





**S U P E R M A X**  
**C O R P O R A T I O N B E R H A D**  
199701004909 (420405-P)

**23<sup>rd</sup>**  
**Annual  
General  
Meeting**

live streaming  
from the broadcast

Supermax Boardroom,  
Lot 38, Putra Industrial Park,  
Bukit Rahman Putra, 40160 Sungai Buloh,  
Selangor Darul Ehsan, Malaysia

Wednesday, 2 December 2020  
at 10.00 a.m.

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# CORPORATE INFORMATION

**SUPERMAX CORPORATION BERHAD** is a leading international manufacturer, distributor and marketer of high quality medical devices, namely medical gloves and contact lenses.

Established in 1987, its founders started a trading business to distribute latex gloves and eventually ventured into manufacturing of latex gloves in 1989. Today, the Supermax Group has twelve factories manufacturing various types of nitrile latex and natural rubber gloves, which are exported to over 165 countries around the world, such as the United States of America, European Union, Middle East, Asia and South Pacific countries. The Group distributes its gloves through 8 distribution centres set up around the world as well as in collaboration with a wide network of over 1,200 distributors globally.

The Supermax Group has also become Malaysia's very first home-grown contact lens manufacturing company. It had in year 2016 successfully commissioned its manufacturing facility in Malaysia after carrying out extensive R&D activities in the UK, and is gradually building up its production capacity. It has also made good progress in terms of obtaining the necessary licenses and approvals which have allowed it to build up its product presence in over 60 countries.

The Group has received numerous accolades and awards over the years, including The Edge Billion Ringgit Club's inaugural Company of the Year Award in 2010, Export Excellence & Brand Excellence in the Industry Excellence Awards in 2009 and 2008, Special Award & 4th placing in the prestigious Deloitte's Top 50 Enterprise Award Malaysia in 2006, Export Excellence & Product Excellence in the Industry Excellence Awards in 2003, the National Productivity Council Award in 1999 and Andersen Consulting Top 50 Enterprise in Malaysia in 1998.

Supermax is well recognized for its commitment to deliver quality products and service to its customers. These accomplishments testify to the Group's relentless efforts in enhancing productivity in order to compete in the global market.

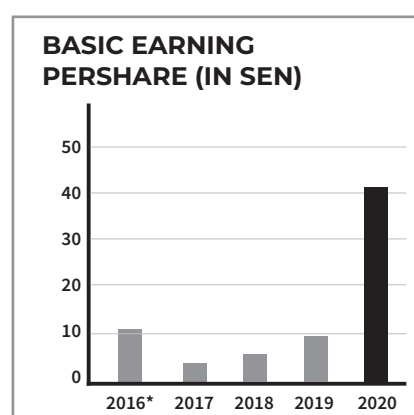
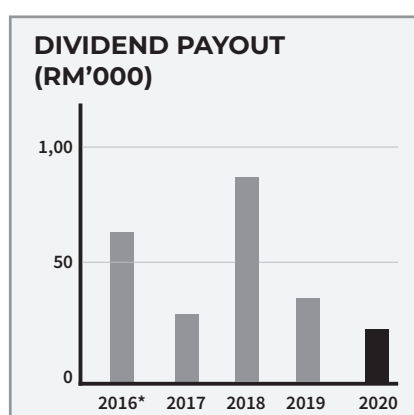
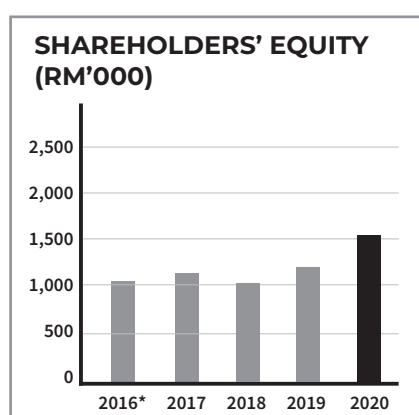
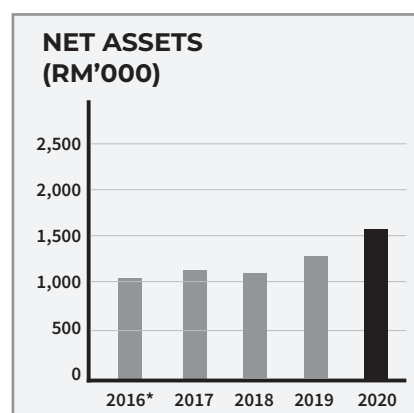
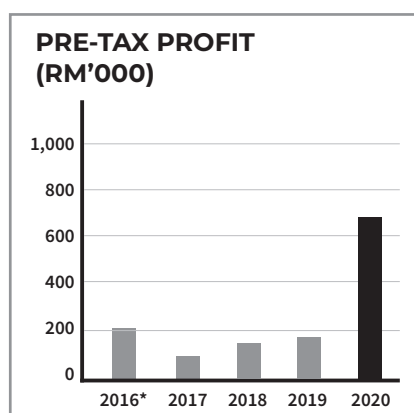
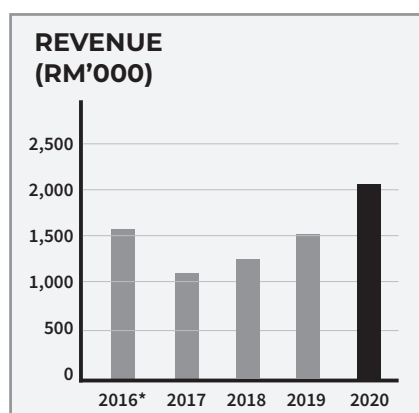


# FINANCIAL HIGHLIGHTS

	2020 RM'000	2019 RM'000
Revenue	2,131,808	1,538,157
Pre-tax profit	680,163	172,408
After-tax profit	534,778	123,103
Net assets	1,550,541	1,134,226
Total assets	3,204,390	1,842,708
Paid-up capital	340,077	340,077
Shareholders' equity	1,529,066	1,123,710
Interim dividend	Nil	19,670
Final dividend	Note*	Note*
Net assets per share (in RM)	1.18	0.86
Earnings per ordinary share (in Sen)	40.16	9.39

\* For FY2020, the Board has proposed a distribution of treasury shares as final dividend on the basis of 1 treasury share for every 45 existing ordinary shares held. The proposal is subject to shareholders' approval at the upcoming 23rd Annual General Meeting. In FY2019, the Board had proposed a distribution of 1 treasury for every 65 existing ordinary shares held as final dividend which was approved by shareholders at the 22nd Annual General Meeting.

# FIVE-YEARS FINANCIAL SUMMARY



	2016* RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	1,549,529	1,126,879	1,304,460	1,538,157	2,131,808
Pre-tax profit	207,342	107,939	161,894	172,408	680,163
Net assets	1,017,541	1,070,236	1,022,711	1,134,226	1,550,541
Shareholders' equity	1,018,607	1,067,206	1,012,690	1,123,710	1,529,066
Dividend payout	60,703	26,851	75,725	32,783	21,946 <sup>#</sup>
Basic earnings per share (in Sen)	10.68	5.02	8.11	9.39	40.16

**Note:**

\* 2016 is an 18-month period ended 30 June 2016 following the change in financial year end from December to June.

<sup>#</sup> Final Dividend for FY2019 via share dividend distribution on the basis of 1 treasury share for every 65 existing ordinary shares held. A total of 20,088,223 treasury shares were distributed at the cost of RM1.09 per treasury share.

For FY2020, the Board has proposed a distribution of treasury shares as final dividend on the basis of 1 treasury share for every 45 existing ordinary shares held. The proposal is subject to shareholders' approval at the upcoming 23rd Annual General Meeting.

# CORPORATE STRUCTURE



**SUPERMAX**  
CORPORATION BERHAD  
199701004909 (420405-P)

<b>100%</b> SUPERMAX GLOVE MANUFACTURING SDN BHD	
<b>100%</b> MAXTER GLOVE MANUFACTURING SDN BHD	» <b>100%</b> SUPERGAMMA SDN BHD <i>(Formerly Known as Seal Polymer Latex Products Sdn Bhd)</i>
<b>100%</b> SUPERMAX LATEX PRODUCT SDN BHD	
<b>100%</b> SUPERMAX INTERNATIONAL SDN BHD	» <b>100%</b> SUPERVISION OPTIMAX SDN BHD
<b>100%</b> SUPERMAX ENERGY SDN BHD	
<b>100%</b> MAXWELL GLOVE MANUFACTURING BERHAD	
<b>100%</b> SUPERMAX BUSINESS PARK SDN BHD	
<b>100%</b> SUPERMAX SPECIALTY GLOVES SDN BHD	
<b>100%</b> SUPERMAX HEALTHCARE INCORPORATED	
<b>100%</b> SUPERMAX DEUTSCHLAND GmbH	
<b>100%</b> SUPERMAX GLOBAL LIMITED	
<b>67%</b> SUPERMAX HEALTHCARE CANADA INCORPORATED	
<b>100%</b> WHITE OAK GLOBAL PROPERTY LIMITED	
<b>100%</b> SUPERMAX GROUP INVESTMENT LIMITED	» <b>100%</b> SUPERMAX GLOBAL (HK) LIMITED
<b>100%</b> MAXTER HEALTHCARE PTE. LTD. <i>(Formerly Known as Aveo Vision Pte. Ltd.)</i>	
<b>70%</b> AIME SUPERMAX KK	» <b>100%</b> AIME KK

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Albert Saychuan Cheok**

(Independent Non-Executive Chairman)

**Cecile Jaclyn Thai**

(Executive Director)

**Tan Chee Keong**

(Executive Director)

**Dato' Ting Heng Peng**

(Independent Non-Executive Director)

**Dato' Tan Geok Swee @ Tan Chin Huat**

(Non-Executive Director)

**Gong Wooi Teik, Felix**

(Independent Non-Executive Director)

**Dr. Rashid Bin Bakar**

(Independent Non-Executive Director)

**Eisen Ng Keng Lim**

(Independent Non-Executive Director)

## AUDIT COMMITTEE

**Gong Wooi Teik, Felix**

Chairman, Independent Non-Executive Director

**Dato' Ting Heng Peng**

Member, Independent Non-Executive Director

**Dr. Rashid Bin Bakar**

Member, Independent Non-Executive Director

## COMPANY SECRETARIES

**Wong Wai Foong**

SSM PC NO. 202008001472 (MAICSA 7001358)

**Joanne Toh Joo Ann**

SSM PC NO. 202008001119 (LS 0008574)

## CORPORATE OFFICE

Supermax Corporation Berhad

Lot 38, Putra Industrial Park

Bukit Rahman Putra

40160 Sungai Buloh

Selangor Darul Ehsan

Tel : 03 – 6145 2328; Fax : 03 – 6156 2191

## REGISTERED OFFICE

Unit 30-01, Level 30, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03 – 2783 9191; Fax : 03 – 2783 9111

## SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13, 46200 Petaling Jaya

Selangor Darul Ehsan

Tel : 03 – 7890 4700; Fax : 03 – 7890 4670

## PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad

Citibank Berhad

Malayan Banking Berhad

HSBC Bank Malaysia Berhad

Standard Chartered Bank Malaysia Berhad

Bank of China (Malaysia) Berhad

## AUDITORS

RSM Malaysia,

5th Floor, Penthouse, Wisma RKT, Block A

No. 2, Jalan Raja Abdullah, Off Jalan Sultan Ismail

50300 Kuala Lumpur, Malaysia

Tel : 03 – 2610 2888; Fax : 03 – 2698 6600

## CORPORATE COUNSEL

Shearn Delamore & Co.

7th Floor, Wisma Hamzah-Kwong Hing No.1

Leboh Ampang, 50100 Kuala Lumpur

Tel : 03 – 2027 2727; Fax : 03 – 2078 5625/2376

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Date of Listing: 2 August 2000

## STOCK INFORMATION

Code No. : 7106

Name : SUPERMX

# PROFILE OF DIRECTORS

## **MR ALBERT SAYCHUAN CHEOK**

Chairman, Independent Non-Executive Director

Age 70, Malaysian Permanent Resident, Male  
Appointed on 19 October 2018

Mr Cheok holds a Bachelor of Economics Degree 1st Class Honours from the University of Adelaide as well as a Masters in Business Administration and Public Administration from the Australian Government School of Management (Mount Eliza). He is also an Associate of the Australian Society of Accountants and a Fellow at CPA Australia. Between May 1979 and February 1982, Mr Cheok was an advisor to the Australian Government inquiry into the Australian Financial System (Campbell inquiry) which included comprehensive reforms of the Australian banking system. He was the Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking of Hong Kong for 3½ years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995. Mr Cheok was the Chairman of Bangkok Bank Bhd in Malaysia from September 1995 to November 2005.

