period given to us by our trade creditors ranges between 30 days and 120 days. For the Period Under Review, our trade payables turnover period was mainly within the credit period given to us by our trade creditors.

Our trade payables turnover period for the FYE 2014 increased from 95 days for the FYE 2013 to 114 days due to slower settlement of trade payables by us pending collection of outstanding trade receivables from customers. Nevertheless, our trade payables turnover period was still within the credit period granted to us by our suppliers. For the FYE 2015, our trade payables turnover period improved to 99 days. Our trade payables turnover period was higher at 129 days for the FPE 2016 mainly due to slower settlement of trade payables owing to certain local suppliers so as to facilitate payment for our purchases from a major supplier based in Thailand who requires payment upon delivery of goods. For this purpose, we have therefore negotiated with some of our local suppliers to allow for a slower settlement of trade payables by us as and when we are required to prioritise our other financial commitments, including payment to the aforementioned supplier based in Thailand.

The ageing analysis of our trade payables as at 31 July 2016 is as follows:-

	Not past due	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
As at 31 July 2016	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	16,747	2,372	1,239	2,082	22,440
% of total trade payables	74.63	10.57	5.52	9.28	100.00
Subsequent payments up to the LPD	7,812	2,119	1,196	1,917	13,044
Trade payables net of subsequent payments up to the LPD	8,935	253	43	165	9,396
% of total trade payables	95.09	2.69	0.46	1.76	100.00

11. FINANCIAL INFORMATION (Cont'd)

As illustrated above, 74.63% or RM16.75 million of our total outstanding trade payables as at 31 July 2016 were within the credit period. As at the LPD, 58.11% or RM13.04 million of the outstanding trade payables as at 31 July 2016 has been paid whilst 41.89% or RM9.40 million remained outstanding, including RM0.46 million of trade payables which were past due as at 31 July 2016. The said RM0.46 million is mainly owed to one of our major subcontractors whom we engage for fabrication and installation works from time to time as well as our major supplier for heating system components from whom we make purchases regularly. The amount owed is expected to be settled progressively by us over the next three (3) months.

(iv) Current ratio

Our current ratio strengthened from 2.29 times as at 31 December 2013 to 3.01 times as at 31 December 2014 primarily due to the increase in trade receivables. Despite an increase in our current assets for the FYE 2015, our current ratio decreased to 2.12 times as at 31 December 2015 from 3.01 times as at 31 December 2014 primarily due to higher outstanding amount of trade payables and other payables and accruals as at 31 December 2015. Our current ratio decreased to 1.98 times as at 31 July 2016 primarily due to a higher amount owing to contract customers as at 31 July 2016 notwithstanding our increased current assets position.

The decreasing trend of our current ratio since the FYE 2014 was mainly attributable to the higher percentage increase in our current liabilities as opposed to our current assets from 31 December 2014 to 31 December 2015, and subsequently to 31 July 2016 primarily as a result of:-

- (i) the lower gross profit margin orders undertaken by us for the FYE 2015 and FPE 2016, which have resulted in our trade payables to increase at a higher rate than our trade receivables and amount owing by contract customers, collectively, as we incurred higher costs for materials and parts in relative to the increase in our revenue during the same financial year and period; and
- (ii) a total of RM1.85 million of our cash resources were utilised for our investments in a combination of plant and machinery, motor vehicles and other fixed asset items during the FYE 2015 and FPE 2016, for which we did not resort to any external borrowings.

Notwithstanding the decreasing trend, our current ratio of 2.12 times as at 31 December 2015 remains above the average current ratio of our peers of 1.62 times as given under “Key Industry Players” of Section 4 of the IMR Report enclosed in Section 7 of this Prospectus.

(v) Gearing ratio

Our gearing ratio improved from 0.11 times as at 31 December 2013 to 0.08 times as at 31 December 2014, 0.05 times as at 31 December 2015 and 0.04 times as 31 July 2016. The overall improvement of our gearing ratio throughout the Period Under Review was solely due to the increase in our shareholders' equity vis-a-vis the outstanding borrowings of our Group over the same period.

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11. FINANCIAL INFORMATION (Cont'd)**11.4.7 Material Capital Expenditures and Divestitures**

Saved as disclosed below, we have not incurred any other material capital expenditures or undertaken any other material divestitures for the Period Under Review and up to the LPD, and there is no material capital expenditures and divestitures currently in progress.

Description	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000	Up to the LPD RM'000
<u>Investments</u>					
Plant and machinery ⁽¹⁾	73	12	383	55	-
Motor vehicles	-	⁽⁴⁾ 229	⁽⁶⁾ 1,243	⁽⁹⁾ 91	-
Others ⁽²⁾	55	73	81	-	9
<u>Divestments</u>					
Plant and machinery	-	-	⁽⁷⁾ 44	-	-
Motor vehicles	⁽³⁾ 167	⁽⁵⁾ 28	⁽⁸⁾ 14	-	-

Notes:-

- (1) Being plant and machinery comprising, inter alia, welding machine, punching machine and bandsaw machine for our factory operations.
- (2) Comprising air conditioners, computers, computer software, furniture and fittings, and/or office equipment.
- (3) Representing the original cost of a motor vehicle that was written off due to theft.
- (4) Being three (3) units of motor vehicle acquired for use by our employees in our day-to-day business operations.
- (5) Representing the original cost of a motor vehicle that was disposed of.
- (6) Being seven (7) units of motor vehicle acquired for the following purposes:-
 - (i) two (2) units of motor vehicle for use by our Directors;
 - (ii) one (1) unit of motor vehicle for use by our employees in our day-to-day business operations; and
 - (iii) four (4) units of forklift for our factory operations.
- (7) Representing the original costs of four (4) units of machinery that were disposed of.
- (8) Representing the original cost of a motor vehicle that was disposed of.
- (9) Being one (1) unit of forklift for our factory operations.

11.4.8 Material commitments

As at the LPD, we do not have any material commitment for capital expenditures.

11.4.9 Material litigation

As at the LPD, neither we nor our subsidiary are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Directors are not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which may materially or adversely affect our financial position and business.

11.4.10 Contingent liabilities

As at the LPD, we do not have any contingent liabilities which, upon becoming enforceable, may materially and adversely affect our financial position and business.

11. FINANCIAL INFORMATION *(Cont'd)*

11.5 TREND INFORMATION

As at the LPD, to the best of our Directors' knowledge and belief and save as disclosed in Sections 4, 6 and 11 of this Prospectus, our business operations have not been and are not expected to be affected by any of the followings:-

- (i) any known factors, trends, uncertainties, demands, commitments or events that are likely to have a material favourable or unfavourable effect on our financial condition and results of operations;
- (ii) any known factors, trends, uncertainties, demands, commitments or events that are likely to cause our historical financial statements to be not necessarily indicative of our future financial performance;
- (iii) any unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial condition and results of operations;
- (iv) any known factors, trends, uncertainties, demands, commitments or events that are likely to have a material impact on our revenue and profits;
- (v) any known factors, trends, uncertainties, demands, commitments or events that are likely to result in our Group's liquidity increasing or decreasing in any material way; and
- (vi) any known factors, trends, uncertainties, demands, commitments or events that are likely to affect, favourably or unfavourably, our capital resources.

Our Directors believe that the future prospects of our Group are promising given the favourable outlook of the rubber glove industry as given in Section 7 of this Prospectus, our competitive strengths as set out in Section 6.5 of this Prospectus as well as our future plans as given in Section 6.20 of this Prospectus.

11.6 DIVIDEND POLICY

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

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

11.7 SIGNIFICANT CHANGES

Save as disclosed in this Prospectus, there is no significant changes that have occurred which may have a material effect on our financial position and results of operations subsequent to the FPE 2016 up to the LPD.

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11. FINANCIAL INFORMATION (Cont'd)

11.8 FUTURE FINANCIAL INFORMATION

There is no future financial information which has been prepared for inclusion in this Prospectus.

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12. ACCOUNTANTS' REPORT



Date: 22 November 2016

The Board of Directors
HLT Global Berhad
Third Floor, No 79 (Room A),
Jalan SS21/60, Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.

Crowe Horwath AF 1018
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Dear Sirs/Madam

ACCOUNTANTS' REPORT HLT GLOBAL BERHAD

We have audited the accompanying historical combined financial statements of HLT Global Berhad ("HLT Global" or the "Company") which comprise the combined statements of financial position as at 31 December 2013, 2014, and 2015, and 31 July 2015 and 2016 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years/periods ended ("FYE" or "FPE") 31 December 2013, 2014, 2015 and 31 July 2015 and 2016, and a summary of significant accounting policies and other explanatory information, as set out on pages 3 to 51.

Directors' Responsibility for the Combined Financial Statements

The directors of HLT Global are responsible for the preparation of combined financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia. The directors are also responsible for such internal accounting control as the directors determine are necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of combined financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

12. ACCOUNTANTS' REPORT (Cont'd)



**ACCOUNTANTS' REPORT
HLT GLOBAL BERHAD (CONT'D)**
(Incorporated in Malaysia)
Company No: 1163324 - H

Opinion

In our opinion, the combined financial statements of HLT Global give a true and fair view of its financial position as of 31 December 2013, 2014, 2015 and 31 July 2015 and 2016 and of its financial performance and cash flows for the financial years/periods then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia.

Restriction on Distribution and Use

We understand that this report will be used solely for the purpose of inclusion in the prospectus of HLT Global in connection with the listing of and quotation for the entire issued and paid-up share capital of HLT Global on the ACE Market of Bursa Securities. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

A handwritten signature in black ink, appearing to read "C. Horwath", written over a horizontal line.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
22 November 2016

A handwritten signature in black ink, appearing to read "Chan Kuan Chee", written over a horizontal line.

Chan Kuan Chee
Approval No: 2271/10/17(J)
Chartered Accountant

Kuala Lumpur

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****COMBINED STATEMENTS OF FINANCIAL POSITION**

	Note	Audited 31 December 2013 RM	Audited 31 December 2014 RM	Audited 31 December 2015 RM	Audited 31 July 2015 RM	Audited 31 July 2016 RM
ASSETS						
NON CURRENT ASSET						
Property, plant and equipment	4	5,611,659	5,343,705	6,374,939	5,614,954	6,061,942
CURRENT ASSETS						
Inventories	5	1,670,633	2,102,742	2,615,744	2,598,511	4,242,065
Amount owing by contract customers	6	3,289,439	1,788,207	23,429,285	4,331,342	19,440,942
Trade receivables	7	6,972,442	16,545,284	8,182,221	21,015,629	16,477,611
Other receivables, deposits and prepayments	8	183,647	150,645	1,541,545	1,065,277	2,249,888
Tax recoverable		22,000	62,000	164,232	125,900	169,194
Fixed deposits with a licensed bank	9	9,380,698	6,038,047	6,198,167	6,034,414	5,283,217
Cash and bank balances		1,073,900	848,803	3,905,474	10,445,373	14,170,047
		22,592,759	27,535,728	46,036,668	45,616,446	62,032,964
TOTAL ASSETS		28,204,418	32,879,433	52,411,607	51,231,400	68,094,906
EQUITY AND LIABILITIES						
EQUITY						
Share capital	10	400,000	400,000	400,010	400,000	400,010
Retained profits		16,167,270	21,730,365	28,864,387	22,034,029	35,077,443
TOTAL EQUITY		16,567,270	22,130,365	29,264,397	22,434,029	35,477,453
NON-CURRENT LIABILITIES						
Hire purchase payables	11	42,434	-	-	-	-
Term loan	12	1,718,100	1,586,714	1,434,068	1,498,075	1,348,510
		1,760,534	1,586,714	1,434,068	1,498,075	1,348,510
CURRENT LIABILITIES						
Amount owing to contract customers	6	1,043,124	925,070	4,049	8,901,484	7,873,878
Trade payables	13	8,063,536	7,744,094	19,916,912	13,039,382	22,439,983
Other payables and accruals	14	403,624	379,789	1,718,028	276,046	879,004
Amount owing to directors	15	239,268	-	-	-	-
Dividend payable		-	-	-	5,000,000	-
Hire purchase payables	11	53,874	42,434	-	9,576	-
Term loan	12	73,188	70,967	74,153	72,808	76,078
		9,876,614	9,162,354	21,713,142	27,299,296	31,268,943
TOTAL LIABILITIES		11,637,148	10,749,068	23,147,210	28,797,371	32,617,453
TOTAL EQUITY AND LIABILITIES		28,204,418	32,879,433	52,411,607	51,231,400	68,094,906

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		Audited	Audited	Audited	Audited	Audited
		Year ended 31 December			Seven-Month period	ended 31 July
		2013	2014	2015	2015	2016
	Note	RM	RM	RM	RM	RM
REVENUE	16	46,042,366	43,568,206	75,697,255	31,134,442	47,692,224
COST OF SALES		(33,758,461)	(32,331,253)	(60,473,909)	(24,313,308)	(40,965,424)
GROSS PROFIT		12,283,905	11,236,953	15,223,346	6,821,134	6,726,800
OTHER OPERATING INCOME		450,439	383,863	1,071,146	563,461	1,980,121
		12,734,344	11,620,816	16,294,492	7,384,595	8,706,921
SELLING AND DISTRIBUTION EXPENSES		(405,813)	(359,390)	(391,418)	(220,870)	(133,807)
ADMINISTRATIVE EXPENSES		(2,318,229)	(2,624,335)	(3,763,887)	(1,854,960)	(2,301,321)
FINANCE COSTS		(10,668)	(20,935)	(1,984)	(1,920)	(4,118)
PROFIT BEFORE TAXATION	17	9,999,634	8,616,156	12,137,203	5,306,845	6,267,675
INCOME TAX EXPENSE	18	(58,008)	(53,061)	(3,181)	(3,181)	(54,619)
PROFIT AFTER TAXATION		9,941,626	8,563,095	12,134,022	5,303,664	6,213,056
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		9,941,626	8,563,095	12,134,022	5,303,664	6,213,056
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-						
Owners of the Company		9,941,626	8,563,095	12,134,022	5,303,664	6,213,056
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-						
Owners of the Company		9,941,626	8,563,095	12,134,022	5,303,664	6,213,056
EARNINGS PER SHARE	19					
Basic		24.85	21.41	30.33	13.26	15.53
Diluted		24.85	21.41	30.33	13.26	15.53

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****COMBINED STATEMENTS OF CHANGES IN EQUITY**

	Note	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1 January 2013		400,000	12,225,644	12,625,644
Profit after taxation/Total comprehensive income for the financial year		-	9,941,626	9,941,626
Distributions to owners of HL Advance: - Dividends	20	-	(6,000,000)	(6,000,000)
Balance at 31 December 2013/1 January 2014		400,000	16,167,270	16,567,270
Profit after taxation/Total comprehensive income for the financial year		-	8,563,095	8,563,095
Distributions to owners of HL Advance: - Dividends	20	-	(3,000,000)	(3,000,000)
Balance at 31 December 2014/1 January 2015		400,000	21,730,365	22,130,365
Profit after taxation/Total comprehensive income for the financial year		-	12,134,022	12,134,022
Contribution by owners of HLT Global: - Issuance of shares		10	-	10
Distributions to owners of HL Advance: - Dividends	20	-	(5,000,000)	(5,000,000)
Balance at 31 December 2015		400,010	28,864,387	29,264,397
31 July 2015				
Balance at 1 January 2015		400,000	21,730,365	22,130,365
Profit after taxation/Total comprehensive income for the financial period		-	5,303,664	5,303,664
Distributions to owners of HL Advance: - Dividends	20	-	(5,000,000)	(5,000,000)
Balance at 31 July 2015		400,000	22,034,029	22,434,029
31 July 2016				
Balance at 1 January 2016		400,010	28,864,387	29,264,397
Profit after taxation/Total comprehensive income for the financial period		-	6,213,056	6,213,056
Balance at 31 July 2016		400,010	35,077,443	35,477,453

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****COMBINED STATEMENTS OF CASH FLOWS**

Note	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited 2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	9,999,634	8,616,156	12,137,203	5,306,845	6,267,675
Adjustments for:-					
Depreciation of property, plant and equipment	530,151	554,429	660,953	336,299	459,077
Interest expense	10,668	20,935	1,984	1,920	4,118
Loss/(Gain) on disposal of property, plant and equipment	-	1,000	(43,972)	-	-
Property, plant and equipment written off	55,746	-	-	-	-
Unrealised loss/(gain) on foreign exchange	(2,446)	(49,772)	208,944	(544,571)	(1,874,400)
Interest income	(290,307)	(262,564)	(196,133)	(18,340)	(100,315)
Operating profit before working capital changes	10,303,446	8,880,184	12,768,979	5,082,153	4,756,155
Increase in inventories	(879,958)	(432,109)	(513,002)	(495,769)	(1,626,321)
Decrease/(Increase) in amount owing by/(to) contract customers	(2,246,315)	1,383,178	(22,562,099)	5,433,279	11,858,172
(Increase)/Decrease in trade and other receivables	(2,094,884)	(9,539,840)	7,035,119	(5,270,864)	(9,005,583)
Increase/(Decrease) in trade and other payables	1,761,049	(343,277)	13,226,033	5,206,295	1,963,134
CASH FLOWS FROM OPERATING ACTIVITIES	6,843,338	(51,864)	9,955,030	9,955,094	7,945,557
Income tax paid	(43,308)	(93,061)	(105,413)	(67,081)	(59,581)
Interest received	290,307	262,564	196,133	18,340	100,315
Interest paid	(10,668)	(20,935)	(1,984)	(1,920)	(4,118)
NET CASH FROM OPERATING ACTIVITIES	7,079,669	96,704	10,043,766	9,904,433	7,982,173
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	(127,691)	(314,475)	(1,706,215)	(607,548)	(146,080)
Placement of deposits pledged to a licensed bank	-	-	(5,198,167)	(5,034,414)	(85,050)
Proceeds from disposal of property, plant and equipment	-	27,000	58,000	-	-
Repayment from a director	693,341	-	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	565,650	(287,475)	(6,846,382)	(5,641,962)	(231,130)
BALANCE CARRIED FORWARD	7,645,319	(190,771)	3,197,384	4,262,471	7,751,043

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

Note	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited 2016 RM
BALANCE BROUGHT FORWARD	7,645,319	(190,771)	3,197,384	4,262,471	7,751,043
CASH FLOWS FOR FINANCING ACTIVITIES					
Proceeds from issuance of shares	-	-	10	-	-
Dividend paid	(6,000,000)	(3,000,000)	(5,000,000)	-	-
Repayment of hire purchase payables	(124,096)	(53,874)	(42,434)	(32,858)	-
Repayment of term loan	(150,584)	(133,607)	(149,460)	(86,798)	(83,633)
Advances from/(Repayment to) directors	212,556	(239,268)	-	-	-
NET CASH FOR FINANCING ACTIVITIES	(6,062,124)	(3,426,749)	(5,191,884)	(119,656)	(83,633)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,583,195	(3,617,520)	(1,994,500)	4,142,815	7,667,410
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	2,446	49,772	13,124	415,708	1,597,163
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD	8,868,957	10,454,598	6,886,850	6,886,850	4,905,474
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	21 10,454,598	6,886,850	4,905,474	11,445,373	14,170,047

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

- (a) HLT Global was incorporated in Malaysia on 22 October 2015 under the Companies Act 1965, as a private limited company and is principally engaged in the business of investment holding.

