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MAH SING TARGETS TO START PRODUCING GLOVES BY 2Q 2021

TO SET UP FIRST GLOVE MANUFACTURING FACTORY IN KAPAR, KLANG – 12 NEW PRODUCTION LINES WITH MAXIMUM PRODUCTION CAPACITY UP TO 3.68 BILLION PIECES OF GLOVES PER ANNUM IN PHASE 1

~Targets Expansion Of 12 Additional New Production Lines In Phase 2 To Increase Capacity Up To Another 3.68 Billion Pieces Of Gloves Per Annum ~

~Secured Letters Of Intent From Prospective Customers With Indicative Orders Exceeding Estimated Production Capacity Of Phase 1 & Phase 2~

~Aims To Be Top 5 Producer In Malaysia, Targets Gradual Expansion Up To 100 lines Potentially Producing Up To 30 Billion Pieces If Demand Permits ~

Kuala Lumpur, 2020 – Mah Sing Group Berhad (Mah Sing) has announced today that the Group is diversifying into healthcare by venturing into glove manufacturing via Mah Sing Healthcare Sdn. Bhd (Mah Sing Healthcare). Minister in the Prime Minister’s Department, YB Datuk Seri Mohd Redzuan MD Yusof witnessed Mah Sing Healthcare entering several agreements with multiple parties which officially kick start the new venture.

Mah Sing Healthcare is a wholly owned subsidiary of Mah Sing Plastics Industries Sdn. Bhd. (MSPI), which in turn is a wholly owned subsidiary of Mah Sing Group Berhad. This new venture is part of the Group’s plan to expand its manufacturing division by venturing into the healthcare sector, leveraging on its experience as a plastics manufacturer over the past four decades, and is supported by potential synergies to be derived amongst the Group’s gloves business, plastic business and property business.

Mah Sing Healthcare will be converting a warehouse in Kapar, Klang into its first glove manufacturing factory. The factory is strategically located within an industrial area equipped with ready infrastructure, allowing swift and easy set-up of the production lines. With a build-up of approximately 228,800 sq ft, phase 1 of the factory could house 12 new production lines with a maximum capacity up to 3.68 billion pieces of gloves per annum - at a speed of 38,000 pieces of gloves per production line per hour.

Mah Sing Healthcare has already signed the letter of award to purchase new machineries for 12 production lines in an effort to expedite the set-up process for the phase 1 of Kapar factory. The first 6 production lines are expected to be ready for operation as early as 2Q 2021, followed by another 6 production lines expected to be ready by 3Q 2021. Mah Sing Healthcare also entered into letters of intent with several raw material suppliers for supply of both Nitrile-butadiene rubber and latex raw materials when operation commences.

Mah Sing Healthcare is targeting a second phase of the expansion plan, which includes exercising the option to take up the other portion of the Kapar factory (build-up of approximately 287,500 square feet). This could accommodate another 12 new production lines and increase the capacity up to another 3.68 billion pieces of gloves per annum. The Phase 2 expansion is targeted to happen when demand outstrips supply for Phase 1. At this juncture, Mah Sing Healthcare has secured letters of intent from several prospective customers and the cumulative indicative orders have already exceeded the estimated maximum capacity for both phases of the Kapar factory.

Mah Sing's Founder and Group Managing Director, Tan Sri Dato' Sri Leong Hoy Kum said, "Everything is in place. The factory in Kapar is strategically located, and in close proximity to our existing MSPI factory which will ease monitoring. It is also within an established glove ecosystem as there are many big players' manufacturing plants in the vicinity. This means that besides ready infrastructure, there will also be a large pool of workers with the right expertise which we can recruit for the factory. Set up will be expedited as we have already planned everything including securing the new machineries and raw materials. There is excess demand now as the top four producers' supply lines are booked solid into 2021 and even early 2022. We have received letters of intent for indicative orders which already exceeds our estimated output capacity for both phases of our Kapar factory and there are more prospective customers from both local and overseas who are still enquiring. Besides OBM gloves under our MS Glove brand, we will also be able to produce OEM gloves. We are optimistic in the prospects of our new venture and if demand permits, we will gradually expand up to 100 production lines as part of our future expansion plan. These 100 production lines could potentially produce up to 30 billion pieces of gloves per annum. Malaysia is the biggest producer of gloves globally with four top producers and a plethora of smaller players. We always aim high and we target to be one of the top 5 producers in Malaysia in the future."