Mr Cheok was Chairman of Auric Pacific Group of Singapore, a food group listed in Singapore; and was Chairman of Bowsprit Capital Corporation Ltd, the Manager of First REIT, a listed healthcare REIT in Singapore. He was also Chairman of LMIR Management, the Manager of Lippo Malls Indonesia Retail Trust, a listed shopping mall REIT in Singapore. Mr Cheok was awarded by Future Times the prestigious award of the Best Performing REIT Fund Manager in Asia for 2016. He is presently Chairman of Amplefield Ltd, listed in Singapore. He is also a Director of and Chairman of the Nomination Committee at China Aircraft Leasing Group Holdings, which was awarded the top aircraft leasing company in the world for 2016/2017/2018. Mr Cheok is also the inaugural Chairman of the 5G Networks Group listed in Australia; and also sits on the Board of Governors of the Malaysian Institute of Corporate Governance.

## **MS CECILE JACLYN THAI**

Executive Director

Age 32, Malaysian, Female  
Appointed on 02 January 2018

Ms Thai holds a Bachelor of Arts (BA) degree in Economics from Northwestern University; as well as a Master of Business Administration (MBA) degree, with concentrations in Entrepreneurship, Strategic Management, and Marketing Management, from the University of Chicago Booth School of Business (Chicago Booth). Ms Thai was previously at Mercer Investments, providing investment consulting services to Fortune 500 corporations throughout the US. At Chicago Booth, Ms Thai was actively involved in supporting fellow women in business through her participation in the Chicago Women in Business organization. While pursuing her MBA, Ms Thai received further training as part of the enterprise business development team at Salesforce.

Currently, Ms Thai is the Chief Executive Officer of Aveo Vision. In her role, Ms Thai leads all aspects of the US contact lens business, including strategy, operations, finance, marketing, people, partnerships, and customer experience. Ms Thai also oversees the development and implementation of Aveo Vision's integrated marketing strategy on a global level. Ms Thai was appointed Executive Director of Supermax Corporation Berhad on 2 January 2018.



# PROFILE OF DIRECTORS

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**MR TAN CHEE KEONG****Executive Director**

Age 42, Malaysian, Male  
Appointed on 02 January 2018

Mr Tan graduated from University of Staffordshire, UK with a Bachelor of Computing & Information Systems degree (Hons). Upon graduation, Mr Tan joined Supermax in July 2000 and had taken on the role as Executive Vice President of Aurelia Gloves, a division of Supermax Healthcare Inc. in 2010. Having more than 19 years of experience in the US Healthcare glove market, Mr Tan is currently the Chief Executive Officer of Supermax Healthcare Inc. Apart from the day-to-day operations, Mr Tan's portfolio includes the execution of the company's long-term business growth and development; as well as the strategic planning and implementation of its global marketing initiatives in Brazil, Canada, Hong Kong, Singapore, UK and USA. Mr Tan was appointed as Executive Director of Supermax Corporation Berhad on 2 January 2018.

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**DATO' TING HENG PENG****Independent Non-Executive Director**

Aged 60, Malaysian, Male  
Appointed on 18 June 2000

Dato' Ting graduated from University of Windsor, Ontario, Canada with a Bachelor of Commerce degree (Hons) in 1982. Upon graduation, he went to England where he read law at the University of Essex. Dato' Ting obtained his Bachelor of Law (Hons) in 1985. Following Dato' Ting's admission as a barrister by Lincoln's Inn, London in 1986, Dato' Ting came back to Malaysia and was called to the Malaysian Bar in 1987. Dato' Ting has been in active legal practice as advocate and solicitor since 1987. He is currently the managing partner of Ting Asiah & Co. Dato' Ting was appointed to the Board of Supermax Corporation Bhd in June 2000. He currently chairs the Nomination Committee and Risk Management Committee, and he is also a member of the Audit Committee and Remuneration Committee. Dato' Ting is also an Independent Non-Executive Director of Mercury Industries Berhad.

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**DATO' TAN GEOK SWEE @ TAN CHIN HUAT****Non-Executive Director**

Aged 70, Malaysian, Male  
Appointed on 18 June 2000

Dato' Tan was appointed as a Non-Executive Director of Supermax Corporation Berhad on 18 June 2000 and he is a member of the Nomination Committee and the Risk Management Committee. He worked in a public-listed company as senior manager for more than 10 years before he started his own business in the 1980's. He has good experience in international marketing and promotion and is now the Managing Director of TGS Holdings Sdn Bhd.

# PROFILE OF DIRECTORS

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**MR GONG WOUI TEIK, FELIX****Independent Non-Executive Director**

Aged 69, Malaysian, Male  
Appointed on 28 December 2001

Mr Gong is a Fellow Member of The Institute of Chartered Accountants in England & Wales, member of the Malaysian Institute of Accountants and Fellow Member of the Chartered Tax Institute of Malaysia. After qualifying as a Chartered Accountant in England in 1976, he returned to Malaysia in early 1977 and worked for two of the big 4 International Accounting Firms before starting his own accounting firm in 1980. He is currently the Managing Partner of GEP Associates, a member firm of AGN International Ltd, which is a worldwide Association of Accounting and Consulting Firms. Mr Gong was appointed as an Independent Non-Executive Director of Supermax Corporation Berhad on 28 December 2001. He is Chairman of the Audit Committee and also a member of the Nomination Committee and Risk Management Committee. Presently, he is also Independent and Non-Executive Director of Box Pak (Malaysia) Berhad, Cheetah Holdings Berhad and Dancomech Holdings Berhad which are listed on Bursa Malaysia.

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**DR RASHID BIN BAKAR****Independent Non-Executive Director**

Aged 62, Malaysian, Male  
Appointed on 18 July 2002

Dr Rashid Bakar was born and raised in Malacca. He obtained his Dip in Public Administration in 1991 from Institut Teknologi Mara and later in 1998 he graduated with a Bachelor of Law (Hons). He also holds a Dip in Syariah Law & Practice from International Islamic University Malaysia and is a certified Syarie Counsel for Selangor, WP Kuala Lumpur & Negeri Sembilan. In 2003, he graduated with a Masters in Law (LL.M) from University Kebangsaan Malaysia and in 2015 completed his Ph.D (Law) at the same university. His business occupation is Advocates & Solicitors. Dr Rashid was appointed as an Independent Non-Executive Director of Supermax Corporation Berhad on 18 July 2002. He chairs the Remuneration Committee and is a member of the Audit Committee.

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**MR EISEN NG KENG LIM****Independent Non-Executive Director**

Aged 67, Malaysian, Male  
Appointed on 19 October 2018

Ar.Eisen Ng holds a Bachelor of Architecture from the University of Singapore in 1981. He is a Registered Architect of the Board of Architects Malaysia (Lembaga Arkitek Malaysia) and a Corporate Member Architect of the Malaysian Institute of Architects (Pertubuhan Arkitek Malaysia). Ar.Ng started out as an architect with the Malaysian Associate Architects (MAA Sdn Bhd) before joining Dewan Bandaraya Kuala Lumpur (DBKL) where he was involved in the design and implementation of several City Hall projects. After serving 3-years at DBKL, he started his own architectural practice, Akistudio Architects and Arkitek Studio Sdn Bhd, where he worked on the design and implementation of many commercial, industrial and residential buildings over the next 30 years. Presently he is an Associate Director of the Malaysian Alliance of Corporate Directors. He is also an active Member of the Management Committee of The Sentral Residences.

# ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

## **Family relationships with any director and / or major shareholder**

None of the Directors of the Company has family relationships with any Director and/or major shareholder with the exception of:-

1. Cecile Jaclyn Thai is the daughter of major shareholders Dato' Seri Stanley Thai and Datin Seri Cheryl Tan
2. Tan Chee Keong is the nephew of Dato' Seri Stanley Thai, Datin Seri Cheryl Tan and Dato' Tan Geok Swee @ Tan Chin Huat
3. Dato' Tan Geok Swee @ Tan Chin Huat is the brother of Datin Seri Cheryl Tan

## **Key Senior Management**

Cecile Jaclyn Thai and Tan Chee Keong, being the Executive Directors, are the key senior management staff of the Company. Their relevant particulars, including qualification and working experience, have been outlined under their individual profiles.

## **Conflict of interest**

None of the Directors of the Company have any conflict of interest with the Company.

## **List of convictions for offences within past 5 years other than traffic offences; and public sanction/penalty imposed by relevant regulatory bodies**

None of the directors of the Company have been convicted for offences within the past five (5) years other than traffic offences, if any, nor publicly sanctioned/penalised by any relevant regulatory bodies.

## **Shareholdings in the Company and its subsidiaries**

Details are set out on page 39 of the Annual Report.

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

## DEAR VALUED SHAREHOLDERS,

For the financial year ended 30 June 2020 (FY 2020), the Group is pleased to report that Supermax Corporation Berhad has managed to grow its revenues and earnings to its highest ever levels. This stellar performance was achieved on the back of the Covid-19 pandemic outbreak which skyrocketed the average selling prices of gloves due to the exponential growth in demand and acute shortage in supplies of gloves worldwide.

The Group's revenue and profit before tax (PBT) has increased 38.6% and 294.5% to RM2.132 billion and RM680.2 million respectively in FY2020, compared to RM1.538 billion and RM172.4 million last year. This year's tremendous improvement shows that Supermax's business model yields the highest returns compared to the traditional OEM model. The commissioning of Block A of Plant #12 allowed it to ramp up production output while its allocation of a larger percentage of its capacity to direct sales to end-users had allowed both its Manufacturing and Distribution Divisions to capitalise on soaring global demand and enable the Group to register record-breaking performances each quarter since the onset of the pandemic.

## MACROECONOMIC LANDSCAPE

The global pandemic has caused huge disruption to the global market and has adversely affected many industries. However, the pandemic has led to huge demand for personal protective equipment (PPE) and the industry has flourished since the beginning of March with PPE prices, especially prices of medical gloves spiking to levels never seen before.

Infection numbers continue to rise and many countries are facing 2nd and more waves since the start of the pandemic. With winter approaching for the Northern Hemisphere, the potential for the pandemic worsening is high. While the development of a vaccine is in progress, the process will take time and cannot be simply fast-tracked as safety and lives are at stake and should not be compromised. Even with the successful development of the vaccine eventually, there is still the matter of mass-producing the vaccine, the logistical challenge of getting the vaccine to every part of the world that needs it, and not to mention the administering of the vaccine to the global population of over 7.5 billion people.

Every step of the way, gloves will be required. The glove manufacturing industry is accelerating its capacity expansion programs to overcome the current supply shortage. While the capacity expansion process is not without its challenges, which includes having sufficient labour, raw materials and utilities such as water, electricity and natural gas, the industry is committed to doing its part in this fight against the Covid-19 pandemic.

## INDUSTRY DYNAMICS

### Rubber Glove Industry

Global demand for gloves has been rising each and every year at a rate of 8 – 10% per year on the average. The demand for medical gloves continues to remain robust and will see a strong surge in year 2020 as a result of the Covid-19 pandemic. Demand will likely remain at elevated levels over the next 1 to 2 years before moderating. Due to the massive surge in demand, all glove manufacturers including Supermax are in a grossly oversold position. We have seen the emergence of new customers and new consumption that we have not seen before prior to Covid-19. Governments around the world are increasing healthcare spending substantially in efforts to combat the Covid-19 outbreak and we are already seeing repeat orders from government agencies in many countries. The strong demand and limited supply have led to soaring average selling prices. Buyers are paying substantial deposits, mostly at 30% to 50% to as high as 100% in advance just to secure glove supply.

For the long term, the industry is optimistic that rubber glove demand growth can be sustained going forward due to various positive factors such as a growing population, an increasing number of countries imposing tighter healthcare regulations, increasing health and hygiene awareness, the lack of a viable alternative to disposable gloves and not to mention the huge growth potential in the large and growing economies such as India and China where the per capita spending on healthcare currently lags far behind the developed countries. In China for example, statistics show that the average per capita consumption of gloves per year has grown from just 4.5 to 9 pieces. This compares to over 200 pieces of gloves in the US. The potential for growth is undoubtedly huge in the developing countries and will drive demand for the industry and the Supermax Group for many years to come.

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

## Contact Lens Industry

In 2014, the Supermax Group started its venture into contact lens manufacturing. Market research data has shown the contact lens business to be a large and growing global business and having recognised the potential, the Group took the decision to become Malaysia's very first home-grown contact lens manufacturer engaged in the A to Z of soft contact lens manufacturing.