HLT Global was incorporated with an authorised share capital of RM400,000 comprising 4,000,000 ordinary shares of RM0.10 each, of which RM10 comprising 100 ordinary shares of RM0.10 each have been subscribed for and fully paid-up.

On 7 January 2016, the Company was converted from a private limited company to a public company limited by shares and assumed its present name, HLT Global Berhad.

- (b) HL Advance Technologies (M) Sdn. Bhd. ("HL Advance") was incorporated in Malaysia on 8 August 2006 under the Companies Act 1965, as a private limited company and is principally engaged in the manufacture of glove dipping machines, fabrication works on metal and stainless steel products, and carry out all supporting services associated therewith.

(HLT Global and HL Advance shall collectively be referred to as the "Group" or "HLT Global Group")

2. BASIS OF PREPARATION

HLT Global Group has not been established as at the end of FYE 31 July 2016 and hence, there are no consolidated financial statements of the Group for FYE 31 December 2013, FYE 31 December 2014 and FYE 31 December 2015. The combined financial statements for FYE 31 December 2015 and FPE 31 July 2016 are prepared based on the audited financial statements of HLT Global and HL Advance for FYE 31 December 2015 and FPE 31 July 2016, respectively. The financial information for FYE 31 December 2013, and FYE 31 December 2014 and FPE 31 July 2015 are prepared based on audited financial statements of HL Advance. These audited financial statements are not subject to any qualification, modification or disclaimers.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of HLT Global Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION (CONT'D)**

All material intra-group transactions and balances have been eliminated on combination.

The combined financial statements of the Group are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the financial period ended 31 July 2016:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the HLT Global Group's combined financial statements upon their initial application except as follows:-

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of "distinct" for the purposes of this accounting standard. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(i) Contract Revenue

Construction contracts accounting requires variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(ii) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the probability of the contract on an individual basis at any particular time.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Critical Accounting Estimates and Judgements (Cont'd)

(c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(d) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Classification of Leasehold Land**

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(h) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in the fair value of these assets and liabilities would affect profit and/or equity.

3.2 Functional and Foreign Currencies**(a) Functional and Presentation Currency**

The financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 Financial Instruments**

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial Instruments (Cont'd)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold apartments	Over the lease period of 86 years
Leasehold land	Over the lease period of 85 years
Building	2%
Plant and machineries	10%
Air conditioners	20%
Computers	20%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	10%
Renovation	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, Plant and Equipment (Cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

3.5 Impairment

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Impairment (Cont'd)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.6 Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 3.4 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Amounts Owning By/(To) Contract Customers

Amount owing by contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. For qualifying contracts, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Amount owing by contract customers is presented as part of total current assets in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount owing to contract customers which is part of the deferred income in the statement of financial position.

3.9 Income Taxes

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.9 Income Taxes (Cont'd)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

3.10 Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.12 Employee Benefits**(a) Short-term Benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Related Parties

A party is related to an entity (referred to as the 'reporting entity') if :-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
- (i) has control or joint control over the reporting entity ;
 - (ii) has significant influence over the reporting entity ; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies :-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associated of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

3.15 Revenue and Other Income**(a) Contract Income**

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contracts cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the following:-

- (i) the survey of work performed;
- (ii) the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs; or
- (iii) the completion of a physical proportion of contract work;

whichever is applicable.

(b) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(c) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.17 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

Cost	Leasehold apartments RM	Leasehold land and building RM	Plant and machineries RM	Air conditioners RM	Computers RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
At 1 January 2013	82,330	4,162,663	897,356	19,460	39,078	52,688	1,798,021	37,617	28,516	7,117,729
Additions	-	-	72,990	4,800	39,851	-	-	10,050	-	127,691
Disposals	-	-	-	-	-	-	(167,239)	-	-	(167,239)
At 31 December 2013	82,330	4,162,663	970,346	24,260	78,929	52,688	1,630,782	47,667	28,516	7,078,181
Additions	-	-	12,294	-	72,640	566	228,975	-	-	314,475
Disposals	-	-	-	-	-	-	(28,000)	-	-	(28,000)
At 31 December 2014	82,330	4,162,663	982,640	24,260	151,569	53,254	1,831,757	47,667	28,516	7,364,656
Additions	-	-	382,625	-	80,832	-	1,242,758	-	-	1,706,215
Disposal	-	-	(44,300)	-	-	-	(14,450)	-	-	(58,750)
At 31 December 2015	82,330	4,162,663	1,320,965	24,260	232,401	53,254	3,060,065	47,667	28,516	9,012,121
Additions	-	-	55,080	-	-	-	91,000	-	-	146,080
At 31 July 2016	82,330	4,162,663	1,376,045	24,260	232,401	53,254	3,151,065	47,667	28,516	9,158,201

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS
4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold apartments RM	Leasehold land and building RM	Plant and machineries RM	Air conditioners RM	Computers RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
Accumulated depreciation										
At 1 January 2013	2,871	66,783	258,468	4,153	17,871	26,022	643,148	10,004	18,544	1,047,864
Depreciation for the year	957	66,783	97,035	2,426	15,786	10,538	326,156	4,767	5,703	530,151
Disposals	-	-	-	-	-	-	(111,493)	-	-	(111,493)
At 31 December 2013	3,828	133,566	355,503	6,579	33,657	36,560	857,811	14,771	24,247	1,466,522
Depreciation for the year	959	66,782	98,262	2,426	29,460	9,408	338,448	4,766	3,918	554,429
At 31 December 2014	4,787	200,348	453,765	9,005	63,117	45,968	1,196,259	19,537	28,165	2,020,951
Depreciation for the year	957	66,783	108,624	2,426	37,996	5,885	433,165	4,766	351	660,953
Disposal	-	-	(30,272)	-	-	-	(14,450)	-	-	(44,722)
At 31 December 2015	5,744	267,131	532,117	11,431	101,113	51,853	1,614,974	24,303	28,516	2,637,182
Depreciation for the year	558	38,956	77,975	1,416	23,228	1,127	313,036	2,781	-	459,077
At 31 July 2016	6,302	306,087	610,092	12,847	124,341	52,980	1,928,010	27,084	28,516	3,096,259
Net book value										
At 1 January 2013	79,459	4,095,880	638,888	15,307	21,207	26,666	1,154,873	27,613	9,972	6,069,865
At 31 December 2013	78,502	4,029,097	614,843	17,681	45,272	16,128	772,971	32,896	4,269	5,611,659
At 31 December 2014	77,543	3,962,315	528,875	15,255	88,452	7,286	635,498	28,130	351	5,343,705
At 31 December 2015	76,586	3,895,532	788,848	12,829	131,288	1,401	1,445,091	23,364	-	6,374,939
At 31 July 2016	76,028	3,856,576	765,953	11,413	108,060	274	1,223,055	20,583	-	6,061,942

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (a) Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicles which were acquired under hire purchase terms with net book value as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Number of motor vehicles	1	1	-	-	-
Net book value (RM)	47,609	25,000	-	-	-

- (b) The leasehold land and buildings of the Group have been charged to a licensed bank as security for banking facilities granted to the Group (Note 12).

5. INVENTORIES

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
At costs:-					
Raw materials	1,234,336	808,142	1,711,494	1,674,428	3,522,539
Work-in-progress	436,297	148,276	548,850	348,753	160,859
Finished goods	-	1,146,324	355,400	575,330	558,667
	<u>1,670,633</u>	<u>2,102,742</u>	<u>2,615,744</u>	<u>2,598,511</u>	<u>4,242,065</u>

None of the inventories is carried at net realisable value.

The amount of inventories recognised as an expense in cost of sales:

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited 2016 RM
Inventories recognised as cost of sales	<u>26,778,530</u>	<u>24,773,555</u>	<u>50,300,234</u>	<u>19,786,281</u>	<u>33,293,369</u>

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****6. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS**

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Contract costs incurred	18,107,565	32,071,497	72,941,468	43,775,905	67,222,893
Attributable profits	6,995,404	9,203,222	22,406,166	14,108,980	18,360,596
	<u>25,102,969</u>	<u>41,274,719</u>	<u>95,347,634</u>	<u>57,884,885</u>	<u>85,583,489</u>
Progress billings	(22,856,654)	(40,411,582)	(71,922,398)	(62,455,027)	(74,016,425)
	<u>2,246,315</u>	<u>863,137</u>	<u>23,425,236</u>	<u>(4,570,142)</u>	<u>11,567,064</u>
Represented by:					
Amount owing by contract customers	3,289,439	1,788,207	23,429,285	4,331,342	19,440,942
Amount owing to contract customers	(1,043,124)	(925,070)	(4,049)	(8,901,484)	(7,873,878)
	<u>2,246,315</u>	<u>863,137</u>	<u>23,425,236</u>	<u>(4,570,142)</u>	<u>11,567,064</u>

7. TRADE RECEIVABLES

The Group's normal credit terms at the end of the reporting period are as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Credit terms (days)	30 - 90	30 - 90	30 - 90	30 - 90	30 - 90

Included in trade receivables of the Group at the end of the reporting period are retention sums as follows:

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Retention sums	-	4,626,871	845,962	3,035,455	3,216,577

Retention sums represent a portion of progress billings which are due and receivable upon expiry of the warranty period and the satisfaction of conditions specified in the relevant contracts.

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Advance payment to suppliers	-	-	-	-	457,358
Other receivables	-	72,865	577,526	967,347	305,669
Deposits	169,580	77,780	99,180	97,930	81,950
Prepayments	14,067	-	864,839	-	1,404,911
	<u>183,647</u>	<u>150,645</u>	<u>1,541,545</u>	<u>1,065,277</u>	<u>2,249,888</u>

9. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of the Group at the end of the reporting period bore effective interest rates and have maturity periods as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Range of effective interest rates (%)	3.00 - 3.80	3.25 - 3.90	3.15 - 4.28	3.15 - 3.98	3.15
Maturity periods (days)	30 - 90	30 - 90	30 - 120	30 - 120	30

10. SHARE CAPITAL

	Audited 2013 Number of share	Audited As at 31 December 2014 Number of share	Audited 2015 Number of share	Audited As at 31 July 2015 Number of share	Audited 2016 Number of share
Authorised					
Ordinary Shares of RM0.10 Each:-					
- HLT Global	-	-	4,000,000	-	4,000,000
- Increase during the financial period	-	-	-	-	496,000,000
Ordinary Shares of RM1 Each					
- HL Advance	500,000	500,000	500,000	500,000	500,000
At 31 December/31 July	<u>500,000</u>	<u>500,000</u>	<u>4,500,000</u>	<u>500,000</u>	<u>500,500,000</u>
Issued And Fully Paid-Up					
Ordinary Shares of RM0.10 Each:-					
- HLT Global	-	-	100	-	100
Ordinary Shares of RM1 Each					
- HL Advance	400,000	400,000	400,000	400,000	400,000
At 31 December/31 July	<u>400,000</u>	<u>400,000</u>	<u>400,100</u>	<u>400,000</u>	<u>400,100</u>

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****10. SHARE CAPITAL (CONT'D)**

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Authorised					
Ordinary Shares of RM0.10 Each:-					
- HLT Global	-	-	400,000	-	400,000
- Increase during the financial period	-	-	-	-	49,600,000
Ordinary Shares of RM1 Each					
- HL Advance	500,000	500,000	500,000	500,000	500,000
At 31 December/31 July	<u>500,000</u>	<u>500,000</u>	<u>900,000</u>	<u>500,000</u>	<u>50,500,000</u>
Issued and Fully Paid-Up					
Ordinary Shares of RM0.10 Each:-					
- HLT Global	-	-	10	-	10
Ordinary Shares of RM1 Each					
- HL Advance	400,000	400,000	400,000	400,000	400,000
At 31 December/31 July	<u>400,000</u>	<u>400,000</u>	<u>400,010</u>	<u>400,000</u>	<u>400,010</u>

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****11. HIRE PURCHASE PAYABLES**

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Minimum hire purchase payables:					
- not later than one year	57,876	43,402	-	9,641	-
- later than one year and not later than five years	43,402	-	-	-	-
	<u>101,278</u>	<u>43,402</u>	<u>-</u>	<u>9,641</u>	<u>-</u>
Future finance charges	(4,970)	(968)	-	(65)	-
	<u>96,308</u>	<u>42,434</u>	<u>-</u>	<u>9,576</u>	<u>-</u>
Present value of hire purchase payables					
	<u>96,308</u>	<u>42,434</u>	<u>-</u>	<u>9,576</u>	<u>-</u>

The hire purchase payables are repayable as follows:-

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Current:					
- not later than one year	53,874	42,434	-	9,576	-
Non-current:					
- later than one year and not later than five years	42,434	-	-	-	-
	<u>96,308</u>	<u>42,434</u>	<u>-</u>	<u>9,576</u>	<u>-</u>

The effective interest rate of the hire purchase payables at the end of the reporting period are as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Effective interest rates (%)	5.91	5.91	-	5.91	-

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****12. TERM LOAN**

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Current:					
- not later than one year	73,188	70,967	74,153	72,808	76,078
Non-current:					
- Later than one year and not later than two years	70,967	74,159	77,482	76,077	79,493
- Later than two years and not later than five years	232,596	243,039	253,951	249,346	260,542
- Later than five years	1,414,537	1,269,516	1,102,635	1,172,652	1,008,475
	<u>1,718,100</u>	<u>1,586,714</u>	<u>1,434,068</u>	<u>1,498,075</u>	<u>1,348,510</u>
	<u>1,791,288</u>	<u>1,657,681</u>	<u>1,508,221</u>	<u>1,570,883</u>	<u>1,424,588</u>

The effective interest rates of the term loan at the end of the reporting period are as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Effective interest rates (%)	4.40	4.65	4.65	4.65	4.52

The term loan is secured by:-

- (i) a deed of assignment cum loan agreement over the leasehold land and building of the Group; and
- (ii) a joint and several guarantee of certain directors of the Group.

13. TRADE PAYABLES

The normal trade credit terms granted to the Group at the end of the reporting period are as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Credit terms (days)	30 - 120	30 - 120	30 - 120	30 - 120	30 - 120

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****14. OTHER PAYABLES AND ACCRUALS**

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Advance payments from customers	211,046	211,046	211,046	211,046	211,046
Other payables	40,618	-	142,099	-	367,743
Accruals	151,960	168,743	1,364,883	65,000	300,215
	<u>403,624</u>	<u>379,789</u>	<u>1,718,028</u>	<u>276,046</u>	<u>879,004</u>

15. AMOUNT OWING TO DIRECTORS

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

16. REVENUE

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited 2016 RM
Contract revenue	36,522,969	34,071,750	69,896,943	29,942,985	46,633,588
Sale of goods	1,191,516	1,572,639	66,120	38,860	383,936
Rendering of services	8,327,881	7,923,817	5,734,192	1,152,597	674,700
	<u>46,042,366</u>	<u>43,568,206</u>	<u>75,697,255</u>	<u>31,134,442</u>	<u>47,692,224</u>

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. PROFIT BEFORE TAXATION**

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited 2016 RM
Profit before taxation is arrived at after charging/(crediting):-					
Audit fee	18,000	40,000	35,000	25,000	-
Depreciation for property, plant and equipment	530,151	554,429	660,953	336,299	459,077
Directors' remuneration	483,612	778,240	1,198,160	606,960	443,680
Interest expense:					
- hire purchase payables	10,668	4,002	968	903	-
- term loan	-	16,933	1,016	1,017	4,118
Rental of equipment	232,146	231,383	113,344	64,328	62,510
Rental of premises	57,400	65,100	114,492	50,325	20,960
Staff costs:					
- salaries, bonus and allowances	789,703	1,047,228	1,218,681	542,708	821,623
- defined contribution plan	93,861	119,422	119,513	59,781	108,201
- other benefits	8,647	9,714	10,515	5,517	7,409
Pre-operating expenses	-	-	2,900	-	-
Property, plant and equipment written off	55,746	-	-	-	-
Unrealised (gain)/loss on foreign exchange	(2,446)	(49,772)	208,944	(544,571)	(1,874,400)
Loss/(Gain) on disposal of property, plant and equipment	-	1,000	(43,972)	-	-
Interest income	(290,307)	(262,564)	(196,133)	(18,340)	(100,315)
Realised (gain)/loss on foreign exchange	-	(63,671)	(829,624)	129,905	523,672

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

18. INCOME TAX EXPENSE

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited 2016 RM
Current tax expense:					
- for the financial year/period	58,000	53,000	3,668	3,668	19,060
- under/(over)provision in the previous financial year/period	8	61	(487)	(487)	35,559
	<u>58,008</u>	<u>53,061</u>	<u>3,181</u>	<u>3,181</u>	<u>54,619</u>

The corporate tax rate on the first RM500,000 of chargeable income is 19%. The tax rate applicable to the balance of the chargeable income is 24%.

HL Advance has extended its Pioneer status from 4 November 2014 to 3 November 2019.

A reconciliation of income tax expense applicable to profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited 2016 RM
Profit before taxation	9,999,634	8,616,156	12,137,203	5,306,845	6,267,675
Tax at the statutory tax rate of 25% (2016: 24%)	2,499,909	2,154,039	3,034,301	1,326,711	1,504,242
Tax effects of:-					
Non-deductible expenses	138,249	154,611	206,641	125,523	117,799
Non-taxable income	-	-	-	(136,143)	(449,856)
Utilisation of previous temporary differences	(40,153)	(145,100)	(2,404)	(119,993)	(101,965)
Tax exemption on statutory business income under pioneer status	(2,515,005)	(2,085,550)	(3,209,870)	(1,167,430)	(1,026,160)
Effect of differential in tax rates	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Under/(Over)provision in the previous financial year/period	8	61	(487)	(487)	35,559
	<u>58,008</u>	<u>53,061</u>	<u>3,181</u>	<u>3,181</u>	<u>54,619</u>

At the end of FPE 2016, the Group has unused tax losses (stated at gross) of approximately RM293,000 that is available for offset against future taxable profits of the Group. No deferred tax assets are recognised in respect of this item as it is not probable that taxable profits of the Group will be available against which the deductible temporary differences can be utilised. The unused tax losses do not expire under current tax legislation.

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****19. EARNINGS PER SHARE****Basic**

Basic earnings per share is calculated by dividing the profit for the financial period/year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the financial period/year.

	Audited 2013	Audited Year ended 31 December 2014	Audited 2015	Audited Seven-Month period ended 31 July 2015	Audited Seven-Month period ended 31 July 2016
Profit attributable to owners of the Group (RM)	9,941,626	8,563,095	12,134,022	5,303,664	6,213,056
Total weighted average number of ordinary shares in issue	400,000	400,000	400,100	400,000	400,100
Basic earnings per share (RM)	24.85	21.41	30.33	13.26	15.53

The diluted earnings per share is equal to the basic earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting year/period.