Speedy Revenue Generator, Production of First 6 Production Lines Commence by 2Q 2021

Mah Sing will seek the approval from the shareholders of Mah Sing for the new business venture at a forthcoming extraordinary general meeting (EGM) as the contribution from the business diversification is expected to be 25% or more of the Group's net profit.

As the factory is expected to start its operation with 6 production lines as early as 2Q2021, the Group is in a good position to take advantage of the high spot price of gloves. Mah Sing expects the glove manufacturing business to be able to generate revenue for the Group relatively quickly with the projected contribution estimated to come in as early as 2Q 2021.

The new business diversification, which predominantly is targeting the export market, will allow Mah Sing to ride on the booming glove-manufacturing segment and further strengthen its manufacturing division, which is currently focusing on plastics business.

The new business is expected to provide the Group access to the global market and generate more recurring and steady income for the Group. It will be a good complement to the property business which focused on the domestic market, and more cyclical in nature.

The Group's target market for the export of gloves are countries such as the United States of America (US), Europe, and other countries to capture the high demand of medical gloves in those countries.

Rationale for Diversification

Since the outbreak of the unprecedented COVID-19 pandemic, the global demand for personal protective equipment which includes gloves have been rising significantly. Malaysian Rubber Glove Manufacturers Association (MARGMA) forecasted about 210-220 billion pieces of gloves exported in early 2020. However, Malaysia's gloves export has increased nearly 20% to 230 billion pieces of gloves currently, up from 192 billion pieces in 2019 amid heightened global demand for medical gloves among medical professionals due to the prolonged pandemic. Global demand for gloves is expected to reach 330 billion pieces of gloves this year, an increase of 11.49% from 2019 of 296 billion pieces of gloves, giving Malaysia a forecasted 67% market share.

The rubber glove industry has been growing at an average of 8% to 10% for the past 25 years even before the Covid-19 pandemic based on the information from MARGMA. The demand for gloves is expected to persist post-pandemic, underpinned by the increase in awareness of the importance of hygienic practices, especially in emerging markets where the glove consumption per capita is still low as compared with developed countries, which signals more room for long-term growth within this industry.

Mah Sing has identified the new venture as a good complement to enhance its financial performance and reduce reliance on its property business.

"In view of the promising global prospect and vibrant of glove business, we are committed to be a long term player and deliver greater value to our shareholders as well as strive to be one of prominent glove manufacturers in the industry moving forward. We can even explore specialty gloves in the future. We are also planning to venture into other healthcare and medical device related ventures and explore the possibility of listing our manufacturing division separately from the Group to further unlock its value in the future," Tan Sri Dato' Sri Leong Hoy Kum elaborated.

With 40 years of manufacturing experience, Mah Sing places strong importance on social compliance whilst creating new jobs via this new venture. The gloves business can leverage on the existing processes from Mah Sing's plastic business such as the raw materials procurement, quality control, research and development, logistics and supply chain planning. The Group's property development business can also support the glove manufacturing venture in terms of branding and marketing, business development, project planning, as well as expertise in human capital.

Interim Approval Obtained from MITI for Manufacturing License

Mah Sing Healthcare has already obtained the interim approval from the Ministry of International Trade and Industry (MITI) for the manufacturing license for surgical, examination, and other gloves and it was presented by Chairman of The Malaysian

Investment Development Authority (MIDA), Dato' Abdul Majid Ahmad Khan. This will accelerate the commencement of the production while the company work towards preparing other necessary applications and liaising with the respective local authorities to obtain the relevant regulatory approvals for the gloves business. In addition, to facilitate the export of the gloves to other countries, the Group will also apply for the necessary certifications as required by the authorities and regulators from the industry and the respective local authorities.