



24 June 2020

(ASX: VIP)Market Announcements Office
Australian Securities Exchange**PRODUCTION UPDATE, CAPITAL RAISING AND EQUITY INCENTIVE PLAN**

The Board of Directors of VIP Gloves Limited (**VIP** or the **Company**) are pleased to provide an update on its nitrile glove production facility in Malaysia, following the company's announcement on 23 April 2020.

Following a partial lifting of the movement control order (MCO) by the Malaysian government in May, the Company ran a series of tests on its two new nitrile glove production lines to ensure all engineering and production issues are resolved. The Company is pleased to announce that all outstanding engineering works on the new lines have been completed and they are now fully commissioned. The Company is aiming to achieve maximum production capacity from these two new lines over the next two months.

The two new lines will increase annual glove production by approximately 40% to 620 million pieces, assuming all lines are operating at full capacity.

Sales orders received by the Company have been filled through to the second quarter of 2021, with recent orders at higher sale prices which vary depending on specifications and order quantities. At present, the Company's products are predominantly supplied to third party distributors on a OEM basis, which in turn are sold locally in Malaysia and to overseas markets in Asia and the Middle East, all catering to a wide range of industries such as hospital, pharmaceutical, agriculture, hospitality, food and beverages, and electronics industries.

In view of the strong demand for nitrile gloves following the prolonged worldwide COVID-19 pandemic, the Board envisages the demand for nitrile gloves to continue in the foreseeable future.

As such, the Company is proposing to install up to four additional new glove production lines over the next 18 months, at its current factory premises. The expansion of four new lines would increase production capacity by up to 60% to an estimated 1 billion pieces per annum, assuming all lines are operating at full capacity. The total capital expenditure for this expansion is anticipated to be A\$6.5 million.

Toward this end, the Board is pleased to announce that it is undertaking a placement of 76.5 million new ordinary shares to raise A\$2.3 million (**Capital Raising**) to partly finance the capital expenditure for the initial two new gloves production lines. The Company has also agreed to issue 13,690,475 new ordinary shares to settle MYR1,150,000 (A\$410,714) owing to a creditor by its wholly-owned subsidiary company.



VIP Executive Director Mr Wee Min Chen said, “We are very pleased with the support received for the Capital Raising as it enables the Company to embark on its next phase of growth by further expanding its production capacity to meet the continued demand for the Company’s products.”

All new ordinary shares are issued at \$0.03 per share which represents approximately 16% discount over the past 30-day volume weighted average price of VIP shares. Shares are to be allotted to the respective recipients on 24 June 2020. The new ordinary shares will not be traded until a Cleansing Prospectus has been issued pursuant to S708A (11) of the Corporations Act.

The Board of VIP also wishes to advise that it has adopted an Equity Incentive Plan (**Plan**), which will see the issuance of a total of 38 million Options and 80 million Performance Rights (**Options and Rights**). The Options and Rights will be issued to directors and qualified employees of the Company as a recognition of past performance and to aid with the retention of staff during a time of critical progress for the Company with individual entitlements based on amongst others, eligibility, seniority, role and length of service to the Company.

Each Option can be converted to a fully paid share in the Company at an exercise price of \$0.045 per share which is a 25% premium over the past 30-day volume weighted average price of VIP shares. Each Right issued can be converted to a fully paid share on satisfying both performance targets and vesting conditions.

The Company proposes to seek shareholder approval for the issuance of the Options and Rights under the Plan at an extraordinary general meeting to be convened within the next few months. Further details of the Plan and the issue of Options and Rights including approvals to issue Options and Rights to Directors will be provided in a Notice of Meeting to be sent to shareholders in due course.

This release was approved by the Board of VIP Gloves Limited.

Yours sincerely,

Andrew Metcalfe
Company Secretary
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About VIP Gloves Ltd

VIP Gloves Ltd (VIP) is an Australian public company whose securities are listed for quotation on the Australian Securities Exchange (ASX code: VIP).

VIP’s Malaysian subsidiary companies manufacture nitrile disposable gloves from a plant located in Selangor, Malaysia. Nitrile gloves can be used in the medical, health, dental and numerous other industrial and commercial sectors.

VIP currently produces and supplies gloves on an original equipment manufacturer (OEM) basis.

VIP’s products:

- comply with International AQL Standards
- conforms to ASTM D6319 and EN455 Standards



- meet ISO 11193 Standard

Forward Looking Statements

Certain statements in this document are or maybe “forward-looking statements” and represent VIP’s intentions, projections, expectations or beliefs concerning among other things, timing of activities. The projections, estimates and beliefs contained in such forward looking statements necessarily involve uncertainties and other factors, many of which are beyond the control of VIP, and which may cause VIP’s actual performance in future periods to differ materially from any express or implied estimates or projections. Nothing in this document is a promise or representation as to the future. Statements or assumptions in this document as to future matters may prove to be incorrect and differences may be material. VIP does not make any representation or warranty as to the accuracy of such statements or assumptions.