20. DIVIDEND

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited Seven-Month period ended 31 July 2016 RM
Second interim single tier dividend of RM12.50 per ordinary share in respect of the financial year ended 31 December 2014	-	-	5,000,000	5,000,000	-
First interim single tier dividend of RM7.50 per ordinary share in respect of the financial year ended 31 December 2014	-	3,000,000	-	-	-
First interim tax-exempt dividend of RM5.00 per ordinary share in respect of the financial year ended 31 December 2012/2013	2,000,000	-	-	-	-
Second interim tax-exempt dividend of RM5.00 per ordinary share in respect of the financial year ended 31 December 2012/2013	2,000,000	-	-	-	-
Third interim tax-exempt dividend of RM5.00 per ordinary share in respect of the financial year ended 31 December 2013	2,000,000	-	-	-	-
	6,000,000	3,000,000	5,000,000	5,000,000	-

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****21. CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Fixed deposits with a licensed bank	9,380,698	6,038,047	6,198,167	6,034,414	5,283,217
Cash and bank balances	1,073,900	848,803	3,905,474	10,445,373	14,170,047
	10,454,598	6,886,850	10,103,641	16,479,787	19,453,264
Less: Deposits pledged to a licensed bank	-	-	(5,198,167)	(5,034,414)	(5,283,217)
	10,454,598	6,886,850	4,905,474	11,445,373	14,170,047

22. SIGNIFICANT RELATED PARTY DISCLOSURES**(a) Identities of Related Parties**

In addition to the information detailed elsewhere in the financial statements, identities of related parties are as follows:-

- (i) the directors and certain key management personnel;
- (ii) entities controlled, jointly controlled or significantly influenced by the key management personnel/directors/substantial shareholders; and
- (iii) close members of the family of certain directors.

(b) Significant Related Party Transaction and Balances

Other than those disclosed elsewhere in the financial statements, the Group carried out the following transactions with the related parties during the financial year/period:-

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven months period ended 31 July 2015 RM	Audited 2016 RM
Related party					
- Sales	(22,935,932)	-	-	-	-
- Purchases	-	-	-	-	-
- Purchase of property, plant and equipment	-	28,000	22,625	22,625	-
- Rental of property	10,800	10,800	9,900	6,300	-
- Sub-contractor wages	1,132,947	802,670	1,144,749	496,389	-

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****23. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

Business Segments

The Group operates predominantly in one business segment. Accordingly, the information by business segment is not presented.

Geographical Information

	Audited	Audited	Audited	Audited	Audited
	Year ended 31 December			Seven months period ended 31 July	
	2013 RM	2014 RM	2015 RM	2015 RM	2016 RM
Malaysia	30,953,453	28,719,986	40,610,210	14,912,254	35,109,165
Thailand	-	401,576	32,894,900	14,721,617	12,333,024
Indonesia	15,011,882	13,290,107	549,990	447,107	250,035
Others	77,031	1,156,537	1,642,155	1,053,464	-
	<u>46,042,366</u>	<u>43,568,206</u>	<u>75,697,255</u>	<u>31,134,442</u>	<u>47,692,224</u>

All non-current assets of the the Group are located in Malaysia during the financial period/year.

The following are major customers with revenue equal to or more than 10% of the Group revenue:-

	Audited	Audited	Revenue Audited	Audited	Audited	Segment
	Year ended 31 December			Seven months period ended 31 July		
	2013 RM	2014 RM	2015 RM	2015 RM	2016 RM	
Cardinal Health 222 (Thailand) Ltd	-	401,576	32,894,900	14,721,617	12,333,024	Thailand
Rubberex Alliance Sdn Bhd	-	11,505,729	23,415,930	10,920,665	1,182,314	Malaysia
PT Medisafe Technologies	15,011,882	13,290,107	549,990	447,107	250,035	Indonesia
Green Prospect Sdn Bhd	13,014,577	9,085,016	9,410,929	16,925	9,089,886	Malaysia
Latex Form Sdn Bhd	-	4,467,020	-	-	-	Malaysia
YTY Industry Sdn Bhd	9,921,355	313,830	76,070	69,470	45,101	Malaysia
WRP Asia Pacific Sdn Bhd	1,139,210	552,250	6,271,551	2,591,624	8,320,170	Malaysia
Central Medicare Sdn Bhd	-	-	13,440	13,440	15,865,094	Malaysia

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. CAPITAL COMMITMENT**

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Approved and contracted for:- Purchase of property, plant and equipment	-	-	-	549,667	-

25. CONTINGENT LIABILITY

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Bank guarantee given to a third party in relation to contract performance	-	-	2,541,924	1,626,154	950,942

26. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

26.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are United States Dollar and Thai Baht. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)**

	United States Dollar RM	Ringgit Malaysia RM	Total RM
31.12.2013			
<u>Financial Assets</u>			
Trade receivables	81,540	6,890,902	6,972,442
Other receivables and deposits	-	169,580	169,580
Fixed deposits with licensed banks	-	9,380,698	9,380,698
Cash and bank balances	64,339	1,009,561	1,073,900
	145,879	17,450,741	17,596,620
<u>Financial Liabilities</u>			
Trade payables	22,439	8,041,097	8,063,536
Other payables and accruals	-	403,624	403,624
Amount owing to a director	-	239,268	239,268
Hire purchase payables	-	96,308	96,308
Term loan	-	1,791,288	1,791,288
	22,439	10,571,585	10,594,024
Net financial assets	123,440	6,879,156	7,002,596
Less: Net financial assets denominated in the entity's functional currency	-	(6,879,156)	(6,879,156)
Currency exposure	123,440	-	123,440

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)**

	United States Dollar RM	Ringgit Malaysia RM	Total RM
31.12.2014			
<u>Financial Assets</u>			
Trade receivables	2,698,998	13,846,286	16,545,284
Other receivables and deposits	-	150,645	150,645
Fixed deposits with licensed banks	-	6,038,047	6,038,047
Cash and bank balances	220,807	627,996	848,803
	2,919,805	20,662,974	23,582,779
<u>Financial Liabilities</u>			
Trade payables	802,818	6,941,276	7,744,094
Other payables and accruals	-	379,789	379,789
Hire purchase payables	-	42,434	42,434
Term loan	-	1,657,681	1,657,681
	802,818	9,021,180	9,823,998
Net financial assets	2,116,987	11,641,794	13,758,781
Less: Net financial assets denominated in the entity's functional currency	-	(11,641,794)	(11,641,794)
Currency exposure	2,116,987	-	2,116,987

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)**

	United States Dollar RM	Ringgit Malaysia RM	Total RM
31.12.2015			
<u>Financial Assets</u>			
Trade receivables	1,321,381	6,860,840	8,182,221
Other receivables and deposits	-	676,706	676,706
Fixed deposits with licensed banks	-	6,198,167	6,198,167
Cash and bank balances	677,387	3,228,087	3,905,474
	1,998,768	16,963,800	18,962,568
<u>Financial Liabilities</u>			
Trade payables	2,478,958	17,437,954	19,916,912
Other payables and accruals	-	1,718,028	1,718,028
Term loan	-	1,508,221	1,508,221
	2,478,958	20,664,203	23,143,161
Net financial liabilities	(480,190)	(3,700,403)	(4,180,593)
Less: Net financial assets denominated in the entity's functional currency	-	3,700,403	3,700,403
Currency exposure	(480,190)	-	(480,190)

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	United States Dollar RM	Ringgit Malaysia RM	Total RM
31.7.2015			
<u>Financial Assets</u>			
Trade receivables	4,742,157	16,273,472	21,015,629
Other receivables and deposits	-	209,502	209,502
Fixed deposits with licensed banks	-	6,034,414	6,034,414
Cash and bank balances	4,126,470	6,318,903	10,445,373
	8,868,627	28,836,291	37,704,918
<u>Financial Liabilities</u>			
Trade payables	5,018,286	8,021,096	13,039,382
Other payables and accruals	-	276,046	276,046
Dividend payable	-	5,000,000	5,000,000
Hire purchase payables	-	9,576	9,576
Term loan	-	1,570,883	1,570,883
	5,018,286	14,877,601	19,895,887
Net financial assets	3,850,341	13,958,690	17,809,031
Less: Net financial assets denominated in the entity's functional currency	-	(13,958,690)	(13,958,690)
Currency exposure	3,850,341	-	3,850,341

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	Thai Baht RM	United States Dollar RM	Ringgit Malaysia RM	Total RM
31.7.2016				
Financial Assets				
Trade receivables	-	1,082,442	15,395,169	16,477,611
Other receivables and deposits	-	-	844,977	844,977
Fixed deposit with a licensed bank	-	-	5,283,217	5,283,217
Cash and bank balances	-	11,113,546	3,056,501	14,170,047
	-	12,195,988	24,579,864	36,775,852
Financial Liabilities				
Trade payables	122,246	1,539,932	20,777,805	22,439,983
Other payables and accruals	-	-	879,004	879,004
Term loan	-	-	1,424,588	1,424,588
	122,246	1,539,932	23,081,397	24,743,575
Net financial (liabilities)/assets	(122,246)	10,656,056	1,498,467	12,032,277
Less: Net financial assets denominated in the entity's functional currency	-	-	(1,498,467)	(1,498,467)
Currency exposure	(122,246)	10,656,056	-	10,533,810

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Effects On Profit After Taxation					
United States Dollar:-					
USD/RM - strengthened by 5%	4,629	79,387	(18,007)	144,388	404,930
- weakened by 5%	(4,629)	(79,387)	18,007	(144,388)	(404,930)
Thai Baht:-					
THB/RM - strengthened by 5%	-	-	-	-	(4,645)
- weakened by 5%	-	-	-	-	4,645
Effects On Equity					
United States Dollar:-					
USD/RM - strengthened by 5%	4,629	79,387	(18,007)	144,388	404,930
- weakened by 5%	(4,629)	(79,387)	18,007	(144,388)	(404,930)
Thai Baht:-					
THB/RM - strengthened by 5%	-	-	-	-	(4,645)
- weakened by 5%	-	-	-	-	4,645

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 26.1(c) to the financial statements.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivable and other receivable. The Group manages its exposure to credit risk by the application of credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivable as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposure, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit Risk Concentrates Profile

The Group's major concentration of credit risk at the end of the reporting period is as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Number of customers	3	3	2	3	2
Percentage over total trade receivable	83%	62%	73%	69%	65%

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk****(ii) Exposure to Credit Risk**

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Ageing Analysis

The ageing analysis of the Group's trade receivables as at end of the reporting period is as follows:-

	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
31.12.2013			
Not past due	4,468,997	-	4,468,997
Past due			
- less than 3 months	271,708	-	271,708
- 3 to 6 months	185,548	-	185,548
- over 6 months	2,046,189	-	2,046,189
	6,972,442	-	6,972,442
31.12.2014			
Not past due	10,484,854	-	10,484,854
Past due			
- less than 3 months	1,567,894	-	1,567,894
- 3 to 6 months	2,265,897	-	2,265,897
- over 6 months	2,226,639	-	2,226,639
	16,545,284	-	16,545,284
31.12.2015			
Not past due	6,883,271	-	6,883,271
Past due			
- less than 3 months	385,784	-	385,784
- 3 to 6 months	33,357	-	33,357
- over 6 months	879,809	-	879,809
	8,182,221	-	8,182,221

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Exposure to Credit Risk (Cont'd)

Ageing Analysis (Cont'd)

	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
31.7.2015			
Not past due	11,392,467	-	11,392,467
Past due			
- less than 3 months	6,362,209	-	6,362,209
- 3 to 6 months	1,620,755	-	1,620,755
- over 6 months	1,640,198	-	1,640,198
	21,015,629	-	21,015,629
31.7.2016			
Not past due	15,128,325	-	15,128,325
Past due			
- less than 3 months	713,745	-	713,745
- 3 to 6 months	241,865	-	241,865
- over 6 months	393,676	-	393,676
	16,477,611	-	16,477,611

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	> 5 Years RM
31.12.2013							
Trade payables	-	8,063,536	8,063,536	8,063,536	-	-	-
Other payables and accruals	-	403,624	403,624	403,624	-	-	-
Amount owing to directors	-	239,268	239,268	239,268	-	-	-
Hire purchase payables	5.91	96,308	101,278	57,876	43,402	-	-
Term loan	4.40	1,791,288	2,609,418	150,543	150,543	451,630	1,856,702
		10,594,024	11,417,124	8,914,847	193,945	451,630	1,856,702
31.12.2014							
Trade payables	-	7,744,094	7,744,094	7,744,094	-	-	-
Other payables and accruals	-	379,789	379,789	379,789	-	-	-
Hire purchase payables	5.91	42,434	43,402	43,402	-	-	-
Term loan	4.40	1,657,681	2,458,875	150,543	150,543	451,630	1,706,159
		9,823,998	10,626,160	8,317,828	150,543	451,630	1,706,159

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	> 5 Years RM
31.12.2015							
Trade payables	-	19,916,912	19,916,912	19,916,912	-	-	-
Other payables and accruals	-	1,718,028	1,718,028	1,718,028	-	-	-
Term loan	4.65	1,508,221	2,308,332	150,543	150,543	451,630	1,555,616
		23,143,161	23,943,272	21,785,483	150,543	451,630	1,555,616
31.7.2015							
Trade payables	-	13,039,382	13,039,382	13,039,382	-	-	-
Other payables and accruals	-	276,046	276,046	276,046	-	-	-
Dividend payable	-	5,000,000	5,000,000	5,000,000	-	-	-
Hire purchase payables	5.91	9,576	9,641	9,641	-	-	-
Term loan	4.65	1,570,883	2,321,787	150,543	150,543	451,630	1,569,071
		19,895,887	20,646,856	18,475,612	150,543	451,630	1,569,071
31.7.2016							
Trade payables	-	22,439,983	22,439,983	22,439,983	-	-	-
Other payables and accruals	-	879,004	879,004	879,004	-	-	-
Term loan	-	1,424,588	2,090,668	150,543	150,543	451,630	1,337,952
		24,743,575	25,409,655	23,469,530	150,543	451,630	1,337,952

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.2 CAPITAL RISK MANAGEMENT

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on the debt-to-equity ratio that complies with covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total borrowings from financial institutions.

There was no change in the Group's approach to capital management during the financial year.

26.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Financial asset					
<u>Loans and receivables</u>					
<u>financial assets</u>					
Trade receivables	6,972,442	16,545,284	8,182,221	21,015,629	16,477,611
Other receivables and deposits	169,580	150,645	676,706	209,502	844,977
Fixed deposits with licensed banks	9,380,698	6,038,047	6,198,167	6,034,414	5,283,217
Cash and bank balances	1,073,900	848,803	3,905,474	10,445,373	14,170,047
	<u>17,596,620</u>	<u>23,582,779</u>	<u>18,962,568</u>	<u>37,704,918</u>	<u>36,775,852</u>
Financial liability					
<u>Other financial liabilities</u>					
Trade payables	8,063,536	7,744,094	19,916,912	13,039,382	22,439,983
Other payables and accruals	403,624	379,789	1,718,028	276,046	879,004
Amount owing to directors	239,268	-	-	-	-
Dividend payable	-	-	-	5,000,000	-
Hire purchase payables	96,308	42,434	-	9,576	-
Term loan	1,791,288	1,657,681	1,508,221	1,570,883	1,424,588
	<u>10,594,024</u>	<u>9,823,998</u>	<u>23,143,161</u>	<u>19,895,887</u>	<u>24,743,575</u>

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
31.12.2013								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	101,278	-	101,278	96,308
Term loans	-	-	-	-	1,791,288	-	1,791,288	1,791,288
31.12.2014								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	43,402	-	43,402	42,434
Term loans	-	-	-	-	1,657,681	-	1,657,681	1,657,681
31.12.2015								
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	1,508,221	-	1,508,221	1,508,221
31.7.2015								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	9,641	-	9,641	9,576
Term loans	-	-	-	-	1,570,883	-	1,570,883	1,570,883
31.07.2016								
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	1,424,588	-	1,424,588	1,424,588

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. FINANCIAL INSTRUMENTS (CONT'D)****26.4 FAIR VALUE INFORMATION (CONT'D)**

- (a) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using the interest rates for similar instruments at the end of the reporting period/year. The interest rates used to discount the estimated cash flows are as follows:-

	Audited 2013 %	Audited As at 31 December 2014 %	Audited 2015 %	Audited As at 31 July 2016 %
Hire purchase payables	5.91	5.91	5.91	-
Term loans	4.40	4.65	4.65	4.52

- (b) In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial period/year.

27. SIGNIFICANT EVENTS DURING/SUBSEQUENT TO THE FINANCIAL PERIOD

On 28 December 2015, HLT Global entered into a conditional Share Sale Agreement with the Vendors of HL Advance to acquire the entire issued and paid-up share capital of HL Advance of RM400,000 comprising 400,000 ordinary shares of RM1.00 each for a purchase consideration of RM22,432,990 which will be wholly satisfied by the issuance of 224,329,900 new Shares at an issue price of RM0.10 per Share.

The purchase consideration of HL Advance of RM22,432,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the NA position of HL Advance as at 31 July 2015 of RM22,434,029. The purchase consideration represents a price to book ratio of approximately 1.0 time. The Acquisition of HL Advance was completed on 20 October 2016 and HL Advance became a wholly-owned subsidiary of the Company.

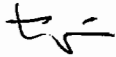
12. ACCOUNTANTS' REPORT (*Cont'd*)

HLT GLOBAL BERHAD

STATEMENT BY DIRECTORS

We, Chan Yoke Chun and Wong Kok Wah, being two of the directors of HLT Global Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 3 to 51 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of HLT Global as of 31 December 2013, 2014 and 2015 and 31 July 2015 and 2016 and of their financial performance and cash flows for the financial year/period ended on that date.

Signed in accordance with a resolution of the directors dated 22 NOV 2016



Chan Yoke Chun



Wong Kok Wah

13. **REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**



Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Kuala Lumpur Office
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowehorwath.com.my
info@crowehorwath.com.my

Date: 22 November 2016

The Board of Directors
HLT Global Berhad
Third Floor, No 79 (Room A),
Jalan SS21/60, Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.

Dear Sirs/Madam

**HLT GLOBAL BERHAD ("HLT GLOBAL" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 31 JULY 2016**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of HLT Global and its subsidiary, namely HL Advance Technologies (M) Sdn. Bhd. ("HL Advance"), (hereinafter referred to as "HLT Global Group" or "the Group") as at 31 July 2016 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors for inclusion in the Prospectus to be issued in connection with the listing of HLT Global on the ACE Market of Bursa Securities ("the Proposal").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are set out in Note 2 of Appendix A, and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the event or transaction set out in Appendix A of this letter on the Group's financial position as at 31 July 2016.

As part of this process, information about the Group's financial position has been extracted by the Board of Directors from the Company's and HL Advance's financial statements for the financial period ended 31 July 2016, on which audit reports have been published.