Unlike the rubber glove industry, the barriers to entry into the contact lens businesses are high, among which are the highly specialised technological know-how required as well as the significant financial muscle required. Another major challenge is competing with the 'Big Four' in the contact lens industry, all large multinationals, which currently dominate this industry. Not to mention that contact lenses are classified under the medical device category by FDA legislation, whereby obtaining licenses and certifications is an arduous pre-requisite before any sales can even be made. Having said that, the Supermax Group had been in a not too dissimilar position when starting out in the rubber glove business and it knows that with great effort and perseverance while leveraging on the Group's existing global distribution network, it can achieve the same success it has in the rubber glove business.

To date, the Group has obtained the necessary licenses and approvals to export its products into over 60 global markets, including the US and Japan markets which are 2 of the largest contact lens markets presently. In the past 12-month period, the Group has embarked on promotional and marketing activities to build brand awareness for its contact lens brand, AVEO. It has distributed its products via its own global distribution network located in 8 countries, through joint ventures and appointment of authorized dealers in another 50-over countries as well as via e-commerce with online sites available in 4 countries, namely in the US, Malaysia, UK and newest site launched in Brazil. Going forward, Supermax will continue to work hard to obtain all the necessary licenses and approvals in-order to export our products to more countries across the world. The Group has spent over RM100 million to-date on this venture and remains optimistic and confident that over the medium to long term, it is building a business that will be value enhancing to all the stakeholders.

## Face Mask Industry

The global outbreak of the Covid-19 pandemic has highlighted the importance of face masks as a PPE and this has boosted demand for face masks globally. On top of that, the demand for face masks is driven by its affordability and easy availability in the market. The industry is booming and face masks will continue to be in high demand in the years to come due to the increased public awareness generated on standard hygiene care as well as the safety guidelines encouraged and implemented by governments to prevent contagion. In 2020, the Group has started its venture into the face mask manufacturing with the acquisition and commissioning of 2 high-capacity production lines in Malaysia and another 2 in Canada.

This division will be a small part of the Group's business as a whole for a start. The goal is to gradually grow the capacity and to export to foreign countries in the coming years using our existing distribution channels. Going forward, the Group will look into expanding its face mask production into different types of masks.

## **FINANCIAL REVIEW**

### Financial Performance

For the financial year ended 30 June 2020, the Supermax Group achieved its best ever annual financial performance, recording its highest ever sales revenue of RM2.132 billion and Profit Before Tax of RM680.2 million. The Group's OBM model, which started with the vision from the Founders and long term investment from Day One into building the Supermax brand into the household name it is today, as well as the setting-up of a network of global distribution companies as well as collaborations with established distributors in many countries; has enabled the Group to tap the highest market ASPs amid a severe medical glove demand and supply imbalance induced by the ongoing Covid-19 pandemic.

The Group has also been working on building its production capacity to capture greater top-line and bottom-line growth. During the current financial year, it has managed to bring additional capacity of 2.2 billion pieces per annum on-stream from Block A of its Plant #12, with another 2.2 billion pieces to come from Block B which is expected to be completed by end of calendar year 2020. Beyond Plant #12, the Group has also acquired several pieces of land in the vicinity of its existing cluster of plants in Meru, Klang, where we plan to build plants #13, #14, #15, #16 and #17 simultaneously. These 5 plants will be fast-tracked for completion within the next 2 years and will deliver the Group's capacity growth over the next 2 years up to the year 2022.

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

The Group's contact lens business is also coming along nicely. While the Group continues to spend on advertising and promotion for its contact lens business, revenues are on the rise, costs are well managed and this venture on the whole, while not quite contributing to the Group's performance yet, is becoming less of a strain on its performance which is positive for the Group.

Overall, the Group has delivered revenue growth over the years and it is confident of maintaining the growth momentum going forward. In the face of many challenges, Supermax is constantly looking into (i) organic growth to expand production capacity to capture ever-increasing global demand; (ii) rebuilding and replacing its older production lines/ plants to increase both capacity and efficiency; (iii) adapting and optimising its product mix in line with global demand trends; and (iv) expanding its global distribution network to further extend its market reach, all of which to ensure that the Supermax Group will further increase its global influence and market position in the rubber glove and contact lens industries going forward.

## Dividend Payout

The Group is firmly committed to maximising shareholders' value. During the current financial year, it had distributed 20.1 million shares as a final dividend to its shareholders in respect of financial year ended 30 June 2019 at a ratio of 1 treasury share for every 65 ordinary shares held. For the financial year ended 30 June 2020, it has again proposed a share dividend distribution from treasury shares held by the Company. This year, the Board of Directors has proposed a ratio of 1 treasury share for every 45 ordinary shares held subject to shareholders' approval at the upcoming 23rd Annual General Meeting.

## **SEGMENTAL POTENTIAL - RUBBER GLOVES, CONTACT LENS & FACE MASKS**

### Rubber Gloves

The rubber glove industry is one of the few industries where Malaysia can proudly claim to be the outright indisputable leader on the world stage with over 60% global market share. As is widely known, the industry has shown itself to be a very resilient and recession-proof industry. As mentioned earlier, the Management is confident that opportunities continue to be abundant in the rubber glove industry going forward as global rubber glove demand is expected to sustain a CAGR of 8-10%. In fact, the industry has shone in recent months and will see global demand grow at an even faster pace, especially with greater health and hygiene awareness created by the ongoing Covid-19 pandemic and increased spending on PPE by governments around the world in efforts to contain the virus outbreak.

Currently, Supermax has production capacity of about 24.0 billion pieces of gloves per annum and will end the calendar year 2020 with just over 26 billion pieces in installed capacity with the commissioning of Block B of Plant #12. With its order book swelling to over 23 billion pieces of gloves from 7 billion pieces pre-Covid-19, the urgent need to increase capacity has been made very clear. The Group has responded by accelerating its expansion program and for the first time in its history, will be constructing 5 factories simultaneously. Production lines will be commissioned progressively at each plant with about 10 billion pieces added to installed capacity in calendar year 2021 and another 12 billion pieces added in 2022. RM1.3 billion has been allocated for this expansion program over the next 2 years.

Despite this aggressive expansion, the Group would still fall short of meeting its current order book in full and an oversold position would remain. Nevertheless, the Group still has a landbank of over 130 acres for further expansion as necessary. It is also always on the lookout for more suitable land that can be acquired for further capacity expansion.

### Contact Lens

SuperVision Optimax (Supermax Group's contact lens manufacturing arm) is Malaysia's very first home-grown contact lens manufacturer engaged in the A to Z of soft contact lens manufacturing with the vision to be a global leader in this industry. Statistics have shown the contact lens industry to be a robust, growing and lucrative industry and the Supermax Group has taken the bold move of diversifying into this high-tech manufacturing industry. Total investment to-date is in excess of RM100 million with which we have built up a state-of-the-art contact lens manufacturing facility run by a highly motivated team comprising mostly engineers of various disciplines from micro-biology to advanced robotics. Our manufacturing facilities are capable of producing a wide range of affordable lenses that are highly demanded by the market.

# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Contact lenses are classified under the medical device category under FDA legislation and the company is required to obtain all necessary documentations and certifications from the various authorities of each country before it can start selling its products. The Group's extensive efforts have enabled it to market its lenses in over 60 countries and efforts are ongoing to expand its marketing reach further.

Besides expanding its market coverage, the Group had also expanded its product range with the introduction of its toric lenses (which corrects astigmatism) to complement its clear aspheric contact lens. Its toric lenses are qualified for the US markets which is no small feat as only a handful of manufacturers meet the requirements. This is a great testament to the Group's manufacturing capability and the quality of its lenses. Next in the pipeline are cosmetic lenses. This will enable the Group to penetrate not only the sizeable market for cosmetic or coloured contact lenses but also provide a new business segment for the Group.

## Face Mask

The Group has ventured into face mask manufacturing with production facilities set up in Malaysia and in Canada. This is to expand its PPE product offerings to complement its glove products and with the ability to leverage on the Group's global distribution network that has been built up over the years. Global demand for face masks is on the rise and there is a huge and growing market to tap.

For a start, the Group has installed 2 production lines with installed capacity of 96 million pieces of face masks per annum. The initial production of Made-in-Malaysia face masks will be distributed within Malaysia for the fight against the Covid-19 pandemic but future production will also be exported to overseas markets once the Covid-19 outbreak in Malaysia is brought under control and when the export ban is lifted. RM8.0 million has been budgeted to kick-start this venture.

In response to the call by the Canadian Government for Canada to be self-sufficient in PPE supply with Made-in-Canada face masks, the Supermax Group has also collaborated with its local partners in Canada to set up a manufacturing facility of 2 production lines with installed capacity of 96 million pieces per annum. The facility has already commenced commercial production with masks being produced primarily for the Canadian market. With matching grants provided for the Company's investment in this venture, the Company will be looking to further increase capacity and with an eye for the international market as well.

## Outlook

We have achieved a spectacular FY2020 and can already foresee that the next financial year will be an even better year. We have put in place a comprehensive expansion plan that will enable us tap the expected strong market growth in the year ahead and beyond and help us realise the vast growth potential in the glove business. We expect to increase our capacity by 10.25 billion pieces in 2021 and 12 billion pieces in 2022. This would represent an 85% capacity increase in 2022 as compared to 2020. This new capacity will help to bring the Group's highly oversold position to more manageable levels and enable the Group to generate sustainable top-line and bottom-line growth.

With a strengthened balance sheet and improved operational abilities, we are also conscious of the importance of enhancing shareholder value. The Board of Directors has proposed a share dividend distribution for shareholders' approval at the upcoming Annual General Meeting for financial year ended 30 June 2020; and is looking into rewarding shareholders further for their continuous support with a special dividend for a start in respect of the next financial year ending 30 June 2021.

## Appreciation

The Board of Directors wish to thank the Supermax Group's very committed employees for their hard work and devotion which have been instrumental in the Group's success. The Board would also like to express its sincere appreciation to the shareholders and all other stakeholders including bankers, suppliers and service providers for their unwavering trust and continued support over the years. It has been a challenging but rewarding journey together and we hope to continue building a successful business and growing together for many years to come.

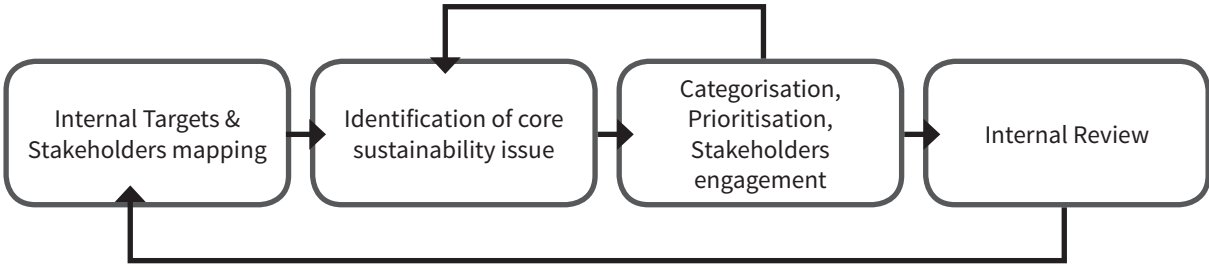
# STATEMENT OF SUSTAINABILITY

‘Sustainability has long been one of the key pillars of the Company’s business foundation and in fact become a part of its culture. ‘Supermax’s employees, be they C-level management staff or factory workers, are reminded to act ethically across the spectrum of the Group’s activities, from procurement to sales and marketing activities to financial management. Supermax adopts the Stakeholder Approach where stakeholders’ welfare maximisation is emphasised rather than just the pursuit of profit maximisation. We want to be responsible to not only our shareholders but all identifiable stakeholders relating to Supermax.

Globalisation enables parties involved in transactions to be able to benefit (win-win situation) greatly to the extent that surpasses the ability of any individual firm or country could possibly do on its own. Having said that, industrialisation has caused negative by-products that are already harming our green lungs as well as creating great economic inequality such as income and information gaps that will take decades to reverse. At Supermax, we want to play a more positive role and have identified three main areas - Economical, Environmental & Societal (SSE), to focus on and be responsible for.

To discuss sustainability in greater depth, the statement looks at the ‘Materiality Assessment Process’, stakeholders engagement & prioritisation of sustainability issues, long-term business plans & growth potential, a green environment; and societal contributions.

## I. MATERIALITY ASSESSING PROCESS



In order to tackle material sustainability-related events and issues, Supermax has adopted a materiality assessing process, which is guided by Bursa Malaysia’s Sustainability Reporting Guide and Toolkits.

Starting off with identifying and engaging with key and identifiable stakeholders, we are able to take important sustainability issues into consideration. Next, facts and opinions from both identifiable stakeholders and Supermax’s management will be used as threshold internal objectives that Supermax will pay special attention on.