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13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)



Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors of HLT Global is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

Our Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial position used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines involve performing procedures to assess whether the applicable criteria on the basis used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

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13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



Our Responsibilities (Cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

We understand that this letter will be used solely for the purpose of inclusion in the Prospectus in connection with the Proposal. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to be "Guan Hui", written over a horizontal line.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

22 November 2016

Kuala Lumpur

A handwritten signature in black ink, appearing to be "Chan Kuan Chee", written over a horizontal line.

Chan Kuan Chee
Approval No: 2271/10/17 (J)
Chartered Accountant

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2016**

1. ABBREVIATION

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

1 st Tranche ESOS Options	: 2,000,000 ESOS options with an exercise price of RM0.45 each granted to eligible Directors and employees in conjunction with the Proposal
Acquisition of HL Advance	: Acquisition by HLT Global of the entire issued and paid-up share capital of HL Advance, amounting to RM400,000 comprising 400,000 ordinary shares of RM1.00 each in HL Advance for a total purchase consideration of RM22,432,990 to be satisfied by the issuance of 224,329,900 HLT Global Shares at par
Bursa Securities	: Bursa Malaysia Securities Berhad
ESOS	: Employee share option scheme of HLT Global
FPE 2016	Financial period from 1 January 2016 to 31 July 2016
HL Advance	: HL Advance Technologies (M) Sdn. Bhd.
HL Advance Shares	: Ordinary share(s) of RM1.00 in HL Advance
HLT Global	: HLT Global Berhad
HLT Global Share(s) or Share(s)	: Ordinary share(s) of RM0.10 in HLT Global
HLT Global Group or Group	: HLT Global and HL Advance collectively
IPO	: Initial public offering of, amongst others, the Issue Shares in conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of HLT Global on the ACE Market of Bursa Securities
Issue Price	: The issue price of RM0.45 for each Issue Share
Issue Share(s)	: 39,591,000 new HLT Global Shares, representing approximately 15% of the enlarged issued and paid-up share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of the Prospectus

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A**HLT GLOBAL BERHAD AND ITS SUBSIDIARY****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2016****1. ABBREVIATION (CONT'D)**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (Cont'd):-

MITI	: Ministry of International Trade and Industry
NA	: Net assets
N/A	: Not applicable
Prospectus	: The Prospectus relation to the IPO
Public Issue	: Public issue of 39,591,000 new HLT Global Shares at the Issue Price comprising:-
	(a) 13,199,000 new HLT Global Shares made available for application by the Malaysian Public; and
	(b) 26,392,000 new HLT Global Shares made available for application by the Bumiputera investors approved by the MITI via private placement.
RM and sen	: Ringgit Malaysia and sen, respectively the lawful currency of Malaysia
Vendors	: Collectively, Chan Yoke Chun and Wong Kok Wah in relation to the Acquisition of HL Advance

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

APPENDIX A

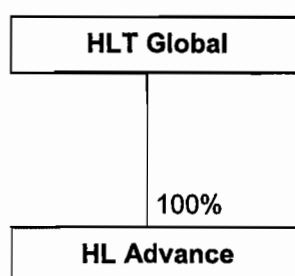
HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

2. PRO FORMA GROUP AND BASIS OF PREPARATION

2.1 Pro forma Group

The pro forma structure of HLT Global Group is as follows:-



2.2 Basis of Preparation

The Pro Forma Consolidated Statements of Financial Position have been prepared on the basis stated in the notes described below using the audited financial statements of HLT Global and HL Advance as at 31 July 2016 prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the accounting policies of HLT Global and HL Advance except for the adoption of the new accounting policies for the FPE 2016 as follows:-

(a) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

2.2 Basis of Preparation (Cont'd)

(a) Merger Accounting for Common Control Business Combinations (Cont'd)

When the merger method is used, the cost of investment in the Company's accounts is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in the equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets and liabilities of the former subsidiary and any non-controlling interests.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

APPENDIX A**HLT GLOBAL BERHAD AND ITS SUBSIDIARY****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016****2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)****2.2 Basis of Preparation (Cont'd)****(d) Loss of Control (Cont'd)**

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The financial statements of HLT Global and HL Advance for the FPE 2016 were not subject to any audit qualification or modification. All amounts are presented in RM.

The Pro Forma Consolidated Statements of Financial Position is compiled using the audited financial statements prepared in accordance with MFRSs as well as in a manner consistent with both the format of the audited financial statements and accounting policies of HLT Global and HL Advance for the FPE 2016.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

2.2 Basis of Preparation (Cont'd)

The results of HLT Global and HL Advance were consolidated using the merger method as these companies were under common control by the same parties both before and after the Acquisition of HL Advance, and control is not transitory. When the merger method is used, the difference between the cost of investments recorded by HLT Global and the nominal value of the shares acquired in HL Advance is accounted for as merger deficit in the Pro Forma Consolidated Statements of Financial Position, as follows:-

	RM'000
Cost of investments	22,433
Less: Nominal value of shares acquired in HL Advance	(400)
Merger deficit	22,033

The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of the IPO and inter-related transactions, had they been implemented and completed on 31 July 2016, for inclusion in the prospectus of HLT Global in connection with the Proposal.

The Pro Forma Consolidated Statements of Financial Position, because of its nature, may not be reflective of HLT Global Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of HLT Global Group.

2.3 The Acquisition and Listing Scheme

HLT Global Group seeks a listing on the ACE Market of Bursa Securities. The details of the acquisition and listing scheme are as follows:-

(i) Acquisition of HL Advance

On 28 December 2015, HLT Global entered into a conditional Share Sale Agreement with the Vendors of HL Advance to acquire the entire issued and paid-up share capital of HL Advance of RM400,000 comprising 400,000 ordinary shares of RM1.00 each for a purchase consideration of RM22,432,990 which will be wholly satisfied by the issuance of 224,329,900 new Shares at an issue price of RM0.10 per Share.

The purchase consideration of HL Advance of RM22,432,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the NA position of HL Advance as at 31 July 2015 of RM22,434,029. The purchase consideration represents a price to book ratio of approximately 1.0 time. The Acquisition of HL Advance was completed on 20 October 2016 and HL Advance became a wholly-owned subsidiary of the Company.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

2.3 The Acquisition and Listing Scheme (Cont'd)

(ii) Listing Scheme of HLT Global

Public issue of 39,591,000 new HLT Global Shares at the Issue Price comprising:-

- (a) 13,199,000 new HLT Global Shares made available for application by the Malaysian Public; and
- (b) 26,392,000 new HLT Global Shares made available for application by the Bumiputera investors approved by the MITI via private placement.

Offer for sale by the Vendors of 34,309,000 HLT Global Shares ("Offer Shares") at the Issue Price comprising:-

- (a) 2,000,000 Offer Shares made available for application by the eligible Directors and employees of the HLT Global Group; and
- (b) 32,309,000 Offer Shares made available for selected investors via private placement.

The offer for sale will not have any financial impact to the Pro Forma Consolidated Statements of Financial Position.

(iii) ESOS

Granting of 2,000,000 ESOS options to eligible Directors and employees under the 1st Tranche ESOS Options with an exercise price of RM0.45 each.

(iv) Listing on Bursa Securities

The admission of HLT Global to the official list of Bursa Securities, and the entire enlarged issued and paid-up share capital of HLT Global of RM26,392,100 comprising 263,921,000 HLT Global Shares shall be listed and quoted on the ACE Market of Bursa Securities upon completion of the IPO.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF HLT GLOBAL GROUP AS AT 31 JULY 2016

	As at 31 July 2016 RM'000	Acquisition of HL Advance		Pro Forma I After Acquisition of HL Advance RM'000	Pro Forma I After Pro Forma I and Public Issue RM'000	Granting of 1st Tranche ESOS Options RM'000	Pro Forma III After Pro Forma II and Granting of 1st Tranche ESOS Options RM'000	Utilisation of Proceeds RM'000	Pro Forma IV After Pro Forma III and Utilisation of Proceeds RM'000	Full Exercise of 1st Tranche ESOS Options RM'000	Pro Forma V After Pro Forma IV and Full Exercise of 1st Tranche ESOS Options RM'000
		Statement of Financial Position of HL Advance RM'000	Acquisition Adjustments RM'000								
ASSETS											
NON-CURRENT ASSET											
Property, plant and equipment	-	6,062		6,062	6,062		6,062	10,500	16,562		16,562
TOTAL NON-CURRENT ASSET	-	6,062		6,062	6,062		6,062	10,500	16,562		16,562
CURRENT ASSETS											
Inventories	-	4,242		4,242	4,242		4,242		4,242		4,242
Amount owing by contract customers	-	19,441		19,441	19,441		19,441		19,441		19,441
Trade receivables	-	16,478		16,478	16,478		16,478		16,478		16,478
Other receivables, deposits and prepayments	-	1,024		2,250	2,250		2,250		2,250		2,250
Amount owing by HLT Global	1,226	896	(896)	-	-		-		-		-
Tax recoverable	-	169		169	169		169		169		169
Fixed deposit with licensed banks	-	5,283		5,283	5,283		5,283		5,283		5,283
Cash and bank balances	-	14,170		14,170	31,986		31,986	(12,900)	19,086	900	19,986
TOTAL CURRENT ASSETS	1,226	61,703		62,033	79,849		79,849		66,949		67,849
TOTAL ASSETS	1,226	67,765		68,095	85,911		85,911		83,511		84,411

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF HLT GLOBAL GROUP AS AT 31 JULY 2016 (CONT'D)

	Acquisition of HL Advance		Pro Forma I After Acquisition of HL Advance	Public Issue	Pro Forma II After Pro Forma I and Public Issue	Granting of 1st Tranche ESOS Options	Pro Forma III After Pro Forma II and Granting of 1st Tranche ESOS Options	Utilisation of Proceeds	Pro Forma IV After Pro Forma III and Utilisation of Proceeds	Full Exercise of 1st Tranche ESOS Options	Pro Forma V After Pro Forma IV and Full Exercise of 1st Tranche ESOS Options
	As at 31 July 2016	Statement of Financial Position of HL Advance	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES											
EQUITY											
Share capital	*	400	22,033	3,959	26,392		26,392		26,392	200	26,592
Share premium	-			13,857	13,857		13,857	(792)	13,065	1,005	14,070
Share option reserve	-					305	305		305	(305)	-
Merger deficit	-				(22,033)	(22,033)	(22,033)		(22,033)		(22,033)
Retained profits	(61)	35,138	(22,033)	35,077	35,077	(305)	34,772	(1,608)	33,164		33,164
TOTAL EQUITY	(61)	35,538		35,477	53,293		53,293		50,893		51,793
NON-CURRENT LIABILITY											
Term loans	-	1,349		1,349	1,349		1,349		1,349		1,349
TOTAL NON-CURRENT LIABILITIES	-	1,349		1,349	1,349		1,349		1,349		1,349
CURRENT LIABILITIES											
Amount owing to contract customers	-	7,874		7,874	7,874		7,874		7,874		7,874
Trade payables	-	22,440		22,440	22,440		22,440		22,440		22,440
Other payables and accruals	391	488		879	879		879		879		879
Amount owing to HL Advance	896	-	(996)	-	-		-		-		-
Term loan	-	76		76	76		76		76		76
TOTAL CURRENT LIABILITIES	1,287	30,878		31,269	31,269		31,269		31,269		31,269
TOTAL LIABILITIES	1,287	32,227		32,618	32,618		32,618		32,618		32,618
TOTAL EQUITY AND LIABILITIES	1,226	67,765		66,095	85,911		85,911		83,511		84,411
No. of ordinary shares in issue ('000)	^A		224,330		263,921		263,921		263,921		265,921
NA (RM'000)	(61)		35,477		53,293		53,293		50,893		51,793
NA per share (RM)	(610)		0.16		0.20		0.20		0.19		0.19

* - Represent RM10

A - Represent 100 Shares

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

3.1 Pro Forma I

Pro Forma I incorporates the effects of the Acquisition of HL Advance as set out in Section 2.3(i) above.

3.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and effect of the Public Issue as set out in Section 2.3(ii) above.

3.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma I, II and effect of the ESOS as set out in Section 2.3(iii) above.

3.4 Pro Forma IV

Pro Forma IV incorporates the effects of Pro Forma I, II, III and the utilisation of the proceeds from the Public Issue.

The proceeds from the Public Issue will be utilised as follows:-

	RM'000	%	Estimated time frame for utilisation from the listing date
Capital expenditure	9,000	50.52	Within 24 months
Research and development ^	1,500	8.42	Within 18 months
Working capital	4,916	27.59	Within 6 months
Estimated listing expenses *	2,400	13.47	Immediate
	<u>17,816</u>	<u>100.00</u>	

Note:

- ^ - The RM1.50 million allocated for research and development is earmarked for the investment in related equipment and software including, inter-alia, simulation software, infrared thermometer, optic system and thermal oil flow meter.
- * - The estimated listing expenses arising from the issuance of new HLT Global Shares pursuant to the IPO amounting to approximately RM792,000 is to be written off against the share premium under Section 60 of the Companies Act 1965, Malaysia and the remaining estimated listing expenses of approximately RM1,608,000 will be expensed off to profit or loss and this represents a one-off expenditure in conjunction with the IPO.

3.5 Pro Forma V

Pro Forma V incorporates the effects of Pro Forma I, II, III, IV and effect of the full exercise of 1st Tranche ESOS Options.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **22 NOV 2016**

On behalf of the Board of Directors,



Chan Yoke Chun



Wong Kok Wah

14. DIRECTORS' REPORT



HLT GLOBAL BERHAD (1163324-H)

No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor Darul Ehsan, Malaysia

Tel : 03-8068 3616, 03-8062 3612, 03-8063 2612 Fax : 03-8068 4618

Email : enquiry@hladvance.com

Registered Office:

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Damansara Utama

47400 Petaling Jaya

Selangor Darul Ehsan

Date: **09 DEC 2016**

To: The Shareholders of **HLT Global Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of HLT Global Berhad ("**HLT Global**" or the "**Company**"), I report, after due inquiry, that during the period from 31 July 2016 (being the date to which the last audited financial statements of HLT Global and its subsidiary have been made up) to the date of this letter (being a date not earlier than 14 days before the issue of this Prospectus):-

- (a) in the opinion of the Directors, the business of the Company and its subsidiary (the "**Group**") has been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of HLT Global and its subsidiary which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the Group;
- (e) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings, since the last audited financial statements of HLT Global and its subsidiary; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited financial statements of HLT Global and its subsidiary.

Yours faithfully,

For and on behalf of the Board of Directors of
HLT GLOBAL BERHAD

CHAN YOKE CHUN

Executive Director / Chief Executive Officer

15. ESOS BY-LAWS**HLT GLOBAL BERHAD
BY-LAWS OF THE ESOS****1. DEFINITIONS AND INTERPRETATIONS**

1.1 In these By-Laws, unless otherwise specified, the following definitions shall, where the context so admits, be deemed to have the following meanings:

“Act”	: Companies Act, 1965 as amended from time to time
“Adviser”	: A person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007 to act as a Principal Adviser as defined in the Securities Commission’s Principal Adviser Guidelines
“Articles”	: Articles of Association of the Company, as amended from time to time
“Auditor”	: An approved company auditor as defined in Section 8 of the Act, of the Company for the time being or such other external auditors as may be nominated by the Board
“Board”	: The Board of Directors of the Company for the time being
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“By-Laws”	: The terms and conditions of the Scheme (as may be amended from time to time and to be adopted pursuant to By-Law 17)
“CDS”	: A Central Depository System governed under the Central Depositories Act, as amended from time to time
“CDS Account”	: An account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
“Central Depositories Act”	: Securities Industry (Central Depositories) Act, 1991, as amended from time to time
“Date of Allocation”	: A date to be determined by the ESOS Committee to be the date on which an Employee is deemed eligible to participate in the Scheme
“Date of Commencement”	: The date of commencement of the Scheme being the date of full compliance with all relevant requirements as stated in By-Law 20
“Date of Expiry”	: The last day of an Option Period
“Date of Offer”	: The date of the Offer Letter, as described in By-Law 5.3, being the date on which a Selected Person is deemed to have been notified of an Offer by the ESOS Committee
“Director”	: A natural person who holds a directorship in an executive or non-executive capacity in the Group;
“Duration of the Scheme”	: The duration of the Scheme as defined in By-Law 20 and includes any extension or renewal thereof
“Eligible Person”	: Any Employee or Director of HLT Global Group satisfying the conditions stipulated in By-Law 3
“Employee”	: Any person who is employed by any corporation of the Group and is on the payroll of the Group

15. ESOS BY-LAWS (Cont'd)

“Entitlement Date”	:	The date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or other distributions
“ESOS Committee”	:	The committee comprising such persons as may be appointed and duly authorised by the Board, to administer the Scheme in accordance with the provisions of By-Law 16
“Grantee”	:	A Selected Person who has accepted the Offer in accordance with the provisions of By-Law 6
“HLT Global” or “Company”	:	HLT Global Berhad (Company No.: 1163324-H)
“HLT Global Group” or “Group”	:	The Company and its subsidiaries incorporated in Malaysia as defined in Section 5 of the Act (excluding subsidiaries which are dormant) and any subsidiary incorporated or acquired at any time during the tenure of the Scheme and where the context so requires, any one of them
“IPO”	:	Initial public offering of the Shares
“IPO ESOS Grant”	:	An Option which is granted as part of the listing proposal of HLT Global prior to the consummation of the IPO, on terms that the exercise of the said Option is conditional upon consummation of the listing of and quotation for the entire issued and paid-up share capital of HLT Global on the ACE Market of Bursa Securities
“Listing Requirements”		ACE Market Listing Requirements of Bursa Securities including any amendments which may be made from time to time
“Market Day”	:	Any day between Monday and Friday, both days inclusive, which is a trading day on Bursa Securities
“Maximum Allowable Allotment”	:	The maximum aggregate number of new Shares in respect of which Offers may be made in accordance with the provisions of By-Law 4 to a Selected Person to participate in the Scheme
“Offer”	:	An offer made by the ESOS Committee as set out in By-Law 5 to a Selected Person
“Option”	:	The right of a Grantee to subscribe for new Shares at the Subscription Price and where the context so requires, means any part of the Option as shall remain unexercised
“Option Period”	:	The period during which an Option may be exercised as may be specified in the Offer
“Persons Connected”	:	Has the same meaning as that assigned to “Person Connected” in paragraph 1.01 of the Listing Requirements
“Rules of Bursa Depository”	:	The rules of Bursa Depository, as issued pursuant to the Central Depositories Act
“Scheme”	:	HLT Global Group Employee Share Option Scheme established by the By-Laws hereto for the grant of Options to Selected Person to subscribe for new Shares
“Selected Person”	:	An Eligible Person to whom an Offer is being made pursuant to By-Law 5
“Share(s)” or “HLT Global Share(s)”	:	Ordinary share(s) of RM0.10 each in the Company

15. ESOS BY-LAWS (Cont'd)

“Subscription Price” : The price at which the Grantee shall be entitled to subscribe for a new Share as set out in By-Law 7

1.2 In these By-Laws-

- (a) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and any Listing Requirements, policies and/or guidelines of Bursa Securities and/or other relevant authorities respectively (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or other relevant authorities);
- (b) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the Date of Expiry and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) words importing the singular meaning where the context so admits include the plural meaning and vice versa;
- (d) words of the masculine gender include the feminine gender and all such words shall be construed interchangeably in that manner;
- (e) any liberty or power which may be exercised or any determination which may be made hereunder by the Board or the ESOS Committee may be exercised at the Board's or ESOS Committee's discretion;
- (f) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and
- (g) headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws.

2. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 2.1 The maximum number of new Shares which may be made available under the Scheme shall be up to ten percent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) at the point in time when an Offer is made. The Company will for the Duration of the Scheme make available sufficient number of new Shares in the unissued share capital of the Company to satisfy all subsisting Options which may be exercisable from time to time.
- 2.2 Notwithstanding the provisions of By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of ten percent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) as a result of the Company purchasing its own Shares in accordance with the provisions of Section 67A of the Act or any other corporate proposal and thereby diminishing its issued and paid-up share capital, then such Options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable in accordance with the provisions of the Scheme. However in such a situation, the Company shall not make any more new Offers until the total number of Shares under the subsisting Options including Shares that have been issued under the Scheme falls below ten percent (10%) of the Company's issued and paid-up share capital (excluding treasury shares).

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15. ESOS BY-LAWS (Cont'd)**3. ELIGIBILITY**

- 3.1 Any Employee or Director of the HLT Global Group shall be eligible to participate in the Scheme and qualify for selection by the ESOS Committee, if, as at the Date of Allocation (where applicable):-
- (a) such Employee or Director has attained the age of eighteen (18) years;
 - (b) such Employee or Director has been employed on a full time basis and is on the payroll of any corporation within the HLT Global Group and his employment has been confirmed; or
 - (c) such Employee is serving in a specific designation under an employment contract for a fixed duration of at least six (6) months, including service during the probation period;
 - (d) such Director has been appointed as a Director for a period of at least six (6) months;
 - (e) such Employee or Director is not a participant of any other employee share option scheme implemented by any company within the HLT Global Group which is in force for the time being; and
 - (f) in the case of a Director or Employee (who is the chief executive or a major shareholder of HLT Global) and Persons Connected with them, the specific allocation of new Shares to such Director, Employee or Persons Connected with them under the Scheme has been approved by the shareholders of HLT Global at a general meeting PROVIDED ALWAYS THAT the Director, Employee and Person Connected to them shall not have voted on the resolution approving the said allocation.
- 3.2 Eligibility, however, does not confer on an Eligible Person a claim or right to participate in the Scheme unless the ESOS Committee has made an offer to the Eligible Person under By-Law 5 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Scheme.
- 3.3 No Director or senior management shall participate in the deliberation and discussion of their own respective allocations.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT OF SHARES

- 4.1 Subject to any adjustments which may be made under By-Law 14, the aggregate number of Shares comprised in the Options to be offered to a Selected Person in accordance with the Scheme shall be determined at the discretion of the ESOS Committee after taking into consideration the Selected Person's performance, position, seniority and the number of years in service subject to the following:
- (a) that the number of Options made available under the Scheme shall not exceed the amount stipulated in By-Law 2.1; and
 - (b) that not more than ten percent (10%) of the Shares available under the Scheme at the point in time when an Offer is made be granted to any individual Selected Person who, either singly or collectively through Persons Connected with him, holds twenty per cent (20%) or more in the issued and paid-up share capital (excluding treasury shares) of the Company.
- 4.2 At the time the Offer is made in accordance with By-Law 5, the ESOS Committee shall set out the basis of allocation, identifying the category or grade of the Employee and the Maximum Allowable Allotment for the Eligible Person.
- 4.3 Any Selected Person who holds more than one position within the Group and by holding such positions such Selected Person is in more than one category, such Selected Person shall only be entitled to the Maximum Allowable Allotment of any one category. The ESOS Committee shall be entitled at its discretion to determine the applicable category.

15. ESOS BY-LAWS (Cont'd)

- 4.4 In the event that a Selected Person is promoted, the Maximum Allowable Allotment corresponding to the category of Employee which such Selected Person falls within as at the Date of Allocation shall apply, subject always to the maximum number of Shares as stipulated under By-Law 2.1.

5. OFFER

- 5.1 Subject to and in accordance with the provisions of these By-Laws, the ESOS Committee may at its discretion at any time from the Date of Commencement offer Options to a Selected Person based on the basis of allotment as set forth in By-Law 4.
- 5.2 The actual number of new Shares which may be offered to a Selected Person shall be at the discretion of the ESOS Committee but shall not be more than the Maximum Allowable Allotment as set out in By-Law 4.
- 5.3 The ESOS Committee will in its offer document ("Offer Letter") to a Selected Person state, inter alia, the number of Shares that can be subscribed under the Offer, the Subscription Price determined in accordance with the provisions of By-Law 7, the closing date for acceptance of the Offer and the manner and conditions of exercise of the Options. The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Selected Person or the Selected Person ceasing to be an Eligible Person for any reason whatsoever prior to the acceptance of the Offer by the Selected Person in the manner set out in By-Law 6 hereof.
- 5.4 Nothing herein shall prevent the ESOS Committee from making more than one Offer during the Duration of the Scheme to a Selected Person Provided Always that the total aggregate number of Options offered to any Selected Person including Options which have been exercised, if any, shall not exceed the Maximum Allowable Allotment.
- 5.5 The Company shall keep and maintain at its expense a register of Grantees as required under section 68A of the Act.
- 5.6 The Company shall, on the date of the Offer, announce the following to Bursa Securities upon the Options offered under the Scheme:
- (a) date of offer;
 - (b) subscription price of options offered;
 - (c) number of options offered;
 - (d) market price of its securities on the date of the offer;
 - (e) number of options offered to each director, if any; and
 - (f) vesting period of the options offered.
- 5.7 Offers with respect of Options granted under the IPO ESOS Grant shall be made prior to the consummation of the IPO and on terms that exercise of the said Options are conditional upon consummation of the listing of and quotation for the entire issued and paid-up share capital of HLT Global on the ACE Market of Bursa Securities. Offers in relation to Options not comprising of the IPO ESOS Grant may thereafter be made from time to time as the Board may determine in its discretion.

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15. ESOS BY-LAWS (Cont'd)

6. ACCEPTANCE OF OFFER

- 6.1 An Offer made by the ESOS Committee under By-Law 5 shall be valid for a period of twenty one (21) calendar days from the Date of Offer or such longer period as may be determined by the ESOS Committee and may be accepted within this prescribed period by the Selected Person to whom the Offer is made by a notice (in a format to be prescribed by the ESOS Committee) to the ESOS Committee of such acceptance accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) as consideration for the grant of the Option.
- 6.2 If the Offer is not accepted in the manner aforesaid within the prescribed period of twenty one (21) calendar days from the Date of Offer or such longer period as may be determined by the ESOS Committee, such Offer shall upon the expiry of the said prescribed period, automatically lapse and be null and void and be of no further force and effect, and the new Shares comprised in the Options may at the discretion of the ESOS Committee be re-offered to Eligible Persons.

7. SUBSCRIPTION PRICE

The price at which the Grantee is entitled to subscribe for each new Share:

- (a) In respect of a Share subscribed for upon an exercise of an Option which is part of the IPO ESOS Grant, shall be the initial public offering price; and
- (b) In respect of a Share which is not granted as part of the IPO ESOS Grant, shall be determined by the ESOS Committee based on the five (5) day weighted average market price of Shares immediately preceding the Date of Offer of the Option, with a potential discount of not more than ten percent (10%) in accordance with any prevailing guideline issued by Bursa Securities or any other relevant authorities as may be amended from time to time, or at the par value of HLT Global Shares (or such other par value as may be permitted by the Act), whichever is higher. The Subscription Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees.

8. NON-ASSIGNABLE

An Option is personal to the Grantee. Save and except as provided in By-Law 18.4, an Option shall be non-assignable and non-transferable.

9. EXERCISE OF OPTION

- 9.1 An Option granted to a Grantee under the Scheme, subject to the provisions of By-Law 18, is exercisable by that Grantee during his lifetime within the Option Period. All unexercised Options shall become null and void after the Date of Expiry.
- 9.2 Upon acceptance of an Offer, the Grantee may during the Option Period exercise his Options at such time and in such manner and subject to such conditions as stipulated in the Offer Letter.
- 9.3 The Grantee shall notify the Company of his intention to exercise an Option in such form and manner as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"). The Grantee shall, simultaneously with his exercise of the Option (or within such period as the ESOS Committee may prescribe), forward to the Company a remittance for the full amount of the subscription monies for the new Shares in respect of which the Notice of Exercise is given. An Option may be exercised in such manner and subject to such conditions as stipulated in the Offer Letter in respect of such lesser number of new Shares as the Grantee may decide to exercise. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of any new Shares, if any, which he is entitled to subscribe under the Scheme.

15. ESOS BY-LAWS (Cont'd)

- 9.4 The Grantee shall provide all information as required in the Notice of Exercise and the Company shall within eight (8) Market Days or such period as Bursa Securities may prescribe after the receipt of a valid Notice of Exercise and remittance from the Grantee allot and despatch the notice of allotment for the relevant number of Shares to the Grantee upon and subject to the provisions of the Articles, the Central Depositories Act and the Rules of Bursa Depository. No physical share certificates will be delivered to the Grantee.
- 9.5 Any failure to comply with the foregoing provisions and/or to provide all information as required in the Notice of Exercise or inaccuracy in the information provided shall result in the Notice of Exercise being rejected. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within fourteen (14) calendar days from the date of rejection and the Grantee shall then be deemed not to have exercised his Options.
- 9.6 Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right at its discretion by notice to that effect-
- (a) to suspend the right of any Grantee who is found to have contravened the written policies and guidelines of the Group and/or the terms and conditions of the Grantee's employment (whether or not such contravention may give rise to a disciplinary proceeding being instituted) to exercise his Option. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of his Option having regard to the nature of the contravention Provided Always that in the event such contravention results in the dismissal or termination of service of such Grantee, the Option shall immediately cease and become null and void without notice, upon pronouncement of the dismissal or termination of service of such Grantee;
- OR
- (b) to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his Option pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of his Option having regard to the nature of the charges made or brought against such Grantee, Provided Always that-
 - (i) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his Option; or
 - (ii) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately cease and become null and void without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
 - (iii) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such terms and conditions as it deems appropriate, on such exercise.
- 9.7 Each Option shall be subject to the condition that no new Shares shall be issued to the Grantee pursuant to the exercise of the Option if such issue shall be contrary to any laws, rules and/or regulations of any regulatory body or authorities which may be in force during the Option Period.

10. RIGHTS OF A GRANTEE

- 10.1 The Options shall not carry any right to vote at any general meeting of the Company.

15. ESOS BY-LAWS (Cont'd)

- 10.2 A Grantee shall not be entitled to any dividends, right or other entitlement on his unexercised Options.

11. RIGHTS ATTACHING TO NEW SHARES

- 11.1 The new Shares to be allotted and issued upon any exercise of the Options will upon such allotment and issuance, rank pari passu in all respects with the then issued and fully paid-up Shares except that the new Shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions, the Entitlement Date of which is a date prior to the date of allotment of the new Shares and will be subject to all the provisions of the Articles relating to transfer, transmission and otherwise of the Shares.
- 11.2 The new Shares allotted and credited into the CDS account would also carry rights to vote at any general meeting of the Company provided that the shareholder is registered on the Entitlement Date to determine the rights to attend and vote at the general meeting.

12. RETENTION PERIOD

- 12.1 A non-executive director must not sell, transfer or assign the Shares obtained through the exercise of the Options offered to him pursuant to the ESOS within one (1) year from the date of offer of such Options.
- 12.2 Save and except for By-Law 12.1 above, the new Shares to be issued and allotted to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer. However, the Grantees are encouraged to hold the Shares as a long-term investment and not for any speculative and/or realisation of immediate gain.

13. TAKEOVER AND COMPULSORY ACQUISITION

In the event of:

- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("Offeror") or any persons acting in concert with the Offeror); or
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date,

the ESOS Committee may at its discretion to the extent permitted by law allow the exercise of any unexercised Options (or any part thereof) by the Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that-

- (aa) the date on which the Grantee becomes entitled to exercise the Options or any part thereof is not due or has not occurred; and/or
- (bb) the Option Period has not commenced; and/or
- (cc) other terms and conditions set out in the Offer have not been fulfilled/satisfied.

14. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

- 14.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, subdivision or consolidation of shares or capital reduction or any other variation of capital-

15. ESOS BY-LAWS (Cont'd)

- (a) the number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option (excluding Options already exercised) ("**Option Shares**"); and/or
- (b) the Subscription Price,

shall be adjusted PROVIDED ALWAYS THAT-

- (i) no adjustment to the Subscription Price shall be made which would result in the new Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such adjustments would but for this provision have so resulted, the Subscription Price payable shall be the par value of the new Shares;
- (ii) on any such adjustment, the resultant Subscription Price, if not an integral multiple of one (1) sen, shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of a larger par value) involve an increase in the Subscription Price or reduce the number of Option Shares that a Grantee is already entitled to;
- (iii) upon any adjustment being made pursuant to these By-Laws, the ESOS Committee shall within thirty (30) days of the effective date of the alteration in the capital structure of the Company notify the Grantee (or his legal or personal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of Option Shares;
- (iv) in determining a Grantee's entitlement to the revised number of Option Shares, any fractional entitlement will be disregarded; and
- (v) if fraction arises upon calculation of the adjusted number of Option Shares, the adjusted number so calculated shall be rounded down to the nearest whole number.

Any adjustments to the Subscription Price and/or the number of Option Shares so far as unexercised other than bonus issue, must be confirmed in writing by the external auditors of the Company or the Company's Adviser.

Should there be other circumstances which give rise to a consideration for adjustments to the Subscription Price or the number of Option Shares in favour of all Grantees, but it is decided that no adjustments will be made, such decision must be made known to all the Grantees via a timely notice subject to compliance with the Listing Requirements.

14.2 In addition to By-Law 14.1 and not in derogation thereof, the Subscription Price and the number of Option Shares so far as unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with an Auditor and/or Adviser of the Company-

- (a) if and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted and the additional number of Option Shares to be issued shall be calculated in accordance with the following formula:

$$\text{New Subscription Price} = S \times \left[\frac{\text{Revised par value for each Share}}{\text{Original par value for each Share}} \right]$$

Where S = existing Subscription Price

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15. ESOS BY-LAWS (Cont'd)

$$\text{Number of Additional Option Shares} = T \times \left[\frac{\text{Original par value for each Share}}{\text{Revised par value for each Share}} \right] - T$$

Where T = existing number of Option Shares

Each such adjustment will be effective from the commencement of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities at the new par value) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of new Shares to ordinary shareholders credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the additional number of Option Shares to be issued shall be calculated as follows:

$$\text{Number of Additional Option Shares} = \left[T \times \left[\frac{A + B}{A} \right] \right] - T$$

where:

- A = the aggregate number of issued and fully paid-up Shares on the Entitlement Date immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = existing number of Option Shares.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the Entitlement Date for such issue.

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets); or
 - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe new Shares by way of rights; or
 - (iii) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares,

15. ESOS BY-LAWS (Cont'd)

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 14.2(c)(ii) hereof, the number of additional new Option Shares to be issued shall be calculated as follows:

$$\text{Number of Additional Option Shares} = \left[T \times \left[\frac{C}{C - D^*} \right] \right] - T$$

where:

- T = existing number of Option Shares;
- C = the current market price of each Share at the close of business on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (falling any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares by way of rights under By-Law 14.2(c)(ii) above or for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares under By-Law 14.2(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 14.2(c) hereof, the fair market value, as determined by an Auditor and/or Adviser of the Company, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (aa) of D above, the “value of the rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

- C = as C above;
- E = the subscription price for one (1) additional Share under the terms of such offer or invitation or subscription price for one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation;

15. ESOS BY-LAWS (Cont'd)

F = the number of existing Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into or rights to acquire or subscribe for one (1) additional Share; and

D* = the value of rights attributable to one (1) Share (as defined below).

For the purpose of definition D* above, the “value of rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:

C = as C above;

E* = the subscription price for one (1) additional Share under the terms of such offer or invitation; and

F* = the number of existing Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of this By-Law 14.2(c) hereof, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (other than an issue falling under By-Law 14.2(b) hereof) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend charged or provided for in the audited financial statements of the Company for any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders for any period after as shown in the audited financial statements of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the Entitlement Date for the above transactions.

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.2(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.2(c)(ii) or (iii) above and the Entitlement Date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.2(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.2(c)(ii) above and the Entitlement Date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the number of additional Options Shares to be issued shall be calculated as follows:

$$\text{Number of Additional Option Shares} = \left[T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] \right] - T$$

15. ESOS BY-LAWS (Cont'd)

B	=	as B above; and
C	=	as C above;
G	=	the aggregate number of issued and fully paid-up Shares on the book closure date;
H	=	the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
H*	=	the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
I	=	the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the subscription price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;
I*	=	the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
T	=	as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the book closure date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.2(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares as provided in By-Law 14.2(c)(iii) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional Option Shares to be issued shall be calculated as follows:

$$\text{Number of Additional Shares} = \left[T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] \right] - T$$

where:

C	=	as C above;
G	=	as G above;
H	=	as H above;
H*	=	as H* above;
I	=	as I above;
I*	=	as I* above;

15. ESOS BY-LAWS (Cont'd)

- J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;
- K = the subscription price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and
- T = as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the book closure date for the above transactions.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.2(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.2(c)(ii) above, together with securities convertible into Shares or with rights to acquire or subscribe for Shares as provided in By-Law 14.2(c)(iii) above, and the Entitlement Date for the purpose of the allotment is also the book closure for the purpose of offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional Option Shares to be issued shall be calculated as follows:

$$\text{Number of Additional Option Shares} = \left[T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] \right] - T$$

- B = as B above;
- C = as C above;
- G = as G above;
- H = as H above;
- H* = as H* above;
- I = as I above;
- I* = as I* above;
- J = as J above;
- K = as K above; and
- T = as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the book closure date for the above transaction.

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15. ESOS BY-LAWS (Cont'd)

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 14.2(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

where:

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purposes of By-Law 14.2(g), the “Total Effective Consideration”, which shall be determined by the Board with the concurrence of an auditor and/or Adviser of the Company, shall be:

- (a) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (b) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “Total Effective Consideration per Share” shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 14.2(g), the Average Price of a Share shall be the average market price of one (1) Share as derived from the last dealt prices for one (1) or more board lots of the Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

15. ESOS BY-LAWS (Cont'd)

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately following the date on which the Company determines the offering price of such Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

14.3 The provisions of this By-Law shall not apply where the alteration in the capital structure of the Company arises from:

- (a) the issue of securities as consideration for an acquisition;
- (b) a special issue of new Shares to Bumiputera parties approved by the Ministry of International Trade and Industry, Malaysia and/or other Government authorities to comply with the Government policy on Bumiputera capital participation;
- (c) a special issue, private placement or restricted issue of new Shares by the Company;
- (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to the relevant provision of the Act;
- (e) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
- (f) an issue of new Shares upon the exercise of Options pursuant to the Scheme;
- (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including Directors, or Employees of the Company or any of its subsidiaries pursuant to purchase or option schemes approved by the Shareholders in general meeting; and
- (h) any issue of Shares by the Company (other than bonus and rights issue) pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding issued and paid-up share capital of the Company pursuant to the provision of Section 132D of the Act.

14.4 Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his legal or personal representatives where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto.

14.5 The decision of the ESOS Committee as to whether any adjustment shall be made or not made to the Subscription Price and/or the number of new Option Shares or any portion thereof pursuant to this By-Law 14 is final, binding and conclusive.

15. LISTING AND QUOTATION OF SHARES

15.1 The new Shares to be allotted to the Grantee will not be listed or quoted on Bursa Securities until the Option is exercised in accordance with the provisions of By-Law 9 whereupon the Company shall-

- (a) issue and/or allot the Shares;
- (b) despatch a notice of allotment to the Grantee; and
- (c) apply for the quotation of such Shares;

within eight (8) Market Days after the receipt of the Notice of Exercise and remittance from the Grantee.

15. ESOS BY-LAWS (Cont'd)

- 15.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the Shares or in procuring the Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

16. ADMINISTRATION OF THE SCHEME

- 16.1 The ESOS Committee shall administer the Scheme in such manner as it shall in its discretion deem fit and within such powers and duties as are conferred upon it by the Board including but not limited to the powers to-
- (a) subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
 - (b) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 16.2 The Board shall have power from time to time to rescind the appointment of any person in the ESOS Committee and appoint his replacement where the Board deems fit. The ESOS Committee shall be vested such powers and duties as are conferred upon by the Board.

17. AMENDMENT AND/OR MODIFICATION TO THE BY-LAWS

- 17.1 The ESOS Committee may recommend to the Board who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the By-Laws and the Board shall have the power by resolution to add, amend or modify and/or delete all or any of the By-Laws under such recommendation.
- 17.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to or deletions of these Bylaws **PROVIDED THAT** no addition, amendment or deletion shall be made to these Bylaws which would-
- (a) prejudice any rights which have accrued to any Grantee without his prior consent; or
 - (b) increase the number of new Shares available under the Scheme beyond the maximum imposed by By-Law 2.1; or
 - (c) alter any matter which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements to the advantage of the Eligible Employees without the prior approval of the shareholders of the Company unless allowed otherwise by the provisions of the Listing Requirements.
- The ESOS Committee shall within ten (10) Market Days of any modification and/or amendment made pursuant to this By-Law notify the Grantee in writing of any modification and/or amendment made pursuant to this By-Law.
- 17.3 Upon amending and/or modifying all or any of the provisions of the Scheme, the Company shall submit to the Bursa Securities no later than five (5) Market Days after the effective date of the amendment to the By-Laws, a letter confirming that the said amendment and/or modification complies with the Listing Requirements and Rules of Bursa Depository.

15. ESOS BY-LAWS (Cont'd)**18. TERMINATION OF OPTIONS**

18.1 In the event of cessation or termination of employment or appointment of a Grantee with the Group for whatever reason prior to the exercise of his Options or prior to full exercise of his Options, such Option shall cease immediately and become null and void on the date of such cessation or termination without any claim against the Company Provided Always That, subject to the approval of the ESOS Committee in its discretion, where the Grantee ceases his employment or appointment with the Group by reason of-

- (a) his retirement at or after attaining normal retirement age; or
- (b) retirement before that age; or
- (c) ill-health, injury or disability; or
- (d) redundancy; or
- (e) transfer to an associate of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standards Board); or
- (f) divestment of any company from the Group; and/or
- (g) any other reasons which are acceptable to the ESOS Committee,

a Grantee may exercise his unexercised Options for such period as may be determined by the ESOS Committee within the relevant Option Period Provided Always that such exercise shall always be subject to any restriction in the Offer Letter on the maximum percentage of the Grantee's Options that may be exercisable within each year of the Scheme (unless otherwise approved by the ESOS Committee). All unexercised or partially exercised Options of such Grantee shall become null and void after the expiry of such period.

18.2 If a Grantee ceases his employment or appointment with the Group by reason of his resignation, his remaining unexercised Options shall cease with immediate effect and become null and void on the effective date of such cessation. For the avoidance of any doubt, the date of acceptance of a Grantee's resignation by the Group shall be deemed to be the effective date when a Grantee ceases his employment or appointment with the Group.

18.3 An Option shall immediately become void and be of no further force and effect upon the Grantee being adjudicated a bankrupt.

18.4 In the event where a Grantee dies before the expiration of the Option Period and at the time of his death held unexercised Options, such unexercised Options may be exercised by the legal or personal representative(s) of the Grantee after the date of his death provided that such exercise shall be no later than twenty four (24) months thereafter unless otherwise approved by the ESOS Committee Provided Always that such exercise shall always be subject to any restriction in the Offer Letter on the maximum percentage of the Grantee's Options that may be exercisable within each year of the Scheme (unless otherwise approved by the ESOS Committee) and Provided Further That no Option shall be exercised after the expiry of the Option Period. All Options remaining unexercised thereafter shall automatically lapse and become null and void.

18.5 Any Option that has lapsed and become null and void pursuant to this By-Law 18 shall at the discretion of the ESOS Committee be re-allocated to other Eligible Person.

19. LIQUIDATION OF THE COMPANY

In the event of the liquidation of the Company, all unexercised or partially exercised Options shall cease and be null and void.

15. ESOS BY-LAWS (Cont'd)**20. DURATION OF THE SCHEME**

The scheme shall be in force for a period of five (5) years commencing from the effective date of the implementation of the Scheme, which shall be the date of full compliance with all relevant requirements including the following:

- (i) Submission of the final copy of the By-Laws to Bursa Securities pursuant to the Listing Requirements;
- (ii) Receipt of approval-in-principle for the issuance and listing of the Shares to be issued under the Scheme from Bursa Securities;
- (iii) Receipt of approval of any other relevant authorities, where applicable; and
- (iv) Fulfilment of all conditions attached to the above approvals, if any.

On or before the expiry of the Scheme, the Board shall have the absolute discretion, without having to obtain approval of the Company's shareholders, to extend the duration of the Scheme provided that the initial period of the Scheme and such extension of the Scheme made pursuant to this By-Law shall not in aggregate exceed the duration of ten (10) years from the Date of Commencement. In the event the Scheme is extended in accordance with this provision, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Scheme.

21. TERMINATION OF THE SCHEME

21.1 The Company may at any time during the duration of the Scheme terminate the Scheme and shall immediately announce to Bursa Securities the-

- (a) effective date of termination of the Scheme;
- (b) number of Options exercised or Shares vested; and
- (c) reasons for termination of the Scheme.

21.2 Notwithstanding the above, the Company may implement more than one (1) Scheme provided that the aggregate number of Shares available under all the Schemes implemented by the Company is not more than thirty percent (30%) of its issued and paid-up share capital (excluding treasury shares) at any one time or such lower or higher limit in accordance with any prevailing guideline issued by Bursa Securities or any other relevant authorities amended from time to time.

22. DISPUTES/DIFFERENCES

In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person and/or Selected Person as to any provisions contained in these By-Laws, the ESOS Committee shall determine such dispute or difference by a decision given to the Eligible Person and/or Selected Person. The said decision shall be final and binding on the parties unless the Eligible Person and/or Selected Person within fourteen (14) calendar days of the receipt thereof by a notice to the ESOS Committee, disputes the same in which case such dispute or difference shall be referred to the decision of the Adviser and/or Auditor (as selected by the ESOS Committee at its absolute discretion) (acting as experts and not as arbitrators) whose decision shall be final and binding in all respects.

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15. ESOS BY-LAWS (Cont'd)

23. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to preparation and/or operation of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of any Option shall be borne by the Company.

24. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

Notwithstanding the maximum percentage of the Grantee's Options that may be exercisable within each year of the Scheme as set out in the Offer Letter and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between HLT Global and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of HLT Global under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act, a Grantee may exercise in full or in part any Option to which the Grantee is entitled commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective. Provided Always That no Option shall be exercised after the expiry of the Option Period.

Upon the compromise or arrangement becoming effective, all Options remaining unexercised thereafter shall automatically lapse and become null and void.

25. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part of or constitute or shall not in any way be construed as a term or condition of employment of an Eligible Person.

26. COMPENSATION

26.1 Notwithstanding any provisions of these By-Laws,-

- (a) this Scheme shall not form part of any contract of employment between any company of the Group and any Employee or Director of the Group and the rights of any Grantee under the terms of his office and employment with the Company or any company of the Group shall not be affected by his participation in the Scheme or afford such Grantee any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Company or any company of the Group or any members of the ESOS Committee directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Group; and
- (c) a Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal, breach of contract or by way of compensation for loss of office.

26.2 No Grantee or his legal or personal representatives shall bring any claim, action or proceedings against the Company or the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 17.

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15. ESOS BY-LAWS (Cont'd)

27. ARTICLES OF ASSOCIATION OF THE COMPANY

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Articles, the provisions of the Articles shall at all times prevail.

28. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

29. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

30. GOVERNING LAW AND JURISDICTION

30.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Options in accordance with the By-Laws and terms of the Scheme, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

30.2 In order to facilitate the making of any Offer under this Scheme, the Board may provide for such special terms to the Eligible Person who are employed by any corporation in the Group in a particular jurisdiction as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect, unless this Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

31. INSPECTION OF THE AUDITED ACCOUNTS AND DISCLOSURES IN ANNUAL REPORT

31.1 All Grantees are entitled to inspect, during normal office hours from 9.00 a.m. to 5.00 p.m., Mondays to Fridays (except all public holidays declared in Malaysia) or as otherwise specified by the ESOS Committee, the latest audited financial statements of the Company at the registered office of the Company for the time being, which shall be made available on the Bursa Securities' website as well as the Company's website.

31.2 The Company will make such disclosure in its annual report for as long as the Scheme continues in operation as from time to time required by the Listing Requirements including (where applicable) a statement by the audit committee verifying that the allocation of Options pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Eligible Person.

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15.	ESOS BY-LAWS <i>(Cont'd)</i>
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32.	NOTICE
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Any notice which under the Scheme is required to be given or served upon a Selected Person or Grantee shall be in writing and be deemed to be sufficiently given or served either delivered by hand or sent to the Selected Person or Grantee at his place of employment or at the last known address known by the Company as being his address or by electronic mail.

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16. FURTHER INFORMATION**16.1 EXTRACT OF OUR ARTICLES OF ASSOCIATION**

The following provisions relating to the selected matters are reproduced from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meaning when used herein unless they are otherwise defined herein or the context otherwise requires.

(i) Transfer of securities

The provision in our Company's Articles of Association in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:-

Article 27

The transfer of any listed Securities or class of listed Securities of the Company, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed Securities.

Article 28

Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

Article 29

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules.

Article 30

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Article 31

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of Securities apparently made by a Member or any person entitled to the Securities by reason of death, bankruptcy or insanity of a Member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may, as between the transferor Member and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor Member in the blank as to the name of the transferee, of the particulars of the Securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

16. FURTHER INFORMATION (Cont'd)**(ii) Remuneration of Directors**

The provisions in our Company's Articles of Association in respect of the remuneration of Directors are as follows:-

Article 98

The Directors shall be paid by way of fees for their services, such fixed sum (if any) shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-

- (a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 99

- (1) In addition to the fees set out in Article 98, the Directors shall be paid for all their meeting attendance allowances, travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors or general meetings or otherwise as the Board may determine from time to time.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

Article 130

- (1) A Director may from time to time nominate any person to act as his alternate Director and at his discretion remove such alternate Director, but the appointment of such alternate Director shall not take effect until approved by a majority of the other Directors PROVIDED ALWAYS that any fee paid by the Company to an alternate Director shall be deducted from that Director's remuneration.

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16. FURTHER INFORMATION (Cont'd)**Article 132**

The remuneration of a Director holding an executive office pursuant to these Articles shall, subject to Article 98, be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

(iii) Voting and borrowing powers of Directors

The provisions in our Company's Articles of Association in respect of the voting and borrowing powers of Directors, including voting powers on proposals, arrangements or contracts in which they are interested in, are as follows:-

Article 103

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or associate company or any related third party subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Article 104

The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.

Article 105

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme, share option/incentive scheme and trusts or other funds for the benefit of, or pay a gratuity, pension or emolument, and to issue and allot and/or transfer shares or Securities to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him under this Article subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.

Article 111

Subject always to the Act and requirements of the Exchange, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contracts, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature and extent of interest must be declared by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case, at the first meeting of the Directors after the acquisition of the interest.

16. FURTHER INFORMATION (Cont'd)**Article 126**

A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).

Article 127

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat any decision is taken upon any contract or proposed contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 131 of the Act and all other relevant provisions of the Act and these Articles.

Article 128

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

Article 129

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

(iv) Changes in Capital or Variation of Class Rights

The provisions in our Company's Articles of Association in respect of the changes in capital and variation of class rights, which are no less stringent than those required by law, are as follows:-

Article 4

Subject to the Act and these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

16. FURTHER INFORMATION (Cont'd)**Article 5**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (c) every issue of shares or options to employees and/or Directors (including executive and non-executive Directors) shall be approved by Members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to such employees and/or Directors;
- (d) except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director of the Company (including executive and non-executive Directors) shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares or in a share issuance scheme unless the Members in general meeting have approved the specific allotment to be made to the Director and the Director has abstained from voting on the relevant resolution;
- (e) without limiting the generality of Section 132D of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the nominal value of those shares or securities, when aggregated with the nominal value of any such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds ten percent (10%) of the nominal value of the issued and paid-up capital (excluding treasury shares) of the Company, except where the shares or securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue; and
- (f) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.

Article 6

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time. The Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued. Preference shareholders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited accounts and attending meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital or winding up or during the winding up of the Company, or on a proposal for the disposal of the whole of the Company's property, business and undertaking, or where any resolution to be submitted to the meeting directly affects their rights and/or privileges attached to the shares, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months.

16. FURTHER INFORMATION (Cont'd)**Article 8**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than three-fourths (3/4) of the issued shares of that class within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

Article 9

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Article 53

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subjected to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may, by the resolution authorising such increase, direct.

Article 55

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 56

The Company may by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; or
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

16. FURTHER INFORMATION (Cont'd)**Article 58**

The Company may, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

16.2 SHARE CAPITAL

- (a) Save for the ESOS Options as disclosed in Sections 3.3.4 and 14 of this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.
- (b) As at the date of this Prospectus, our Group has only one class of shares, namely ordinary shares of RM0.10 each, all of which rank pari passu with one another.
- (c) Save as disclosed in Sections 3.3, 5.2 and 5.4 of this Prospectus, no shares and debentures of our Company or our subsidiary have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years immediately preceding the date of this Prospectus.
- (d) Save for the ESOS Options as disclosed in Sections 3.3.4 and 14 of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital as at the date of this Prospectus.
- (e) Save for the ESOS Options as disclosed in Sections 3.3.4 and 14 of this Prospectus, our Group does not have any capital which is under option, or agreed conditionally or unconditionally to be put under option.
- (f) Save for the Public Issue as disclosed in Sections 3.3.1 and 5.4.2(i) of this Prospectus and the issuance of new Shares upon the exercise of ESOS Options as disclosed in Sections 3.3.4 and 14 of this Prospectus, there is no intention on the part of our Directors to issue any part of the authorised but unissued share capital of our Company as at the date of this Prospectus.
- (g) Save for the Pink Form Shares reserved for application by the Eligible Parties as disclosed in Sections 3.3.2(i) and 5.4.2(ii)(a) of this Prospectus and the ESOS as disclosed in Sections 3.3.4 and 14 of this Prospectus, there is currently no other scheme for or involving the Directors or employees of our Group.
- (h) As at the date of this Prospectus, there is no limitation on the right to own securities of our Company including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on the securities of our Company imposed by law or by our Memorandum and Articles of Association.

16.3 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group, and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect the business or financial position of our Group.

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16. FURTHER INFORMATION (Cont'd)**16.4 MATERIAL CONTRACTS**

Save as disclosed below, there are no contracts which are or may be material, not being contracts entered into in the ordinary course of business, that have been entered into by our Group within the 2 years immediately preceding the date of this Prospectus:-

- (a) The SSA dated 28 December 2015 (as supplemented by a letter dated 17 October 2016 to extend the period within which the conditions precedent of the SSA are required to be fulfilled), wherein the Vendors shall sell and our Company shall purchase the entire issued and paid-up share capital of HL Advance for a total purchase consideration of RM22,432,990, satisfied entirely via the issuance of 224,329,900 Shares at an issue price of RM0.10 per Share to the Vendors; and
- (b) The Underwriting Agreement dated 22 November 2016 entered into between our Company and the Underwriter for the underwriting of 13,199,000 Public Issue Shares made available for application by the Malaysian Public via balloting, for underwriting fees and commission at the rate set out in Section 3.9.2 of this Prospectus.

16.5 GOVERNMENTAL LAW, DECREE, REGULATION OR OTHER REQUIREMENT

There are no governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

16.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:-

- (a) public take-over offers by third parties in respect of our Group's shares; and
- (b) public take-over offers by our Group in respect of other companies' securities.

16.7 LETTERS OF CONSENT

- (a) The written consent of the Principal Adviser, Sponsor, Underwriter, Placement Agent, Company Secretaries, Solicitors, Principal Banker, Share Registrar and Issuing House for the inclusion in this Prospectus of their names and all references herein in the form and context in which such names appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of its name, Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position, Accountants' Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (c) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name, the Executive Summary of the Independent Market Research Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

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16. FURTHER INFORMATION (Cont'd)**16.8 RESPONSIBILITY STATEMENTS**

- (a) Our Directors and Promoters and the Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained herein. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other fact which if omitted, would make any statement in the Prospectus false or misleading.
- (b) KAF IB, being the Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

16.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our Registered Office during the normal office hours for a period of 12 months from the date of this Prospectus:-

- (a) Memorandum and Articles of Association of our Company;
- (b) The material contracts as referred to in Section 16.4 of this Prospectus;
- (c) The letters of consent as referred to in Section 16.7 of this Prospectus;
- (d) The Independent Market Research Report together with its Executive Summary as set out in Section 7 of this Prospectus;
- (e) The Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position as set out in Section 13 of this Prospectus;
- (f) The Accountants' Report as set out in Section 12 of this Prospectus;
- (g) The Directors' Report as set out in Section 14 of this Prospectus;
- (h) The ESOS By-Laws as included in Section 15 of this Prospectus;
- (i) The audited financial statements of HL Advance for the past three (3) FYE 2013 to FYE 2015, FPE 2015 and FPE 2016; and
- (j) The audited financial statements of HLT Global for the financial period from 22 October 2015 (date of incorporation) to 31 December 2015 and the FPE 2016.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE**17.1 OPENING AND CLOSING OF APPLICATION**

Applications for the IPO Shares will open at 10.00 a.m. on 20 December 2016 and will remain open until 5.00 p.m. on 28 December 2016 or such further period as our Directors, the Promoters and the Offerors together with the Underwriter may in their absolute discretion mutually decide. Where the closing date of application is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia. Late applications will not be accepted. Should there be an extension of the closing date, the balloting, allotment of IPO Shares and our Listing may be extended accordingly.