Identification of core sustainability issues is a dynamic process – it involves repeating efforts and interactions between management and respective stakeholders in identifying, assessing and refining issues relating to sustainability. This process is repeated to prioritise on uttermost important matters to Supermax and its stakeholders.



# STATEMENT OF SUSTAINABILITY

## II. SUPERMAX SUSTAINABILITY CULTURE

Supermax constantly strives to maximise stakeholders' share of the pie. At Supermax, we have identified our stakeholders and are constantly engaging with them be it via tradeshows, exhibitions, audits and other channels. Supermax believes that communication is the bridge between itself and its respective stakeholders to share and discuss issues, with the ultimate aim of value enhancement to all parties. A brief, summarised table which lists out the key stakeholder groups, engagement type and possible material sustainability issues is provided below:

KEY STAKEHOLDER GROUP	ENGAGEMENT TYPE	POSSIBLE MATERIAL SUSTAINABILITY ISSUES
<b>Customers</b>	Periodic meetings; international tradeshows; exhibitions & audits	Consistency of product quality, pricing & supplies; Compliance to regulations and agreed standards
<b>Employees (All Levels)</b>	Employee surveys; engagement sessions & in-house events	Workplace safety; employment welfare
<b>Government Agencies</b>	Periodic meetings; on-site inspections	Operational needs; environmental standards compliance; workplace safety compliance
<b>Suppliers/Business Partners</b>	Periodic meetings	Consistency on product quality, pricing & supply; procurement ethics
<b>Shareholders/ Investors</b>	Quarterly reporting; investment conferences; analyst briefings; annual general meetings	Business & sectorial updates; capital market integrity

With scarcity comes the need for effective allocation of resources. The Group prioritises and tackles issues in terms of importance. Through the application of Materiality Assessing Process mentioned above, the Supermax Group has identified (listed in table below) a few crucial sustainability issues which need to be addressed going forward and on an on-going basis. Supermax is at the same time mindful that managing and tackling sustainability issues is a dynamic process where the Management team will need to remain focused to sustain and manage better the ever-changing business environment and to overcome the challenges faced.

### MATERIAL SUSTAINABILITY ISSUES

Capacity Expansion for its Rubber Glove, Contact Lens and Face Mask Divisions

Business Ethics and Transparency

Industrial 4.0 & Continuous Production Automation

Human Capital Related Welfare & Issues

Environmental Compliance

Communication with Shareholders & Investors

## III. MANAGING SUSTAINABILITY-RELATED ISSUES

### ECONOMIC SUSTAINABILITY

The Supermax Group believes that capital deployment is one of the more crucial investment decisions to be made that will affect the long term sustainability and value creation. Back in 2014, the Group made an important decision - diversifying into contact lens manufacturing. The intuition behind this decision is simple and clear - creating a portfolio of medical devices (rubber gloves & contact lens) which has both the characteristics of recession-proof demand and high return to asset and equity. In year 2020, the Group has ventured into face mask manufacturing as part of efforts to expand its personal protective equipment (PPE) product offerings to complement its rubber glove products.

# STATEMENT OF SUSTAINABILITY

## III. MANAGING SUSTAINABILITY-RELATED ISSUES (CONT'D)

### ECONOMIC SUSTAINABILITY (CONT'D)

#### *Contact Lens Division*

To date, we have successfully installed and commissioned our contact lens manufacturing facility. We are already marketing our contact lenses in Malaysia as well as overseas markets and are making inroads as we draw on our knowledge & experience on global distribution and leverage on the distribution network established thus far. To-date, our contact lenses are sold in over 60 countries worldwide. The Group continues to invest on advertising and promotion to build brand awareness for our contact lens and to penetrate the global markets.

The process of obtaining the necessary approvals and certifications for our contact lenses continues for other countries in the world in order to further widen the Company's global footprint. In 2018, the Group successfully obtained from the Pharmaceutical and Medical Device Authority (PMDA) of Japan the product license to export contact lenses under its house brand to the Japanese market. This is a proud achievement as the PMDA's vetting process is one of the most stringent vetting processes around. The Group has built on that success to also meet the requirements of the US FDA for its toric lenses. This is another notable achievement as only a handful of manufacturers are able to produce lenses that meet the standards required. Next in the pipeline in efforts to expand its product range is the development of its capability to produce cosmetic/colour lenses.

Going forward, the Group will continue efforts to secure the necessary approvals and licenses for the other targeted countries and regions to extend its marketing reach and at the same time also focus on market penetration through active advertising and promotional campaigns.

#### *Rubber Glove Division*

While the Group is investing some of its resources into the new contact lens division and lately also its new face mask division, it remains committed to its rubber glove division. During the year, the Group has commissioned the new production lines in Block A of its latest plant, i.e. Plant #12, adding 2.2 billion pieces to the Group's installed capacity. Its 2nd block, i.e. Block B, is scheduled to be fully commissioned by the end of CY2020 and will add a further 2.2 billion pieces capacity.

For its capacity expansion over the next 2 years, the Group had acquired several pieces of land in the vicinity of their cluster of plants in Meru, Klang to build its newest plants. Work has already commenced at these locations to build 5 new factories simultaneously. New capacity amounting to 10 million pieces will be rolled out in stages in CY2021 and a further 12 million pieces in CY2022. These new plants will help sustain the Group's business growth in the years to come. While adding to the Group's installed capacity, the building of these new plants next to its existing cluster of plants will facilitate assimilated and shared facilities and resources that will enable the Group to extract maximum synergies from its integrated manufacturing complex.

For all the above glove capacity expansion plans, the Group expects to invest RM1.3 billion in capital expenditure, which will be funded through a combination of internally generated funds and bank borrowings.

#### *Regulatory Compliance and Technological Advancement*

Besides operational activities, the Supermax Group will continue to devote time and energy into areas such as corporate governance and technology-related investment. Supermax will look into further improving its reporting standards, transparency and ethical standards over time. Stepping into the era of a digitalised economy, the Supermax Group will be working on incorporating technologies such as Internet-of-Things (IoT), Big Data and the like, into our manufacturing processes.

# STATEMENT OF SUSTAINABILITY

## III. MANAGING SUSTAINABILITY-RELATED ISSUES (CONT'D)

### ECONOMIC SUSTAINABILITY (CONT'D)

#### *Bridging the gap between Supermax and Investors*

During the financial year, Supermax had participated in investment conferences, road shows, analyst briefings, one-on-one and group meetings; either in-person, through tele-conference calls and increasingly through video-conferencing calls as part of precautionary measures taken to impede the spread of Covid-19 infection. Supermax aims to keep the investing community updated on the current status and prospects of the broader rubber glove and contact lens industries, before presenting and discussing the Group's latest business operations status, its financial performance to-date, as well as its medium-to-longer term plans.

### ENVIRONMENTAL SUSTAINABILITY

At Supermax, we strive to achieve a balance between economic, environmental and social considerations when we undertake our manufacturing processes and business operations. Supermax practices environmental ethics as far as possible in an effort to reduce its environmental footprint.

#### *Biomass as an alternative environmentally friendly fuel source*

The Supermax Group has a "Protect your Health, Protect the Environment" philosophy, the daily practice of which is encouraged and instilled among all levels of its organisation. Among its major ongoing initiatives which emphasises environmental preservation is the use of an alternative fuel source which is renewable and sustainable to fire its heating systems and for power generation. With this in mind, the Group has implemented biomass systems at several of its factories. The fuel used is basically the waste from the oil palm industry (e.g. palm kernel shells and empty fruit bunches) and the wood-based industry (e.g. wood chips and odd bits and pieces from the furniture industry and even the tree trimmings from pruning work done by the local councils). The need for depleting and non-renewable energy sources is therefore reduced. The Group has spent close to RM24 million over the years to build up, upgrade and maintain its biomass facilities.

#### *Waste Water Management*

Another ongoing 'green' project undertaken by the Supermax Group is the treatment of wastewater. Wastewater from the Supermax Group's manufacturing facilities is treated on site in effluent treatment plants utilising a chemical flocculation, anaerobic digestion and activated sludge process. The Group collaborates closely with the Department of Environment to conduct regular checks to ensure that the final discharge is clean and safe. The Supermax Group spares no expense or effort to ensure that all of its manufacturing facilities do not pollute the environment nor endanger the health of its employees or the communities residing within the vicinity. The Group has spent over RM11 million on this project.

#### *Chlorine Gas Treatment*

Chlorine gas, a by-product resulting from the Group's manufacturing process is known to be hazardous to living beings on earth. As with waste water, the Group is very stringent on its processes when it comes to discharging any by-products into the environment. All our plants are installed with effective scrubber systems that filter and remove all toxic chlorine particles from the gas before discharging it harmlessly into the atmosphere.

#### *Go Green Building!*

In 2013, we completed the setting up of our distribution headquarters in Chicago, Illinois. This warehouse and office facility in Aurora was designed and built with environment conservation in mind and had received the LEED (Leadership in Energy & Environmental Design) Gold Certification recognized by the U.S. Green Building Council. The facility has many environmentally-friendly features such as photovoltaic solar panels and other energy saving fixtures such as full LED lighting to improve energy-usage efficiency.

# STATEMENT OF SUSTAINABILITY

## III. MANAGING SUSTAINABILITY-RELATED ISSUES (CONT'D)

### ENVIRONMENTAL SUSTAINABILITY (CONT'D)

#### *Recycling of Single-use Materials*

One of our main components in the Group's contact lens production process is the homo polymer polypropylene resin which is used to manufacture the medical grade polypropylene mould, the design of which determines the specifications such as the shape, size and power of the contact lens. The mould is a single use item which is discarded after the lens has been extracted from it. However, conscious of the potential harm to the environment should the non-bio-degradable moulds be improperly disposed where it could end up in landfills and oceans, the Company has made it a policy to collect the dispensed moulds and to send them to recycling plants where they are broken down into non-medical grade polypropylene resin and used to manufacture products such as plastic chairs, baskets and tables.

### SOCIAL SUSTAINABILITY

The Supermax Group recognizes the efforts and contributions of its employees to its progress over the years and realises that they remain an integral part of the Group's growth engine going forward. Thus, it is imperative that the employees' welfare is well taken care of including providing them a safe and conducive working environment to grow and further progress in their respective career paths. The Group also recognises and acknowledges the need to contribute back to society and has made this a part of its philosophy over the years.

#### *Human capital - core assets of Supermax Group*

Supermax places great emphasis on employee health and safety and making the Supermax workplace a conducive working environment for its entire workforce. It currently holds the ISO 9001:2015 and ISO 13485:2016 certification on product quality as well as other quality management system certifications which showcases its commitment to providing stakeholders an assurance of quality in fulfilling requirements whilst optimising environmental performance. Training and re-training of staff are conducted on a regular basis. Its policies are also non-bias in nature, be they in terms of gender, ethnicity, etc.

On-going initiatives include:

- a) Strict "No child labour" policy
- b) Encouraging a healthy lifestyle and building camaraderie among staff by providing support for social activities
- c) Equal employment opportunity in terms of gender and ethnicity across all levels of employment from the boardroom to the factory floor.

Besides the executive and other white collar workers, Supermax has also taken good care of its line workers, including the foreign workers, be they in-house or contractual workers. We ensure that accommodation provided to these workers is all in compliance with regulations and standards. All other necessary requirements and conveniences are also provided to them, including in-house canteens that provide nutritious and affordable food for their needs.

In line with our efforts to encourage a healthy work environment and camaraderie among employees, we have organised various in-house events, usually around festive periods like Hari Raya, Chinese New Year and Deepavali, aimed at allowing employees from diverse backgrounds and races to get to know each other better and to understand each other's cultures better.

# STATEMENT OF SUSTAINABILITY

## III. MANAGING SUSTAINABILITY-RELATED ISSUES (CONT'D)

### SOCIAL SUSTAINABILITY (CONT'D)

#### *Capital Market Integrity*

Supermax also recognises the importance of practicing the highest standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance stakeholders' value and has taken all reasonable steps to ensure that the best practices are adopted and implemented wherever possible.

Supermax has ensured that all of Bursa Malaysia's listing requirements are duly complied with such as timely reporting of quarterly results, share buy-backs, incorporation of new subsidiaries and major acquisitions. Supermax also regularly engages with stakeholders including analysts, fund managers, investors and other shareholders wherever possible via various means and platforms from investor conferences and road shows to teleconferences to provide updates on the Company as well as the industry.