17.2 TYPES AND METHODS OF APPLICATION

The applications shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association and in accordance to the following application types and the corresponding methods:-

Types of application	Application method
Eligible Parties – Application for the 2,000,000 Offer Shares	Pink Application Form only
Selected investors – Applications for the 26,392,000 Public Issue Shares as well as the 32,309,000 Offer Shares to be allocated to placees via private placement	A letter of invitation shall be delivered to the respective identified investors
Malaysian Public – Applications for the 13,199,000 Public Issue Shares made available for applications by the Malaysian Public:-	
(i) Malaysian Public - individuals	• White Application Form • Electronic Share Application • Internet Share Application
(ii) Malaysian Public - non individuals	White Application Form only

YOU CAN ONLY SUBMIT ONE (1) APPLICATION FOR THE IPO SHARES OFFERED TO THE MALAYSIAN PUBLIC. For example, if you submit an application using the White Application Form, you cannot submit any application by way of an Electronic Share Application or Internet Share Application and vice versa. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

If you submit multiple applications in your own name or by using the name of others, with or without their consent, you commit an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to ten (10) years under Section 182 of the CMSA.

The amount payable in full upon application is RM0.45 per IPO share.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**17.3 GENERAL CONDITIONS FOR APPLICATION****YOU MUST HAVE A CDS ACCOUNT BEFORE MAKING THE APPLICATION.**

The application shall be made in connection with and subject to the terms of this Prospectus and in accordance with the methods set out in Section 17.2 of this Prospectus.

Directors and employees of the Issuing House and their immediate families are strictly prohibited from applying for the IPO Shares.

If you are not a member of the armed forces or police, your name, national registration identity card ("NRIC") number and address must be exactly the same as that stated in:-

- (a) (i) Your NRIC;
- (ii) Any valid temporary identity document as issued by the National Registration Department from time to time; or
- (iii) Your Resit Pengenalan Sementara (KPPK 09) issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara 1990; and
- (b) the records of Bursa Depository.

If you are a member of the armed forces or police, your name, and your armed forces or police personnel number, as the case may be, must be exactly the same as that stated in your authority card.

If you are a corporate/institutional applicant, your name and the certificate of incorporation number must be exactly the same as that stated in your certificate of incorporation.

Neither we nor the Issuing House will acknowledge receipt of the Application Forms or application monies.

17.4 APPLICATIONS USING APPLICATION FORMS**17.4.1 Application Forms**

The White Application Forms as detailed in Section 17.2 in this Prospectus are issued together with this Prospectus. The **White Application Forms** together with copies of this Prospectus may be obtained, subject to availability, from KAF, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and the Issuing House.

17.4.2 Terms and Conditions for Applications Using Application Forms

Application by way of Application Forms shall be made on and subject to the terms and conditions appearing below:-

- (a) If you are an individual, you must be a Malaysian citizen residing in Malaysia, with Malaysian address and with a CDS account.
- (b) If you are a corporation/institution incorporated in Malaysia, you must have a CDS account and be subject to the following:-
 - (i) If you have a share capital, more than half of the issued and paid-up share capital (excluding preference shares capital) is held by Malaysian citizens; and
 - (ii) There is a majority of Malaysian citizens on your board of directors/trustees.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- (c) If you are a superannuation, provident or pension fund, you must be established or operating in Malaysia and with a CDS account.
- (d) Applications will not be accepted from trustees, any persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in Sections 16.4.2(b) and (c) above or the trustees thereof.
- (e) The Application Form must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form. In accordance with Section 232(2) of the CMSA, the Application Form together with the Notes and Instructions printed therein is accompanied by this Prospectus. Applications which do not strictly conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible may not be accepted.
- (f) Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:-
 - (i) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants);
 - (ii) MONEY ORDER OR POSTAL ORDER (for applicants from Sabah and Sarawak only); or
 - (iii) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants)

made out in favour of '**MIH SHARE ISSUE ACCOUNT NO. 578**' and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Applications accompanied by any mode of payment other than those stated above or with excess or insufficient remittance or inappropriate banker's draft/cashier's order/money order/postal order/GGO will not be accepted. Details of the remittance must be filled in the appropriate boxes provided on the Application Form.
- (g) You must state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to the Issuing House or our Company.
- (h) You must write your name and address on the reverse side of the banker's draft, cashier's order, money order, postal order or GGO from Bank Simpanan Nasional Malaysia Berhad.
- (i) Our Directors reserve the right to require you (if your application is successful) to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (j) The Issuing House, on the authority of our Directors, reserves the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) The Issuing House, on the authority of our Directors, reserves the right not to accept any application or accept any application in part only without assigning any reason. Due consideration will be given to the desirability of allotting or allocating the Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (l) Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, without interest, will be returned and despatched to you within ten (10) market days from the date of the final ballot of the applications by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository or where the application is not accepted due to you not having provided a CDS account, to the address as per the NRIC or “**Resit Pengenalan Sementara (KPPK 09)**” or any valid temporary identity document as issued by the National Registration Department from time to time, or authority card in the case of armed forces/police personnel, at your own risk.
- (m) You shall ensure that your personal particulars as stated in the Application Form are identical with the records you maintained with Bursa Depository. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (n) The Issuing House, on the authority of our Directors, reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.
- (o) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by ORDINARY POST in the official envelopes provided to the following address:-

Malaysian Issuing House Sdn Bhd (258345-X)
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor

OR

P.O. Box 8269
 Pejabat Pos Kelana Jaya
 46785 Petaling Jaya
 Selangor Darul Ehsan

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, so as to arrive not later than **5.00 p.m. on 28 December 2016** or such other date or dates as our Directors, the Promoters and the Offerors together with the Underwriter in their absolute discretion may mutually decide. **Registered post must not be used.** No acknowledgement of the receipt of Application Forms or application monies will be made.

- (p) All enquiries in respect of the White Application Form should be directed to the Issuing House.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

17.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION**17.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (a) You must have an account with a participating financial institution and an ATM card issued by that participating financial institution to access the account;
- (b) You must have a CDS account; and
- (c) You have to choose the Electronic Share Application option at the ATM of the participating financial institution. Mandatory statements required in the application are set out in Section 17.5.3 below under the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:-
 - Personal Identification Number ("PIN");
 - **MIH Share Issue Account No. 578;**
 - CDS Account Number;
 - Number of IPO Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

17.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following participating financial institutions and their branches:-

- Affin Bank Berhad;
- AmBank (M) Berhad;
- CIMB Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- Public Bank Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

17.5.3 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant participating financial institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "**Steps for Electronic Share Application through a participating financial institution's ATM**" in Section 17.5.1 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application. Any reference to the "**applicant**" in the terms and conditions for Electronic Share Applications and the steps shall mean the applicant who applies for the Shares through an ATM of any of the participating financial institutions.

Only an applicant who is an individual with a CDS account is eligible to utilise the facility.

You must have an existing account with, and be an ATM cardholder of, one (1) of the participating financial institutions before you can make an Electronic Share Application at an ATM of the participating financial institution. An ATM card issued by one (1) of the participating financial institutions cannot be used to apply for shares at an ATM belonging to other participating financial institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Upon the closing of the offer for the application for the Shares on 28 December 2016 or such further period or periods as our Directors, the Promoters and the Offerors together with the Underwriter in their absolute discretion may mutually decide, the participating financial institution shall submit a magnetic tape containing its respective customers' applications for the Shares to the Issuing House as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the closing date of the application.

You are allowed to make an Electronic Share Application for the IPO Shares via an ATM belonging to the Participating Financial Institution with which you have an account, subject to you making only one (1) application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you have a joint account with any participating financial institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (b) You are required to confirm the following statements (by pressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
 - (i) You have attained 18 years of age as at the closing date of the Shares application;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
 - (iv) This is the only application that you are submitting; and
 - (v) You thereby give consent to the participating financial institution and Bursa Depository to disclose information pertaining to yourself and your account with the participating financial institution and Bursa Depository to the Issuing House and other relevant authorities.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the participating financial institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant participating financial institution or Bursa Depository, as the case may be, of any of your particulars to the Issuing House or any relevant regulatory bodies.

- (c) You confirm that you are not applying for Shares as nominee of any other persons and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make one (1) Electronic Share Application and shall not make any other application for the IPO Shares, whether at the ATMs of any participating financial institution or on the prescribed Application Forms.
- (d) You must have sufficient funds in your account with the relevant participating financial institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of IPO Shares or not to allot or allocate any shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key or button on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (f) The Issuing House, on the authority of our Directors, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant participating financial institution will be informed of the non-successful or partially successful applications. Where the Electronic Share Application is not successful, the relevant participating financial institution will credit the full amount of the application monies without interest into your account with that participating financial institution within two (2) market days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the participating financial institutions of the non-successful or partially successful applications within two (2) market days after the balloting date. You may check your account on the fifth (5th) market day from the balloting date.

Where an Electronic Share Application is accepted in part only, the relevant participating financial institution will credit the balance of the application monies without interest into your account with the participating financial institution within two (2) market days after the receipt of confirmation from the Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to you by crediting into your account with the participating financial institution not later than ten (10) market days from the day of the final ballot of the application. Should you encounter any problems in your applications, you may refer to the participating financial institutions.

- (h) You request and authorise us:-
 - (i) to credit the IPO Shares allotted or allocated to you into your CDS account; and
 - (ii) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, the Issuing House or the participating financial institution and irrevocably agree that if:-
 - (i) our Company or the Issuing House does not receive your Electronic Share Application; or
 - (ii) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or the Issuing House,

you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against our Company, the Issuing House or the participating financial institution for the IPO Shares applied for or for any compensation, loss or damage.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (j) All your particulars in the records of the relevant participating financial institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, the Issuing House and the relevant participating financial institution shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your particulars as recorded by both Bursa Depository and the relevant participating financial institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, you agree that:-
 - (i) in consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Electronic Share Application facility established by the participating financial institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - (ii) our Company, the participating financial institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase the IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Shares;
 - (iv) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of our Shares allotted or allocated to you; and
 - (v) our Company agrees that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) Our Directors reserve the right to require you (if your application is successful) to appear in person at the registered office of the Issuing House within fourteen (14) days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (n) The Issuing House, on the authority of our Directors, reserves the right to reject applications which do not conform to these instructions.
- (o) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:-
 - Affin Bank Berhad – No fee will be charged for application by their account holders;
 - AmBank (M) Berhad – RM1.00;
 - CIMB Bank Berhad – RM2.50;
 - HSBC Bank Malaysia Berhad – RM2.50;
 - Malayan Banking Berhad – RM1.00;

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50

17.6 APPLICATIONS USING INTERNET SHARE APPLICATION**17.6.1 Steps for Internet Share Application**

The exact steps for the Internet Share Application in respect of the IPO Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps of an application of the IPO Shares using Internet Share Application. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

You must have a CDS account before you can make any application for the IPO Shares. Please note that the actual steps for the Internet Share Applications contained in the Internet financial services websites of the Internet Participating Financial Institutions may differ from the steps outlined below.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for the IPO Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- (b) Login to the Internet financial services facility by entering your user identification and PIN/password.
- (c) Navigate to the section of the website on applications in respect of IPO.
- (d) Select the counter in respect of the IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

By confirming such information, you will undertake that the following mandatory statements are true and correct:-

- (i) You have attained 18 years of age as at the closing date of the share application;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You have, prior to making the Internet Share Application, received and/or had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO Shares;

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (v) The Internet Share Application is the only application that you are submitting for the IPO Shares;
- (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- (vii) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
- (viii) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name as beneficial owner and subject to the risks referred to in this Prospectus; and
- (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (h) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for the IPO.
- (i) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the application money is being made.
- (j) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its websites.
- (k) You are advised to print out the Confirmation Screen for reference and retention.

17.6.2 Terms and Conditions for Internet Share Application

Applications for the IPO Shares may be made through the Internet financial services websites of the Internet Participating Financial Institutions.

You are advised not to apply for the IPO Shares through any website other than the Internet financial services websites of the Internet Participating Financial Institutions.

Internet Share Application may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- Affin Bank Berhad at www.affinOnline.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- Affin Hwang Investment Bank Berhad at trade.affinhwang.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);
- CIMB Bank Berhad at www.cimbclicks.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);
- CIMB Investment Bank Berhad at www.eipocimb.com;
- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);
- Public Bank Berhad at www.pbebank.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- RHB Bank Berhad at www.rhbgroup.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

Please read the terms of this Prospectus, the procedures for Internet Share Applications and the terms and conditions for Internet Share Applications set out herein carefully before making an Internet Share Application.

The exact terms and conditions and its sequence for the Internet Share Applications in respect of the IPO Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

Please note that the actual terms and conditions outlined below supplement the additional terms and conditions for the Internet Share Application contained in the Internet financial services websites of the Internet Participating Financial Institutions.

An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out below:-

- (a) In order to make an Internet Share Application, you must:-
 - (i) be an individual with a CDS account;
 - (ii) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and PIN/password for the relevant Internet financial services facilities; and
 - (iii) be a Malaysian citizen and have a Malaysian address.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the IPO Shares at Internet financial services websites of other Internet Participating Financial Institutions.
- (b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (c) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institutions) and to undertake that the following information given are true and correct:-
 - (i) You have attained 18 years of age as at the date of the application of the IPO Shares;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus, before making the Internet Share Application for the IPO Shares;
 - (v) The Internet Share Application is the only application that you are submitting for the IPO Shares;
 - (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (vii) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of Internet Share Application services.
- (d) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, “**Confirmation Screen**” shall mean the screen which appears or is displayed on the Internet financial services websites, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 17.6.2(c) herein.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any institutions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) You irrevocably agree and undertake to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of the Internet Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept our decision as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- (i) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (ii) Your agreement to be bound by our Memorandum and Articles of Association.
- (g) You are fully aware that multiple or suspected multiple Internet Share Applications for the IPO Shares will be rejected. The Issuing House, on the authority of our Directors and the Offerors, reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (h) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of your application money in RM (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) market days after receipt of written confirmation from the Issuing House.

The Issuing House shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) market days from the balloting date.

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application money in RM (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within two (2) market days after receipt of written confirmation from the Issuing House. However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is subsequently rejected, your application money (without interest or any share of revenue or other benefit arising therefrom) will be refunded to you by crediting into your account with the Internet Participating Financial Institution within ten (10) market days from the day of the final ballot of the applications list.

If your application is held in reserve and is subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) market days from the day of the final ballot of the applications list.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Except where the Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of IPO Shares allotted, if any, before trading the Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 28 December 2016 or such other date(s) as our Directors, the Promoters and the Offerors together with the Underwriter in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) You irrevocably agree and acknowledge that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond our control and the control of the Issuing House, the Internet Participating Financial Institutions and the Authorised Financial Institutions. If, in any such event, our Company, the Issuing House and/or the Internet Participating Financial Institutions and/or the Authorised Financial Institutions do not receive your Internet Share Application and/or the payment, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (k) All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Share Application shall be deemed to be true and correct, and we, the Issuing House, the relevant Internet Participating Financial Institutions and all other persons who are entitled or allowed under the law to such information or where you expressly consent to the provision of such information, shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allotment or allocation will be sent to your registered address last maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, you are deemed to have agreed that:-
 - (i) in consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Internet Share Application facility established by the Internet Participating Financial Institution acting as agents of our Company, your Internet Share Application is irrevocable;
 - (ii) you have irrevocably requested and authorised us to register the IPO Shares allotted or allocated to you for deposit into your CDS account;

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) neither us nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to the Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 17.6.2(j) herein or to any cause beyond their control;
 - (iv) you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence or arising from any rejection of your Internet Share Application by the Issuing House, us and/or the Internet Participating Financial Institution for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (v) the acceptance of your offer to subscribe for the IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
 - (vi) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
 - (vii) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. Our Company, the Underwriter, the Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which you may have relied on in making the Internet Share Application; and
 - (viii) our acceptance of your Internet Share Application and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by the respective account holders;
 - Affin Hwang Investment Bank Berhad (trade.affinhwang.com) – No fee will be charged for application by the respective account holders;
 - CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;
 - CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
 - Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
 - Public Bank Berhad (www.pbebank.com) – RM2.00; or
 - RHB Bank Berhad (www.rhbgroup.com) – RM2.50.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**17.7 OVER/UNDER-SUBSCRIPTION**

In the event of an over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. We will give due consideration to the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our shareholding base and establishing an adequate market for our IPO Shares.

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued and paid-up share capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each, upon admission to the Official List of Bursa Securities. We expect to achieve this at the point of Listing. We may not be allowed to proceed with our Listing if the above requirement is not met pursuant to the IPO. In the event thereof, your monies paid in respect of your applications will be returned without interest if the said permission for listing and quotation is not granted.

Please refer to Section 3.3.3 of this Prospectus on the allocation of the IPO Shares and the adjustments thereof.

17.8 APPLICATIONS AND ACCEPTANCES

The Issuing House, on the authority of our Directors, reserves the right not to accept any application which does not strictly comply with the instructions, or accept any application in part only without assigning any reason therefor.

The submission of your Application Form, the completion of your Electronic Share Application or the completion of your Internet Share Application does not necessarily mean that your application will be successful.

Your application must be for at least 100 Shares or multiples thereof.

Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and shall be despatched by registered post or ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository within ten (10) market days from the date of the final ballot of the application lists at the address registered with Bursa Depository at the applicant's own risks.

No application shall be deemed to have been accepted by reason of the remittances having been presented for payment.

The Issuing House reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants which would be refunded without interest to the applicants within ten (10) market days from the date of the final ballot of the application by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository.

17.9 CDS ACCOUNT

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Shares as prescribed securities. In consequence thereof, the Shares issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in the Shares including the IPO Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

You can only make an application by way of Application Form if you have a CDS account. You shall furnish your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to the Issuing House or us. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an Application for the Shares.

For applications by way of Electronic Share Application, you must have a CDS account and you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

You can make an application by way of Internet Share Application, only if you have a CDS account. In certain cases, you can make an application by way of Internet Share Application only if you have a CDS account opened with the Internet Participating Financial Institution. Arising therewith, your CDS account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee account, may result in the application being rejected. If a successful applicant fails to state his/her CDS account number, the Issuing House under our instruction will reject the Application.

The Issuing House, on the authority of our Directors, reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if your particulars provided in your Application Forms, or in the case of Electronic Share Applications, if the records of the Participating Financial Institutions at the time of making the Electronic Share Applications, or in the case of Internet Share Applications, if the records of the Internet Participating Financial Institutions at the time of making the Internet Share Applications, differ from those in Bursa Depository's records, such as the NRIC number, name and nationality.

17.10 NOTICES OF ALLOTMENT

Our Shares allocated to you will be credited into your CDS account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

You may also check the status of your application by calling your respective ADAs at the telephone number as stated in Section 17.11 or the Issuing House at its telephone numbers stated below between five (5) to ten (10) market days (*during office hours only*) after the final balloting date:-

TELEPHONE NUMBER : 03-7841 8289

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**17.11 LIST OF ADAS**

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KUALA LUMPUR			
AFFIN HWANG INVESTMENT BANK BERHAD 2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009	AFFIN HWANG INVESTMENT BANK BERHAD Ground Mezzanine & 3 rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD No. 38A & 40A Jalan Midah 1 Taman Midah, Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021	ALLIANCE INVESTMENT BANK BERHAD 17 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2604 6333	076-001
AMINVESTMENT BANK BERHAD 15 th Floor Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2036 2633	086-001	BIMB SECURITIES SDN BHD 32 nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2691 8887	024-001
CIMB INVESTMENT BANK BERHAD Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No.: 03-2261 8888	065-001	FA SECURITIES SDN BHD A-10-17 A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 03-2288 1676	021-002
HONG LEONG INVESTMENT BANK BERHAD Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001	HONG LEONG INVESTMENT BANK BERHAD Level 25 & 26 Menara LGB No. 1, Jalan Wan Kadir Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No.: 03-7723 6300	066-002
INTER-PACIFIC SECURITIES SDN BHD West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001	INTER-PACIFIC SECURITIES SDN BHD Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
INTER-PACIFIC SECURITIES SDN BHD No. 33-1 (First Floor) Jalan Radin Bagus Bandar Seri Petaling 57000, Kuala Lumpur Tel No.: 03-9056 2921	054-007	JUPITER SECURITIES SDN BHD Level 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD 11 th - 14 th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2171 0228	053-001	KENANGA INVESTMENT BANK BERHAD Level 8 Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2164 9080	073-001
KENANGA INVESTMENT BANK BERHAD M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4297 8806	073-020	KENANGA INVESTMENT BANK BERHAD 1 st Floor, West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-021
KENANGA INVESTMENT BANK BERHAD 1 st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1133	073-029	M & A SECURITIES SDN BHD Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
M & A SECURITIES SDN BHD 22A & 22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No.: 03-7983 9890	057-004	MALACCA SECURITIES SDN BHD 55-1, Jalan Metro Perdana Barat 1 Taman Usahawan Kepong 52100 Kuala Lumpur Tel No.: 03-6241 8595	012-009
MALACCA SECURITIES SDN BHD No 76-1, Jalan Wangsa Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak, 53300, Kuala Lumpur Tel No.: 03-4144 2565	012-012	MAYBANK INVESTMENT BANK BERHAD 5-13 Floor, Mayban Life Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MERCURY SECURITIES SDN BHD L-7-2, No.2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002	MIDF AMANAH INVESTMENT BANK BERHAD Level 9, 10, 11, 12 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
PM SECURITIES SDN BHD Ground, Mezanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001	PUBLIC INVESTMENT BANK BERHAD 27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001
RHB INVESTMENT BANK BERHAD Level 1, Tower 3 RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001	RHB INVESTMENT BANK BERHAD 4 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	087-018
RHB INVESTMENT BANK BERHAD No. 62 & 64, Vista Magna Jalan Prima, Metro Prima Kepong 52100 Kuala Lumpur Tel No.: 03-6257 5869	087-028	RHB INVESTMENT BANK BERHAD No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BERHAD Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058	TA SECURITIES HOLDINGS BERHAD Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6205 6000	078-004	UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 19 th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010

SELANGOR DARUL EHSAN

AFFIN HWANG INVESTMENT BANK BERHAD 3 rd & 4 th Floor Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	068-019	AFFIN HWANG INVESTMENT BANK BERHAD Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	068-020
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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
AFFIN HWANG INVESTMENT BANK BERHAD No. 79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1999	068-023	AMINVESTMENT BANK BERHAD 4 th Floor, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
CIMB INVESTMENT BANK BERHAD Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009	AFFIN HWANG INVESTMENT BANK BERHAD 16 th , 18 th -20 th Floor Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
AFFIN HWANG INVESTMENT BANK BERHAD East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010	JF APEX SECURITIES BERHAD 6 th Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD 16 th Floor, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002	JF APEX SECURITIES BERHAD Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No.: 03-5879 0163	079-004
JUPITER SECURITIES SDN BHD No. 42-46, 3rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5632 4838	055-004	KENANGA INVESTMENT BANK BERHAD 55C (2 nd Floor) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1773	073-006
KENANGA INVESTMENT BANK BERHAD Lot 240, 2 nd Floor The Curve No.6, Jalan PJU 7/3 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016	KENANGA INVESTMENT BANK BERHAD Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5621 2118	073-030

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD No. 35, Ground & 1 st Floor Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-035	MALACCA SECURITIES SDN BHD No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533	012-002
MALACCA SECURITIES SDN BHD No. 58 & 60, Level 1 Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7876 1533	012-003	MALACCA SECURITIES SDN BHD No 39-2, Jalan Temenggung 21/9 Seksyen 9, Bandar Mahkota Cheras 43200 Cheras, Selangor Tel No.: 03-9011 5913	012-011
MAYBANK INVESTMENT BANK BERHAD Suite 8.02, Level 8 Menara Trend Intan Millenium Square 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003	MAYBANK INVESTMENT BANK BERHAD Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888	098-004
PM SECURITIES SDN BHD No. 157, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003	PM SECURITIES SDN BHD No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
RHB INVESTMENT BANK BERHAD 24, 24M, 24A, 26M, 28M. 28A & 30, 30M & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011	RHB INVESTMENT BANK BERHAD No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	087-045
RHB INVESTMENT BANK BERHAD First Floor 10 & 11 Jalan Maxwell 48000, Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047	RHB INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Unit 1B & 2B, USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8023 6518	087-059	SJ SECURITIES SDN BHD Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001
SJ SECURITIES SDN BHD 101B, Jalan SS 15/5A 47500, Subang Jaya Selangor Darul Ehsan Tel No.: 03-5631 7888	096-002	SJ SECURITIES SDN BHD No.47-2, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1915	096-004
SJ SECURITIES SDN BHD No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7732 3862	096-005	TA SECURITIES HOLDINGS BERHAD No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD 2 nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 5713	058-007		
PERAK DARUL RIDZUAN			
CIMB INVESTMENT BANK BERHAD Ground, 1 st , 2 nd and 3 rd Floor No.8, 8A-C, Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-010	HONG LEONG INVESTMENT BANK BERHAD 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003
AFFIN HWANG INVESTMENT BANK BERHAD 21, Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003	AFFIN HWANG INVESTMENT BANK BERHAD 2 nd & 3 rd Floor No.22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559 988	068-015

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD No. 63, Ground, 1 st , 2 nd & 4 th Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022	KENANGA INVESTMENT BANK BERHAD No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6222 828	073-026
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6939 828	073-031	M & A SECURITIES SDN BHD M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001
MALACCA SECURITIES SDN BHD No 3, 1 st Floor Persiaran Greenhill 30450, Ipoh Perak Darul Ridzuan Tel No.: 05-2541 533	012-013	MAYBANK INVESTMENT BANK BERHAD B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014	RHB INVESTMENT BANK BERHAD Ground, 1 st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BERHAD 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023	RHB INVESTMENT BANK BERHAD Ground Floor, No.40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BERHAD 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044	RHB INVESTMENT BANK BERHAD No 1 & 3, 1 st Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170 888	087-052

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
TA SECURITIES HOLDINGS BERHAD Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001	UOB KAY HIAN SECURITIES (M) SDN BHD 27-1, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6216 010	078-009
UOB KAY HIAN SECURITIES (M) SDN BHD 153A Jalan Raja Musa Aziz 30303 Darul Ridzuan Tel No.: 05-2411 290	078-013		
PULAU PINANG			
ALLIANCE INVESTMENT BANK BERHAD Ground & Mezzanine Floor, Bangunan Barkath, 21 Beach Street, 10300, Georgetown Tel No.: 04-2611 688	076-015	AMINVESTMENT BANK BERHAD 3 rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2261 818	086-004
CIMB INVESTMENT BANK BERHAD Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2385 900	065-001	AFFIN HWANG INVESTMENT BANK BERHAD Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-2636 996	068-001
AFFIN HWANG INVESTMENT BANK BERHAD No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5372 882	068-006	INTER-PACIFIC SECURITIES SDN BHD Canton Square Level 2 (Unit 1) & Level 3 No. 56, Cantontment Road 10250 Penang Tel No.: 04-2268 288	054-002
JF APEX SECURITIES BHD 368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel No.: 04-2289 118	079-005	JUPITER SECURITIES SDN BHD 20-1 Persiaran Bayan Indah Bayan Bay Sungai Nibong 11900 Bayan Lepas Penang Tel No.: 04-641 2881	055-003

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD 7 th , 8 th & 16 th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2283 355	073-023	M & A SECURITIES SDN BHD 332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No.: 04-2817 611	057-005
M & A SECURITIES SDN BHD 216, 216A, 218 & 218A Pengkalan Weld Lebuh Macallum 10300 Pulau Pinang Tel No.: 04-2617 611	057-008	MALACCA SECURITIES SDN BHD No 39-1, Jalan Lenggong Vantage Point 11600 Jelutong, Penang Tel No.: 04-8981 525	012-004
MALACCA SECURITIES SDN BHD 48 Jalan Todak 2 13700 Seberang Jaya Pulau Pinang Tel No.: 04-3905 669	012-006	MALACCA SECURITIES SDN BHD No 17, 1 st Floor Persiaran Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No.: 04-6421 533	012-007
MALACCA SECURITIES SDN BHD No. 9-1-37, Taman Kheng Tian Jalan Van Praagh 11600 Jelutong Penang Tel No.: 04-2816 822	012-014	MAYBANK INVESTMENT BANK BERHAD Lot 1.02, 1 st Floor Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Pulau Pinang Tel No.: 04-2196 888	098-006
MERCURY SECURITIES SDN BHD Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua Seberang Perai 12000 Butterworth Pulau Pinang Tel No.: 04-3322 123	093-001	MERCURY SECURITIES SDN BHD 2 nd Floor Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel No.: 04-2639 118	093-004
MERCURY SECURITIES SDN BHD D'Piazza Mall 70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Penang Tel No.: 04-6400 822	093-006	PM SECURITIES SDN BHD Level 3, Wisma Wang 251-A, Jalan Burmah 10350, Pulau Pinang Tel No.: 04-2273 000	064-004

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No.: 04-3900 022	087-005	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5402 888	087-015
RHB INVESTMENT BANK BERHAD 64 & 64-D Ground-3 rd Floor 5 th -8 th Floor Lebuh Bishop 10200 Pulau Pinang Tel No.: 04-2634 222	087-033	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5, 15-2-6 & 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-6404 888	087-042
SJ SECURITIES SDN BHD 12 th Floor, Office Tower Hotel Royal Penang No.3 Jalan Larut 10050 Georgetown Penang Tel No.: 04-2289 836	096-003	TA SECURITIES HOLDINGS BERHAD 3 rd Floor, Bangunan Heng Guan No 171, Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2272 339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD 1 st Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2299 318	078-002	UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Pernigaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5541 388	078-003
KEDAH DARUL AMAN			
ALLIANCE INVESTMENT BANK BERHAD Lot T-30, 2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088	076-004	AFFIN HWANG INVESTMENT BANK BERHAD No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011
RHB INVESTMENT BANK BERHAD No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204 888	087-017	RHB INVESTMENT BANK BERHAD 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-4964 888	087-019

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021	UOB KAY HIAN SECURITIES (M) SDN BHD Lot 4, 5 & 5A, 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007

NEGERI SEMBILAN DARUL KHUSUS

AFFIN HWANG INVESTMENT BANK BERHAD 1 st Floor 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612 288	068-007	AFFIN HWANG INVESTMENT BANK BERHAD No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013
KENANGA INVESTMENT BANK BERHAD 1C & 1D, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-033	MAYBANK INVESTMENT BANK BERHAD Wisam HM Ground Floor No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005
PM SECURITIES SDN BHD 1 st - 3 rd Floor 18-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor, No. 32 & 33 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641 641	087-024

RHB INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461 234	087-046
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MELAKA

CIMB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-2898 800	065-006	KENANGA INVESTMENT BANK BERHAD 71 (A&B) & 73(A&B), Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-028
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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD 22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-034	MALACCA SECURITIES SDN BHD No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN BHD No. 81, 81A & 81B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003	PM SECURITIES SDN BHD No 6-1, Jalan Lagenda 2 Taman 1 lagenda 75400 Melaka Tel No.: 06-2880 050	064-006
RHB INVESTMENT BANK BERHAD No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2833 622	087-002	RHB INVESTMENT BANK BERHAD 579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-2825 211	087-026
TA SECURITIES HOLDINGS BERHAD No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-008	UOB KAY HIAN SECURITIES (M) SDN BHD 7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No.: 06-3352 511	078-014
JOHOR DARUL TAKZIM			
ALLIANCE INVESTMENT BANK BERHAD No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006	AMINVESTMENT BANK BERHAD 3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-002
AMINVESTMENT BANK BERHAD 18 th Floor Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3343 855	086-006	CIMB INVESTMENT BANK BERHAD No 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3405 888	065-011

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
AFFIN HWANG INVESTMENT BANK BERHAD Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004	INTER-PACIFIC SECURITIES SDN BHD 95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
JUPITER SECURITIES SDN BHD 30-1, Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3538 878	055-002	KENANGA INVESTMENT BANK BERHAD Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
KENANGA INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333 515	073-009	KENANGA INVESTMENT BANK BERHAD No. 33 & 35 (A&B) Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-010
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-011	KENANGA INVESTMENT BANK BERHAD No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-017
KENANGA INVESTMENT BANK BERHAD Suite 16-02, 16-03 & 16-03A Level 16, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-2237 423	073-019	KENANGA INVESTMENT BANK BERHAD No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531 222	073-024
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-4678 885	073-025	KENANGA INVESTMENT BANK BERHAD 916, Ground Floor Jalan Bakek 82000 Pontian Johor Darul Takzim Tel No.: 07-6861 121	073-037

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
M & A SECURITIES SDN BHD Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003	M & A SECURITIES SDN BHD No. 27, 27A & 27B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3351 988	057-007
MALACCA SECURITIES SDN BHD 74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3351 533	012-005	MALACCA SECURITIES SDN BHD 1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000, Kulaijaya Johor Darul Takzim Tel No.: 07-6638 877	012-010
MALACCA SECURITIES SDN BHD Lot 880 Batu 3 ½ Jalan Salleh 84000 Muar Johor Darul Takzim Tel No.: 06-953 6948	012-015	MERCURY SECURITIES SDN BHD Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005
PM SECURITIES SDN BHD Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333608	064-008	RHB INVESTMENT BANK BERHAD 6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788 821	087-006
RHB INVESTMENT BANK BERHAD 53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009	RHB INVESTMENT BANK BERHAD No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-9787 180	087-038	RHB INVESTMENT BANK BERHAD No. 2, 1 st Floor Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-9256 881	087-039
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor, No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043	TA SECURITIES HOLDINGS BHD 7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009
TA SECURITIES HOLDINGS BHD 15, Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Tel No.: 07-3647 388	058-011	UOB KAY HIAN SECURITIES (M) SDN BHD Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3332 000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6635 651	078-005	UOB KAY HIAN SECURITIES (M) SDN BHD No. 70 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-006
UOB KAY HIAN SECURITIES (M) SDN BHD No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-5121 633	078-008		

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KELANTAN DARUL NAIM			
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020	TA SECURITIES HOLDINGS BERHAD 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7432 288	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 1 st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7473 906	078-015		
PAHANG DARUL MAKMUR			
ALLIANCE INVESTMENT BANK BERHAD Ground, Mezzanine & 1st Floor B-400, Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002	CIMB INVESTMENT BANK BERHAD Ground 1 st & 2 nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-5057 800	065-007
JUPITER SECURITIES SDN BHD 2 nd Floor, Lot No 25 Jalan Chi Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 136	055-005	KENANGA INVESTMENT BANK BERHAD A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-027
MALACCA SECURITIES SDN BHD P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2220 993	012-008	RHB INVESTMENT BANK BERHAD B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173 811	087-007
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 943	087-022	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914 913	087-041

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
TERENGGANU DARUL IMAN			
ALLIANCE INVESTMENT BANK BERHAD Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009	FA SECURITIES SDN BHD No. 51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6238 128	021-001
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-8583 109	087-027	RHB INVESTMENT BANK BERHAD 1 st Floor, 59 Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD 37-B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel no.: 09-6224 766	078-016		
SABAH			
CIMB INVESTMENT BANK BERHAD 1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-001	AFFIN HWANG INVESTMENT BANK BERHAD Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
KENANGA INVESTMENT BANK BERHAD Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032	RHB INVESTMENT BANK BERHAD 2 nd Floor 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
RHB INVESTMENT BANK BERHAD Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-229 286	087-057	UOB KAY HIAN SECURITIES (M) SDN BHD 11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	078-011

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
UOB KAY HIAN SECURITIES (M) SDN BHD Lot 177 & 178, Ground Floor Block 17, Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No.:089-218 681	078-012		
SARAWAK			
AMINVESTMENT BANK BERHAD No. 164, 166 & 168 1 st Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-001	CIMB INVESTMENT BANK BERHAD Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 606	065-001
CIMB INVESTMENT BANK BERHAD No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Tel No.: 084-367 700	065-001	AFFIN HWANG INVESTMENT BANK BERHAD Ground Floor & 1 st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
AFFIN HWANG INVESTMENT BANK BERHAD No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016	KENANGA INVESTMENT BANK BERHAD Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002
KENANGA INVESTMENT BANK BERHAD Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003	KENANGA INVESTMENT BANK BERHAD No. 11-12, (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No.: 084-313 855	073-012
KENANGA INVESTMENT BANK BERHAD Ground Floor of Survey Lot No 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel No.: 086-337 588	073-018	KENANGA INVESTMENT BANK BERHAD Suites 9 & 10 3 rd Floor, Yung Kong Abell Lot 365 Abell Road 93100 Kuching Sarawak Tel No.: 082-248 877	073-036

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
MERCURY SECURITIES SDN BHD 1 st Floor, 16, Jalan Getah 96100 Sarikei Sarawak Tel No.: 084-659 019	093-007	RHB INVESTMENT BANK BERHAD Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-008
RHB INVESTMENT BANK BERHAD 2 nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	087-012	RHB INVESTMENT BANK BERHAD 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	087-013
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053	TA SECURITIES HOLDINGS BERHAD 12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
UOB KAY HIAN SECURITIES (M) SDN BHD Lot 1265, 1 st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017		

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