#### *Contributing towards Social Welfare*

The use of contact lenses for eyesight correction as well as for aesthetics purposes is becoming more and more widespread. However, as its usage becomes more popular and prevalent, so does the incidence of eyesight-issues caused by their improper use, such as eye infections and in extreme cases even blindness. As a responsible manufacturer of contact lenses, we take seriously the need to provide good education and create greater awareness on due care and proper use of contact lenses among the users. Our aim is to reduce and prevent as far as possible the potentially devastating effects resulting from improper lens use and poor eye care practices. Towards this end, Supermax has helped organise and sponsored several eye care campaigns at some local hospitals and education centres, involving thousands of participants (e.g. hospital staff, teaching staff and students), with the aim of educating consumers on matters such as:

- (a) Proper lens use and eye care procedures
- (b) Importance of procuring lenses from legal and trustworthy manufacturers and sellers
- (c) Consumer rights

Supermax views human capital to be equally important as physical capital in long-term sustainable global growth. Particularly, the Management sees human capital as one of the more crucial assets needed to drive the Company and the industry forward and also propel our country towards becoming a developed nation. In line with this belief, Supermax lends its helping hand to youths from under-privileged backgrounds who are keen on achieving their academic dreams and have, in collaboration with the Malaysian Rubber Export Promotion Council (MREPC), provided scholarships to needy students each year.

More recently, Supermax also came to the fore when the Covid-19 virus began to wreak havoc at its epicentre of Wuhan, China. The Supermax Group had donated a total of 3 million gloves and co-sponsored a further 8.9 million gloves to China to aid them in their fight against the deadly virus. Closer to home, Supermax also aided Malaysia's efforts in combating the Covid-19 threat by donating and co-sponsoring a total of 6 million gloves to the frontliners such as the doctors and nurses as well as the police and army personnel.

# AUDIT COMMITTEE REPORT

## MEMBERS OF AUDIT COMMITTEE

### Mr Gong Wooi Teik, Felix

Chairman of Committee, Independent Non-Executive Director

### Dato' Ting Heng Peng

Member of Committee, Independent Non-Executive Director

### Dr. Rashid Bin Bakar

Member of Committee, Independent Non-Executive Director

## TERMS OF REFERENCE OF AUDIT COMMITTEE

### Constitution

The Board had constituted and established an Audit Committee with authority, responsibilities and specific duties as described below.

### Composition

- (1) The Audit Committee is composed of 3 non-executive directors, all of whom are independent directors;
- (2) All the Audit Committee members are financially literate, and at least one member meets the following requirements:-
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
    - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by the Exchange;
- (3) No alternate director has been appointed as a member of the Audit Committee.
- (4) The members of the Audit Committee have elected from among themselves an Independent Director to be the Chairman, i.e. Mr Gong Wooi Teik. The Chairman together with the other committee members have engaged on a continuous basis with Senior Management, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the company.
- (5) All members of the Audit Committee, including the Chairman, have held office only so long as they served as Directors of the Company. The Board is to review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee has carried out its duties in accordance with its terms of reference.

# AUDIT COMMITTEE REPORT

## DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee shall review and report the same to the Board on the following key matters:-

- (i) To review the appointment, resignation, conduct and audit plans of the Internal and External Auditors;
- (ii) To review the assistance given by the employees of the Company to the external auditors and the internal auditors;
- (iii) To review the quarterly results and year-end financial statements, prior to the approval by the Board;
- (iv) To review any related party transaction and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (v) To oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance.

## RIGHTS AND AUTHORITY OF THE AUDIT COMMITTEE

In carrying out its duties and responsibilities, the Audit Committee will:-

- (1) have the authority to investigate any matter within its terms of reference;
- (2) have the resources which are required to perform its duties;
- (3) have full and unrestricted access to any information pertaining to the Company;
- (4) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (5) be able to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend the Audit Committee meetings (if required) and to brief the Audit Committee; and
- (6) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

## ATTENDANCE OF MEETINGS

Five (5) meetings were held during the financial year ended 30 June 2020. The record of attendance is as follows:-

Name	No. of Meetings Attended
Gong Wooi Teik, Felix	5/5
Dr. Rashid Bin Bakar	5/5
Dato' Ting Heng Peng	5/5

# AUDIT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES

The Audit Committee has discharged its duties as set out in its Terms of Reference. During the financial year, the activities undertaken by the Audit Committee included the following:

1. Reviewed and recommended the quarterly financial results to the Board for approval;
2. Reviewed and recommended the audited financial statements to the Board for approval;
3. Reviewed and deliberated on the internal and external auditors' audit plans, audit reports and the progress and outcomes of audits conducted including issues raised and remedial actions taken;
4. Reviewed and assessed the suitability and independence of the external auditors.
5. Reviewed the Statement of Risk Management & Internal Control and the Audit Committee Report for recommendation to the Board for inclusion in the Annual Report.

## INTERNAL AUDIT FUNCTION

The Board considers the audit function to be an integral and important part of the governance process. The Internal Audit Department carried out the internal audit function for Supermax Group during the financial year under review. The internal auditors conduct reviews on systems of controls and the effectiveness of the processes which Management has in place to identify, manage and control proper conduct of business within the Group. During the financial year ended 30 June 2020, the Internal Audit Department covered key risk areas ranging from procurements and payments, production and packing productivity efficiency, human resources management and upkeep of machineries.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors recognises the importance of practicing the highest standards of Corporate Governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of Supermax Corporation Berhad.

With this in mind, measures and efforts have and shall be taken to ensure as far as practicable the adoption and implementation of the Principles and Best Practices set out in the Malaysian Code on Corporate Governance ("the Code") and in the Main Market Listing Requirement ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities").

Set out below is a description of how the Group has applied the Principles of the Code and how the Board of Directors has complied with the Best Practices set out in the Code. The detailed application for each practice as set out in the MCGG is disclosed in the Corporate Governance Report ("CG Report") which is available on Supermax's website: [www.supermax.com.my](http://www.supermax.com.my).

## SECTION A – THE BOARD OF DIRECTORS

### Size and Composition of the Board

An experienced and effective Board consisting of members with a wide range of skills including legal, accounting and international trade; and a wealth of experience from financial and business backgrounds, leads and controls the Group. The Directors bring depth and diverse expertise to the leadership of the challenging and highly competitive glove and contact lens businesses.

The Board continues to give close consideration to its size, composition and spread of experience and expertise. No individual or group of individuals dominates the Board's decision making and the number of Directors reflects fairly the investment of the shareholders. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of stakeholders of the Company.

The Board comprises the Chairman who is an independent non-executive director, 2 Executive Directors and 5 Non-Executive Directors, four of whom are Independent Directors. The composition is in line with the recommendations of the Malaysian Code of Corporate Governance for the boards of large companies to be comprised of a majority of independent directors.

The Board has identified Dato' Ting Heng Peng as the senior independent non-executive director to whom concerns if any may be conveyed.

The profile of each Member of the Board is presented on pages 7 to 9 of this annual report.

### Duties and Responsibilities of the Board

The Board Charter clearly outlines the duties and responsibilities of the Board of Directors including the Chairman and the Board Committees; as well as the executive directors who are supported by the management team. [The Board Charter is available on the Company's website at [www.supermax.com.my](http://www.supermax.com.my).]

The responsibilities of the Board of Directors of the Company include:-

- Reviewing and adopting a strategic plan for the Company which will enhance the future growth of the Company. The Executive Directors discuss the Company's business plans and strategic directions with the Board to seek their insights and feedback before adoption. The Executive Directors then focus on implementing the business plans and strategies and updates the Board on the progress and status periodically.
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed. The Board receives feedback from the Management and is also briefed by the Audit Committee (AC). The AC receives reports and feedback from the Internal Audit Department which conducts independent audits of the Group's operations.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Identifying principal risks of the business and ensure the implementation of appropriate systems to manage these risks; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

## **Board Balance and Independence of Directors**

The Board members have a wealth of experience as well as skills and knowledge, which are relevant to the Group. Although the Chairman and the Executive Directors are jointly responsible for the Group's strategic business direction, their roles are separate with clearly defined responsibilities to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board as well as communication with shareholders and other stakeholders whilst the Executive Directors are responsible for the day-to-day and overall operation of the business and the implementation of Board strategy and policy.

All the Independent Non-Executive Directors are independent of Management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. They have the calibre to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders, employees and customers.

The Nomination Committee and the Board have upon their annual assessment, concluded that each of the 3 long-serving Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence and continues to fulfil the definition of independence as set out in the Bursa Malaysia Main Market Listing Requirements. While the 3 directors are found to have remained objective and independent in expressing their views, the Company has nevertheless adopted the recommendation of the Malaysian Code of Corporate Governance (MCCG) to seek shareholder approval through a 2-tier voting process to retain the 3 directors as independent directors should they seek to be re-elected.

The Committee also finds that each of the directors possess and continue to gain and develop the necessary experience and core competencies to discharge their duties as directors individually, as a Board and within the relevant sub-committees in which they serve. They have also devoted sufficient time to carry out their duties and responsibilities and to further their knowledge and skills required.

## **Code of Business Ethics**

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

The Board of Directors has formalised a Code of Business Ethics that outlines the standards of conduct expected of all Directors and staff of the Group with the objective of ensuring proper behaviour and ethical conduct within the Group. This is in line with the Board's commitment towards upholding the spirit of accountability and responsibility within the Group. The document can be viewed from the Group's website [www.supermax.com.my](http://www.supermax.com.my).

## **Whistle-blowing Policy**

Supermax Group's whistle blowing policy is aimed at protecting the integrity, transparency, impartiality and accountability in all business operations conducted by the Supermax Group. The policy provides a structured reporting channel and guidance to all employees as well as external parties to whistle-blow without fear of victimization.

The Group's Whistle-blowing Policy has been posted on its website [www.supermax.com.my](http://www.supermax.com.my) for easy accessibility.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Board Meetings and Supply of Information to the Board

During the financial year ended 30 June 2020, five (5) board meetings were held. Details of the Directors' attendance at these meetings are as follows:-

Name	Meetings Attended	No. of Meetings Held
1. Albert Saychuan Cheok	5	5
2. Cecile Jaclyn Thai	5	5
3. Tan Chee Keong	5	5
4. Dato' Tan Geok Swee @ Tan Chin Huat	5	5
5. Dato' Ting Heng Peng	5	5
6. Gong Wooi Teik, Felix	5	5
7. Dr Rashid Bin Bakar	5	5
8. Eisen Ng Keng Lim	4	5

The Executive Directors of the Company undertake the responsibility to ensure that the agenda and full set of Board papers (including qualitative information of the Company) for consideration are distributed well before each meeting of the Board to ensure that the Directors have sufficient time to study them and be properly prepared for discussion and decision making. Minutes of Board meetings are maintained by the Company Secretary.

All Directors of the Company whether in full Board or in their individual capacity, have access to all information within the Company and to seek independent professional advice where necessary and in appropriate circumstances, in furtherance of their duties.

The Directors also have access to the advice and services of the Company Secretary who is responsible for ensuring the Board meeting procedures are followed and that applicable rules and regulations are complied with.

## New Appointment and re-election of Directors

The Nomination Committee established by the Board is responsible for assessing the nominee(s) for directorship and Board Committee membership and thereupon submitting their recommendation to the Board for decisions.

For any new appointment and/or re-election of directors, the Nomination Committee conducts a rigorous selection process by applying established criteria which included the assessment of essential skill sets such as relevant industry experience and experience in developing corporate growth strategies, knowledge on legal and regulatory requirements, ability to read, analyse and interpret financial statements and also working knowledge and experience in business development; before recommending the appointment and/or re-election to the Board for approval.

Each Director must retire from office at least once in every three years and can offer himself/herself for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next Annual General Meeting ("AGM") held following their appointment.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Nomination Committee

The Nomination Committee consists of the following:-

Chairman	:	Dato' Ting Heng Peng (Independent Non-Executive Director)
Members	:	Dato' Tan Geok Swee @ Tan Chin Huat (Non-Executive Director) Gong Wooi Teik, Felix (Independent Non-Executive Director)

The duties and responsibilities of the Nomination Committee are as follows: -

- a) To recommend to the Board of Directors, candidates for directorships to be filled by the Shareholders or the Board of Directors;
- b) To consider, in making its recommendations, candidates for directorships proposed by the Executive Directors and, within the bounds of practicability, by any other senior executive or any Director or Shareholder;
- c) To recommend to the Board, Directors to fill the seats on the Board committees;
- d) To assist the Board to annually review its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board;
- e) To assess the training needs of the directors
- f) To assess the effectiveness of the Board of Directors as a whole and each individual Director/Committee of the Board; and
- g) To consider and examine such other matters as the Nomination Committee considers as appropriate.

During the year, the Nomination Committee had met once. The meeting was fully attended by all the members and matters considered included the performance and effectiveness of the directors as a whole, as sub-committees and individually; the directors' training needs; and the continuation in office of independent directors who have served the Company for a cumulative term of more than 9 years.

## Directors' Training

All the Directors of the Company have attended the Mandatory Accreditation Program (MAP) prescribed by Bursa Securities for directors of public listed companies. The Directors have also attended training sessions to keep abreast with developments in relation to the capital markets, relevant changes in laws and regulations and/or the business environment from time to time.

During the financial year, the Directors attended the following conferences, seminars and briefings conducted by the regulatory authorities and members of professional bodies, in order to stay abreast with the latest developments in the relevant industries and to better enable them to fulfill their responsibilities:-

Director	Programmes
Mr Albert Cheok	<ul style="list-style-type: none"><li>▶ Corporate Liability on Corruption: Is your Organisation Ready to Safeguard its Directors, Top Management and Personnel against a Corruption Prosecution?; by Malaysian Institute of Corporate Governance</li><li>▶ PowerTalk #10 – The Path to the Next Normal: So What Now for Leadership; by James McCulloch, Inspire Group Asia, New Zealand</li></ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Programmes
Ms Cecile Jaclyn Thai	<ul style="list-style-type: none"> <li>▶ Challenger Summit 2019 – Connecting Digital Innovators with Disruptive Marketing Tactics &amp; Bold Ideas; by Wpromote, San Francisco</li> <li>▶ Checkr Forward Annual Conference 2019; by Checkr, San Francisco</li> <li>▶ Hustle Con Startup Conference 2019; by Hustle Con, San Francisco</li> </ul>
Mr Tan Chee Keong	<ul style="list-style-type: none"> <li>▶ Enterprise Resilience: Now, Next and Beyond – Steadying the Ship by Solving the Now; by Ernst &amp; Young Advisory Services</li> <li>▶ Tax Impact of Covid-19; Tricor Global</li> </ul>
Dato’ Ting Heng Peng	<ul style="list-style-type: none"> <li>▶ Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009; by Bursa Malaysia</li> <li>▶ Tax Impact of Covid-19; Tricor Global</li> </ul>
Dato’ Tan Geok Swee @ Tan Chin Huat	<ul style="list-style-type: none"> <li>▶ Tax Impact of Covid-19; Tricor Global</li> </ul>
Mr Gong Wooi Teik, Felix	<ul style="list-style-type: none"> <li>▶ Demystifying the Diversity Conundrum: The Road to Business Excellence; by Bursa Malaysia</li> <li>▶ Audit Quality Enhancement Programme for SMPs 2019; by Malaysian Institute of Accountants</li> <li>▶ 2020 Budget Seminar; by Chartered Tax Institute of Malaysia (CTIM)</li> <li>▶ Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009; by Bursa Malaysia</li> <li>▶ Audit Oversight Board – Conversation with Audit Committees; by Securities Commission</li> </ul>
Dr Rashid Bin Bakar	<ul style="list-style-type: none"> <li>▶ Tax Impact of Covid-19; Tricor Global</li> </ul>
Mr Eisen Ng Keng Lim	<ul style="list-style-type: none"> <li>▶ Tax Impact of Covid-19; Tricor Global</li> </ul>

## Company Secretary

The Board of Directors is ably supported by the Company Secretaries appointed. The Company Secretaries, who are qualified under Section 236 of the Companies Act 2016, play an advisory role to the Board in relation to the Company’s constitution, Board’s policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The role of the Company Secretary includes:

- a) Ensuring compliance with regulatory requirements;
- b) Updating the Board on changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”);
- c) Providing support to the Board in ensuring adherence to board policies and procedures, rules, relevant laws and best practices on corporate governance;
- d) Ensuring that deliberations at the Board meetings are recorded in the minutes, minutes are well documented, following-up on matters arising, maintaining a secure retrieval system which stores meeting papers and minutes of board meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## SECTION B – DIRECTORS’ REMUNERATION

### Remuneration Committee

The Remuneration Committee consists of the following:-

- Chairman : Dr. Rashid Bin Bakar  
(Independent Non-Executive Director)
- Members : Dato’ Ting Heng Peng  
(Independent Non-Executive Director)

The duties and responsibilities of the Remuneration Committee are as follows:-

- To review and assess the remuneration packages of the Executive Directors in all forms, with or without other independent professional advice or other outside advice;
- To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run the Company successfully;
- To structure the component parts of remuneration so as to link rewards to corporate and individual performance and to assess the needs of the Company for talent at Board level at a particular time; and
- To consider and examine such other matters as the Remuneration Committee considers appropriate.

The remuneration of the non-executive directors is determined in accordance with their experience and level of responsibilities assumed. Non-executive directors are remunerated in the form of directors’ fees as approved by the shareholders.

The aggregate Directors’ remuneration paid or payable or otherwise made available to all directors of the Company during the financial year are as follows:

Category	GROUP			COMPANY		
	Fees (RM)	Salaries & other emoluments (RM)	Benefit In Kind (RM)	Fees (RM)	Salaries & other emoluments (RM)	Benefit In Kind (RM)
<b>Executive Directors</b>						
Tan Chee Keong	108,000	USD336,000	-	108,000	2,500	-
Cecile Thai	108,000	USD264,000	-	108,000	2,500	-
<b>Non-Executive Directors</b>						
Albert Saychuan Cheok	144,000	2,500	-	144,000	2,500	-
Dato’ Tan Geok Swee @ Tan Chin Huat	108,000	2,500	-	108,000	2,500	-
Dato’ Ting Heng Peng	108,000	5,000	-	108,000	5,000	-
Gong Wooi Teik, Felix	108,000	5,000	-	108,000	5,000	-
Dr Rashid Bin Bakar	108,000	5,000	-	108,000	5,000	-
Eisen Ng Keng Lim	90,000	2,000	-	90,000	2,000	-

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## SECTION C – SHAREHOLDERS

### Dialogue with investors and shareholders

The Annual General Meeting (AGM) is the principal forum for dialogue with shareholders. At the AGM, the Board can highlight the progress and performance of the business and encourages the active participation of shareholders in question and answer sessions.

The Company also engages with shareholders and investors through various means and platforms that include regular participation in established events such as Invest Malaysia and the International Rubber Gloves Conference and Exhibition, attending road shows and investor conferences organised by the various research and financial houses, organising and attending direct meetings and briefings, through appropriate announcements to Bursa and press releases, and via updates on its websites.

## SECTION D – ACCOUNTABILITY AND AUDIT

### Directors' Responsibility Statements

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

### Financial Reporting

The Directors are responsible for the preparation of the annual audited financial statements and ensure that the accounts and other financial reports of the Company are prepared in accordance with Approved Accounting Standards and present a balanced and comprehensive assessment of the Company's position and prospects, to all the shareholders.

The Company's Annual Report and quarterly announcements of results give an updated financial performance of the Company periodically.

### Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors with Mr Gong Wooi Teik, Felix as the Chairman of the Committee. The composition is as mentioned earlier and Terms of Reference of the Audit Committee are available on the Company's website [www.supermax.com.my](http://www.supermax.com.my).

The Audit Committee has explicit authority from the Board to investigate any matter and is given full responsibility within its Terms of Reference and necessary resources which it need to do so and full access to information. During the financial year ended 30 June 2020, the Audit Committee had also met with the External Auditors without the presence of the Executive Board members on 2 occasions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Internal Control

The Statement of Internal Control furnished on page 32 to 34 of the annual report provides an overview of the internal controls within the Group.

## Internal Audit

The Company set up its Internal Audit Department on 8 December 2003. Internal auditors adopt a risk – based approach in the planning and conduct of its audits and focuses on the key areas of business risk.

The main responsibilities of the Internal Auditors are to:-

- a) Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board to make an accurate Statement on Internal Control in the annual report;
- b) Support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritised action plan to further enhance the internal control system; and
- c) Perform a risk assessment of the Company to identify the business processes within the Company that internal audit should focus on.

## Relationship with External Auditors

The Board ensures that there is transparent arrangement for the achievement of objectives and maintenance of professional relationship with the External Auditors.

## OTHER INFORMATION REQUIRED BY THE MMLR OF BURSA SECURITIES

### Audit & Non-Audit Fees

For the financial year ended 30 June 2020, audit fees and non-audit fees paid/payable to the External Auditors are detailed in the table below.

Type of Fee	Group (RM)	Company (RM)
Audit fees	469,170	60,000
Non-audit fees	5,000	5,000
Total	474,170	65,000

### Material contracts

During the year under review, the Company and its subsidiaries did not enter into any material contracts involving Directors' and major shareholders' interest.

### Contract relating to loans

There were no contracts relating to loans entered into by the Company involving Directors' and major shareholders' interest.

### Related Party Transactions

A list of the significant related party transactions between the Company and its subsidiaries, and between the Group and other related parties including relevant Key Management personnel for the financial year ended 30 June 2020 is set out on page 95 of the Annual Report.

### Revaluation of landed properties

The Company does not have a revaluation policy on landed properties.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements which require listed issuers to include in its Annual Report a statement detailing the state of risk management and internal control of the Company and its subsidiaries. The Malaysian Code on Corporate Governance (“MCCG”) requires listed companies to maintain a sound system of risk management and internal control to safeguard the shareholders’ investments and the Companies’ assets.

The Board of Directors of Supermax Corporation Berhad is committed to maintain a sound system of risk management and internal control within the Group. Set out below is the Board of Directors’ “Statement on Risk Management and Internal Control” which has been prepared in accordance with the Guidance for Directors of Public Listed Companies on the Statement on Risk Management and Internal Control.

## RESPONSIBILITY OF THE BOARD

The Board of Directors (“Board”) is responsible for the adequacy and effectiveness of the Supermax Group’s (“the Group”) risk management and internal control system. The Board manages the Group’s key areas of risk within an acceptable risk profile to increase the likelihood that the Group’s policies, business objectives and strategies will be achieved. The Board continually reviews the system to ensure it provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines.

The Board through the Risk Management Committee (“RMC”) maintains overall responsibility for risk oversight within the Group. Pursuant to MCCG requirements, the RMC is made up of a majority of Independent Non-Executive directors.

Management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders’ investment, the interests of customers, regulators and employees, and the Group’s assets.

The following outlines the nature and scope of risk management and internal control of the Group.

## RISK MANAGEMENT

The Board regards risk management as an integral part of all business operations. Hence the Board explicitly assumes the responsibility of identifying principal risks and ensures the implementation of a dynamic system to manage risk exposure within the acceptable level of tolerance and in line with the risk management policy, describing the Group’s commitment to embedding risk management into its processes and structure to create and maintain an environment that enables the Group to meet performance objectives.

To fulfill its oversight responsibility, the Board through delegation to the RMC reviews the adequacy and integrity of Group’s risk management system which encapsulates the key processes of risk identification, assessment, treatment, monitoring and reporting. Whilst the Risk Working Committee (“RWC”) which reports to the RMC, serves as the driving force behind the routine risk management activity to facilitate the Group-wide risk management initiatives from an operational perspective.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The RWC is headed by a General Manager and comprises heads of departments or support functions, who are risk owners themselves, as members.

The Board has established a risk management framework for identifying, monitoring, reviewing and continually improving risk management. The risk management framework is being adopted as a standardized approach in implementing risk management in the Group for timely identification, reporting and management of principal risks. The implementation of the risk management framework promotes an effective risk culture.

The key features of the risk management framework provide a risk control environment that includes:

A Governance and Risk Organisation Structure identifying the Board in retaining the overall risk management responsibility and the delegation of authority and responsibility of the management and reporting mechanism;

A Risk Register containing risk profiles of the business operation within the Group which have been developed and communicated to the Board. The development of such risk profiles involved identification of key risks faced by the Group's core business units, potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks to the desired level;

A Risk Management Committee ("RMC"), established by the Board to provide assurance concerning the Group's risk management. The RMC is represented by members of the Board and is tasked with overall responsibility for establishing a strategic approach to implementing risk management within the Group.

At the Group level, inherent risk factors arising from business operation are continually identified. These identified risk factors are incorporated into the risk register and individually rated. The rating process is guided by a matrix of "probability of occurrence" and the associated "severity", of which both financial and non-financial consequences are duly considered. Thereafter, owners of these risk factors will drive the implementation of risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance.

## INTERNAL CONTROL

The Board is aware that a sound system of internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedure for reporting immediately to appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being taken.

The key processes in reviewing the adequacy and effectiveness of the risk management and internal control system includes the following:

The Audit Committee is assisted by the Risk Management Committee and the Internal Audit Department, performs the duty of reviewing and evaluating the adequacy and effectiveness of the Group's system of risk management and internal control;

The RMC has been established by the Board to provide assurance concerning the Group's risk management. The RMC performs periodic review of risk management processes and oversee the development of appropriate guidelines and policies for implementation.

The Group has in place an on-going process for identifying, monitoring and managing significant risks that may affect the achievement of business objectives. Management is continually reviewing potential risk areas through discussions held at monthly staff meetings. Where a particular risk is identified, it will be monitored with counter measures taken to mitigate the risk wherever possible;

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The in-house Internal Audit Department was established in 2003. The Internal Auditors review the internal controls on the key activities of the Group on the basis of a detailed annual internal audit plan. The internal audit functions are carried out to minimize the Company's exposure to risk and problems.

For the financial year ended 30 June 2020, the Internal Audit Department performed financial and operational audits of business and operations activities for the Supermax Group. This covered key risk areas ranging from procurements and payments, production and packing productivity efficiency, human resources management and upkeep of machineries.

Internal audit reports were issued and tabled to the Audit Committee regularly at Audit Committee Meetings.

The Internal Auditors will continue to come up with proactive measures or corrective actions to manage and mitigate potential business and operational risks noted in the course of carrying out their duties. In the case of any unavoidable cases, the Internal Auditors will do a thorough review and resolve the issues immediately.

The External Auditor provides further assurance to the Audit Committee in the form of annual statutory audit of the financial statements. Areas of concern identified during the course of external audit examination will be brought up to the attention of the Audit Committee.

## OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

Apart from the above, the other key elements of the Group's internal control systems are as follows:-

- a) Clearly documented internal policies and procedures including those that are ISO 9001:2015, ISO 13485:2016 and MDSAP compliant are in place and regularly updated to reflect changing risk or resolve operational deficiencies,
- b) Regular and comprehensive information provided to Management for monitoring of performance against strategic plan, covering all key financial and operational indicators,
- c) Whistle Blowing policy to provide an avenue for whistleblowing report and promote good corporate governance,
- d) On quarterly basis, the Board reviews all issues covering strategy and performance of the Group.

## CONCLUSION

The overall system of risk management and internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require public disclosure.

The Board is dedicated to operating a sound system of risk management and internal control, and remains committed towards keeping abreast with the ever-changing business environment in order to support the Group's business and size of operations.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the annual report of the Company for the financial year ended 30 June 2020 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.



**S U P E R M A X**  
CORPORATION BERHAD  
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# CORPORATE INFORMATION

Board of Directors	: Albert Saychuan Cheok Cecile Jaclyn Thai Tan Chee Keong Dato' Tan Geok Swee @ Tan Chin Huat Dato' Ting Heng Peng Gong Wooi Teik Dr. Rashid Bin Bakar Ng Keng Lim @ Ngooi Keng Lim
Company Secretaries	: Wong Wai Foong (MAICSA 7001358) Joanne Toh Joo Ann (LS 0008574)
Registered Office	: Unit 30-01, Level 30, Tower A Vertical Business Suite, Avenue 3 Bangsar South, No.8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan, Malaysia
Principal Place of Business	: Lot 38, Putra Industrial Park Bukit Rahman Putra 40160 Sungai Buloh Selangor Darul Ehsan
Auditors	: RSM Malaysia (AF: 0768) 5th Floor, Penthouse, Wisma RKT Block A, No. 2, Jalan Raja Abdullah Off Jalan Sultan Ismail 50300 Kuala Lumpur Wilayah Persekutuan, Malaysia
Corporate Counsel	: Shearn Delamore & Co (50601-K) 7th Floor, Wisma Hamzah-Kwong Hing No.1, Leboh Ampang 50100 Kuala Lumpur Wilayah Persekutuan, Malaysia
Principal Banks	: OCBC Bank (Malaysia) Berhad Citibank Berhad Malayan Banking Berhad HSBC Bank Malaysia Berhad Standard Chartered Bank Malaysia Berhad Bank of China (Malaysia) Berhad

# DIRECTORS' REPORT

## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities and other information of the subsidiaries are set out in Note 10 to the financial statements.

## FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	534,778,463	63,178,901
Attributable to :		
Owners of the parent	524,795,452	63,178,901
Non-controlling interests	9,983,011	-
	534,778,463	63,178,901

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

The dividend on ordinary shares paid or declared by the Company since the end of the previous financial year were as follow:

### In respect of the financial year ended 30 June 2019:-

	RM
- final single-tier dividend via share dividend distribution of 20,088,223 treasury shares on the basis of 1 treasury share for every 65 existing ordinary shares held in the Company	21,945,505

The Directors propose a final single-tier dividend via the share dividend distribution on the basis of one treasury share for every forty-five existing ordinary shares held in the Company in respect of the current financial year, subject to approval of shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as a distribution of treasury shares in the financial year ending 30 June 2021.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

# DIRECTORS' REPORT

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## TREASURY SHARES

During the financial year, shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 29 November 2019, approved the Company's plan to purchase its own shares up to a maximum of 10% of the total number of issued shares of the Company. The directors of the Company are committed towards the enhancement of the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 35,164,023 of its issued ordinary shares from the open market at an average price of RM1.91 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM67,209,360. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company distributed share dividend of 20,088,223 treasury shares on the basis of one treasury share for every sixty-five existing ordinary shares held in the Company.

As at 30 June 2020, the Company held a total of 68,888,000 ordinary shares of its 1,360,309,760 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM101,912,497.

Further details are disclosed in Note 20 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

## DIRECTORS

The directors of the Company who held office during the financial year until the date of this report are:-

Albert Saychuan Cheok  
Cecile Jaclyn Thai  
Dato' Tan Geok Swee @ Tan Chin Huat  
Dato' Ting Heng Peng  
Dr. Rashid Bin Bakar  
Gong Wooi Teik  
Ng Keng Lim @ Ngooi Keng Lim  
Tan Chee Keong

The name of directors of subsidiaries are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

# DIRECTORS' REPORT

## DIRECTORS (CONT'D)

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows:

THE COMPANY	Number of ordinary shares			At 30.6.2020
	At 1.7.2019	Acquired	(Disposed)	
<b>Direct interest</b>				
Albert Saychuan Cheok	75,000	1,153	-	76,153
Dato' Dr. Tan Geok Swee @ Tan Chin Huat	23,396,240	359,941	-	23,756,181
Dato' Ting Heng Peng	8,444,000	129,906	-	8,573,906
Dr. Rashid Bin Bakar	120,000	1,846	-	121,846
Gong Wooi Teik	6,136,972	94,414	-	6,231,386
Tan Chee Keong	390,000	66,000	-	456,000
Cecile Jaclyn Thai	-	100,000	-	100,000
Ng Keng Lim @ Ngooi Keng Lim	-	200,000	-	200,000

By virtue of their interests in the ordinary shares of the Company, the directors are also deemed to have interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the notes to the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest.

## DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in Note 27 to the financial statements.

## INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Group and of the Company.

## AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 29 to the financial statements.



# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that the current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would require the write off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Company's financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person other than disclosed in Note 34 to the financial statements; or
  - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year other than disclosed in Note 34 to the financial statements.
- (d) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

## SUBSEQUENT EVENTS

Subsequent events has been disclosed in Note 43 to the financial statements.

# DIRECTORS' REPORT

## AUDITORS

The auditors, Messrs RSM Malaysia, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

**DATO' TING HENG PENG**

Kuala Lumpur

Date: 22 October 2020

**GONG WOUI TEIK**

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the directors of **SUPERMAX CORPORATION BERHAD (Registration No. 199701004909 (420405-P))** do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2020 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

**DATO' TING HENG PENG**

**GONG WOUI TEIK**

Kuala Lumpur

Date: 22 October 2020

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **TAN CHEE KEONG**, being the director primarily responsible for the financial management of **SUPERMAX CORPORATION BERHAD (Registration No. 199701004909 (420405-P))** do solemnly and sincerely declare that the accompanying financial statements are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Illinois Notary Public Act.

**TAN CHEE KEONG**

Subscribed and solemnly declared  
by the abovenamed at Aurora, Illinois  
on 22 October 2020.

Before me:

Notary Public

State of Illinois, United States of America

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUPERMAX CORPORATION BERHAD

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Supermax Corporation Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 109.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 30 June 2019 were audited by another firm of chartered accountants whose report dated 7 October 2019, expressed an unqualified opinion on these financial statements.

### *Basis for Opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SUPERMAX CORPORATION BERHAD

### Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
<p><b>Revenue recognition</b></p> <p>Revenue recognition is identified as a key audit matter as the Group's revenue transactions are voluminous with different terms and pricing for different customers. There is a risk that revenue may be recognised before the significant risks and rewards of ownership of the goods sold have been transferred to the customers.</p> <p>Revenue from sales of goods is recognised at the point in time when the significant risks and rewards of ownership have been transferred to the customer, usually in the form of an executed purchase order and when the goods are delivered to and received by customers.</p>	<p><b>Our procedures included, amongst others:</b></p> <ul style="list-style-type: none"> <li>• We assessed and evaluated the appropriateness of the design and implementation of controls in the revenue cycle with no exception noted.</li> <li>• We performed test of operating effectiveness on the relevant controls identified within the revenue cycle with no exception noted.</li> <li>• We verified revenue transactions to respective sales invoices and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of the goods to customers based on selected samples.</li> <li>• We verified the credit notes and sales returns post the year-end date to ascertain if revenue was recognised in the correct financial period.</li> <li>• We selected revenue transactions pre and post year-end date and agreed the selected sales invoices and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of goods and confirmed that these transactions were recognised in the correct financial periods.</li> </ul>
<p><b>Valuation of inventories</b></p> <p>Inventories are carried at the lower of cost and net realisable value. The carrying amount of the inventories requires significant management's judgement and estimates in determining an appropriate costing basis and assessing the net realisable value of the inventories.</p> <p>Several subsidiaries had applied stock count on monthly basis performed by internal management personnel, whilst other subsidiaries engaged external auditors to verify stock balances.</p>	<p><b>Our procedures included, amongst others:</b></p> <ul style="list-style-type: none"> <li>• Reviewed the costing of inventories with no material exception noted.</li> <li>• Reviewed management's process in identifying slow moving or obsolete inventories and understood that the process is adequately in place.</li> <li>• Performed net realisable value test on finished goods by comparison against expected/planned selling price in July 2020 and noted that unit selling price is more than cost.</li> <li>• Attended and observed inventory count procedures by management on 30 June 2020 at all locations within our scope.</li> </ul>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUPERMAX CORPORATION BERHAD

## Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
<p><b>Impairment of trade and other receivables</b></p> <p>The recoverability of trade and other receivables and allowance for impairment of trade and other receivables are considered to be significant risk due to the pervasive nature of these balances to the financial statements and affect the working capital management of the business.</p>	<p><b>Our procedures included, amongst others:</b></p> <ul style="list-style-type: none"> <li>• Reviewed the design and implementation of management's process in assessing impairment of trade and other receivables.</li> <li>• Assessed the adequacy of impairment of trade and other receivables as at 30 June 2020.</li> <li>• Assessed the recoverability of significant outstanding balances exceeding the credit term granted and the adequacy of allowance for impairment of trade and other receivables.</li> </ul>

### *Information Other than the Financial Statements and Auditors' Report Thereon*

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Management Discussion and Analysis, Statement on Sustainability, Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUPERMAX CORPORATION BERHAD

## *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUPERMAX CORPORATION BERHAD

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 10 to the financial statements.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**RSM Malaysia**  
AF: 0768  
Chartered Accountants

**Yong Kam Fei**  
02562/07/2022 J  
Chartered Accountant

Kuala Lumpur  
22 October 2020



# STATEMENTS OF FINANCIAL POSITION

## AS AT 30 JUNE 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	1,082,053,674	965,224,091	-	-
Investment property	7	375,077	388,148	-	-
Prepaid land lease payments	8	-	4,132,100	-	-
Right-of-use assets	9	10,070,954	-	-	-
Investment in subsidiaries	10	-	-	216,768,187	216,768,187
Investment in associates	11	168,206,113	207,129,563	18,994,696	18,994,696
Goodwill on consolidation	12	28,715,854	28,715,854	-	-
Deferred tax assets	13	1,244,608	1,406,102	-	-
		<b>1,290,666,280</b>	<b>1,206,995,858</b>	<b>235,762,883</b>	<b>235,762,883</b>
<b>Current assets</b>					
Inventories	14	253,236,656	181,940,317	-	-
Receivables	15	341,066,831	173,808,070	-	226,998
Amounts owing by subsidiaries	16	-	-	127,474,009	127,474,009
Amounts owing by associates	17	46,880,527	31,535,424	294,301	294,301
Tax recoverable		86,350,204	74,614,306	555,947	555,947
Cash and bank balances	18	1,186,189,949	173,813,705	770,001	770,001
		<b>1,913,724,167</b>	<b>635,711,822</b>	<b>137,588,300</b>	<b>129,321,256</b>
<b>TOTAL ASSETS</b>		<b>3,204,390,447</b>	<b>1,842,707,680</b>	<b>373,351,183</b>	<b>365,084,139</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	19	340,077,440	340,077,440	340,077,440	340,077,440
Treasury shares	20	(101,912,497)	(56,648,642)	(101,912,497)	(56,648,642)
Reserves	21	1,290,901,552	840,281,543	30,870,870	30,870,870
Equity attributable to owner of the parent		1,529,066,495	1,123,710,341	310,269,209	314,299,668
Non-controlling interests		21,474,868	10,515,626	-	-
<b>TOTAL EQUITY</b>		<b>1,550,541,363</b>	<b>1,134,225,967</b>	<b>310,269,209</b>	<b>314,299,668</b>
<b>LIABILITIES</b>					
<b>Non current liabilities</b>					
Loans and borrowings	22	100,118,342	61,037,838	-	4,252,045
Lease liabilities	24	1,914,855	-	-	-
Deferred tax liabilities	13	44,830,474	45,575,419	-	-
		<b>146,863,671</b>	<b>106,613,257</b>	<b>-</b>	<b>4,252,045</b>
<b>Current liabilities</b>					
Payables	25	1,128,828,385	217,480,426	374,425	374,425
Amount owing to subsidiaries	16	-	-	18,607,850	18,607,850
Loans and borrowings	22	224,060,130	330,516,396	-	27,396,000
Lease liabilities	24	4,353,487	-	-	-
Tax payables		149,743,411	53,871,634	154,151	154,151
		<b>1,506,985,413</b>	<b>601,868,456</b>	<b>63,081,974</b>	<b>46,532,426</b>
<b>TOTAL LIABILITIES</b>		<b>1,653,849,084</b>	<b>708,481,713</b>	<b>63,081,974</b>	<b>50,784,471</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,204,390,447</b>	<b>1,842,707,680</b>	<b>373,351,183</b>	<b>365,084,139</b>

The annexed notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	26	<b>2,131,807,991</b>	1,538,156,739	<b>65,000,000</b>	55,886,665
Purchases		<b>(1,003,763,306)</b>	(1,028,223,518)	-	-
Other Operating Income		<b>47,653,863</b>	52,991,974	<b>2,430,583</b>	1,867,023
Share of results of associates		<b>18,129,412</b>	5,529,626	-	-
Changes in inventories in finished goods and work in progress		<b>(18,322,277)</b>	3,383,015	-	-
Administrative cost					
Directors' Remuneration	27	<b>3,434,200</b>	3,685,510	<b>909,000</b>	849,290
Staff costs		<b>132,624,195</b>	128,278,997	-	-
Depreciation of property, plant and equipment		<b>59,247,038</b>	44,999,931	-	-
Depreciation of investment property		<b>13,071</b>	13,071	-	-
Depreciation of right-of-use assets		<b>2,409,957</b>	-	-	-
Amortisation of prepaid lease payments		-	64,776	-	-
Impairment loss on property, plant and equipment		<b>12,912,316</b>	-	-	-
Other operating expenses		<b>267,624,599</b>	202,679,549	<b>1,257,375</b>	719,537
Total administrative cost		<b>(478,265,376)</b>	(379,721,834)	<b>(2,166,375)</b>	(1,568,827)
<b>Profit from operation</b>		<b>697,240,307</b>	192,116,002	<b>65,264,208</b>	56,184,861
Finance costs	28	<b>(17,076,906)</b>	(19,708,099)	<b>(2,077,304)</b>	(2,473,425)
<b>Profit before tax</b>	29	<b>680,163,401</b>	172,407,903	<b>63,186,904</b>	53,711,436
Taxation	30	<b>(145,384,938)</b>	(49,304,439)	<b>(8,003)</b>	(708,032)
<b>Net profit for the financial year</b>		<b>534,778,463</b>	123,103,464	<b>63,178,901</b>	53,003,404
Attributable to :-					
Owners of the parent		<b>524,795,452</b>	123,112,496	<b>63,178,901</b>	53,003,404
Non-controlling interests		<b>9,983,011</b>	(9,032)	-	-
<b>Net profit for the financial year</b>		<b>534,778,463</b>	123,103,464	<b>63,178,901</b>	53,003,404
<b>Other comprehensive (expense)/income, net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation		<b>(51,253,707)</b>	28,904,923	-	-
<b>Total comprehensive income for the financial year</b>		<b>483,524,756</b>	152,008,387	<b>63,178,901</b>	53,003,404
<b>Total comprehensive income attributable to:-</b>					
Owners of the parent		<b>473,311,108</b>	151,513,946	<b>63,178,901</b>	53,003,404
Non-controlling interests		<b>10,213,648</b>	494,441	-	-
<b>Total comprehensive income for the financial year</b>		<b>483,524,756</b>	152,008,387	<b>63,178,901</b>	53,003,404
<b>Earnings per ordinary share attributable to owners of the parent</b>					
Basic and diluted (sen)	31	40.16	9.39		

The annexed notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Group	Attributable to Owners of the Parent		Distributable		Total Equity RM	
	Share Capital RM	Treasury Shares RM	Translation Reserve RM	Retained Earnings RM		Non-controlling Interests RM
<b>Balance at 1.7.2019</b>	340,077,440	(56,648,642)	(90,172,511)	930,454,054	10,515,626	1,134,225,967
Net profit for the financial year	-	-	524,795,452	524,795,452	9,983,011	534,778,463
Other comprehensive (expense)/ income for the financial year	-	-	(51,484,344)	-	230,637	(51,253,707)
<b>Total comprehensive (expense)/ income for the financial period</b>	-	-	(51,484,344)	524,795,452	10,213,648	483,524,756
<b>Transactions with owners</b>						
Dividends paid (Note 32)	-	21,945,505	-	(21,945,505)	-	-
Acquisition of equity interest of a subsidiary from non-controlling interests	-	-	-	(745,594)	745,594	-
Purchases of treasury shares (Note 20)	-	(67,209,360)	-	-	-	(67,209,360)
<b>Total transactions with owners</b>	-	(45,263,855)	-	(22,691,099)	745,594	(67,209,360)
<b>Balance as at 30.6.2020</b>	<b>340,077,440</b>	<b>(101,912,497)</b>	<b>(141,656,855)</b>	<b>1,432,558,407</b>	<b>21,474,868</b>	<b>1,550,541,363</b>
<b>Balance as at 1.7.2018</b>	340,077,440	(48,938,165)	(118,573,961)	840,124,247	10,021,185	1,022,710,746
Net profit for the financial year	-	-	-	123,112,496	(9,032)	123,103,464
Other comprehensive income for the financial year	-	-	28,401,450	-	503,473	28,904,923
<b>Total comprehensive income for the financial year</b>	-	-	28,401,450	123,112,496	494,441	152,008,387
<b>Transactions with owners</b>						
Dividends paid (Note 32)	-	-	-	(32,782,689)	-	(32,782,689)
Purchases of treasury shares (Note 20)	-	(7,710,477)	-	-	-	(7,710,477)
<b>Total transactions with owners</b>	-	(7,710,477)	-	(32,782,689)	-	(40,493,166)
<b>Balance as at 30.6.2019</b>	340,077,440	(56,648,642)	(90,172,511)	930,454,054	10,515,626	1,134,225,967

The annexed notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Company	← Attributable to Owners of the Parent →				Total Equity RM
	Issued Share Capital RM	Treasury Shares RM	Retained Earnings RM	Distributable	
<b>Balance as at 1.7.2019</b>	340,077,440	(56,648,642)	30,870,870	314,299,668	314,299,668
Total comprehensive income for the financial year	-	-	63,178,901	63,178,901	63,178,901
<b>Transaction with owners</b>					
Dividends paid (Note 32)	-	21,945,505	(21,945,505)	-	-
Purchases of treasury shares	-	(67,209,360)	-	(67,209,360)	(67,209,360)
<b>Total transaction with owners</b>	-	(45,263,855)	(21,945,505)	(67,209,360)	(67,209,360)
<b>Balance as at 30.6.2020</b>	<b>340,077,440</b>	<b>(101,912,497)</b>	<b>72,104,266</b>	<b>310,269,209</b>	<b>310,269,209</b>
<b>Balance as at 30.6.2018</b>	340,077,440	(48,938,165)	10,650,155	301,789,430	301,789,430
Total comprehensive income for the financial year	-	-	53,003,404	53,003,404	53,003,404
<b>Transaction with owners</b>					
Dividends paid (Note 32)	-	-	(32,782,689)	(32,782,689)	(32,782,689)
Purchases of treasury shares	-	(7,710,477)	-	(7,710,477)	(7,710,477)
<b>Total transaction with owners</b>	-	(7,710,477)	(32,782,689)	(40,493,166)	(40,493,166)
<b>Balance as at 30.6.2019</b>	<b>340,077,440</b>	<b>(56,648,642)</b>	<b>30,870,870</b>	<b>314,299,668</b>	<b>314,299,668</b>

The annexed notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Cash flows generated from operating activities</b>				
Profit before tax	<b>680,163,401</b>	172,407,903	<b>63,186,904</b>	53,711,436
<i>Adjustments for :-</i>				
Depreciation of investment property	<b>13,071</b>	13,071	-	-
Depreciation of property, plant and equipment	<b>59,247,038</b>	44,999,931	-	-
Depreciation of right-of-use assets	<b>2,409,957</b>	-	-	-
Amortisation of prepaid lease payments	-	64,776	-	-
Dividend income	-	-	<b>(65,000,000)</b>	(55,886,665)
Impairment loss on property, plant and equipment	<b>12,912,316</b>	-	-	-
Interest income	<b>(1,343,507)</b>	(852,307)	<b>(20,457)</b>	(682,865)
Interest expenses	<b>17,076,906</b>	19,708,099	<b>2,077,304</b>	2,473,425
Net (gain)/loss on unrealised foreign exchange	<b>(44,115,837)</b>	11,793,616	<b>(2,410,126)</b>	(1,184,158)
Share of results of associates	<b>(18,129,412)</b>	(5,529,626)	-	-
<b>Operating profit/(loss) before working capital changes</b>	<b>708,233,933</b>	242,605,463	<b>(2,166,375)</b>	(1,568,827)
(Increase)/Decrease in inventories	<b>(71,296,339)</b>	5,906,616	-	-
(Increase)/Decrease in receivables	<b>(167,117,715)</b>	9,416,923	<b>226,998</b>	-
Increase in Amount owing by associates	<b>(15,345,103)</b>	(16,932,051)	-	-
Increase/(Decrease) in payables	<b>911,347,966</b>	32,144,637	<b>(16,436)</b>	(155,313)
<b>Cash generated from/(used in) operations</b>	<b>1,365,822,742</b>	273,141,588	<b>(1,955,813)</b>	(1,724,140)
Tax paid	<b>(61,832,507)</b>	<b>(38,088,200)</b>	<b>(594,053)</b>	<b>(706,245)</b>
<b>Net cash generated from/(used in) operating activities</b>	<b>1,303,990,235</b>	235,053,388	<b>(2,549,866)</b>	(2,430,385)
<b>Cash flows from investing activities</b>				
(Advances)/Repayment from subsidiaries	-	-	<b>(7,755,314)</b>	72,789,409
Dividend received	-	-	<b>65,000,000</b>	55,886,665
Payments to non-controlling interest for the acquisition of interest in a subsidiary	<b>(100,000)</b>	-	-	-
Subscription of shares in subsidiaries	-	-	-	(3,020,000)
Purchase of property, plant and equipment	<b>(191,114,164)</b>	(112,248,254)	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(191,214,164)</b>	(112,248,254)	<b>57,244,686</b>	125,656,074

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Cash flows from financing activities</b>				
Dividends paid	-	(32,782,689)	-	(32,782,689)
Interest received	<b>1,343,507</b>	852,307	<b>20,457</b>	682,865
Interest paid	<b>(17,076,906)</b>	(19,708,099)	<b>(2,077,304)</b>	(2,473,425)
Advances from/(Repayment to) subsidiaries	-	-	<b>46,529,830</b>	(66,803,861)
Repayment of finance lease payable, net	-	(234,034)	-	-
Repayment of lease liabilities, net	<b>(594,750)</b>	-	-	-
Drawdown of/(Repayment) of term loan, net	<b>24,761,611</b>	(22,067,530)	<b>(31,648,045)</b>	(13,963,293)
Drawdown of/(Repayment) of short term borrowings, net	<b>(91,497,872)</b>	(22,322,405)	-	-
Purchase of treasury shares	<b>(67,209,360)</b>	(7,710,477)	<b>(67,209,360)</b>	(7,710,477)
<b>Net cash used in financing activities</b>	<b>(150,273,770)</b>	(103,972,927)	<b>(54,384,422)</b>	(123,050,880)
<b>Net change in cash and cash equivalents</b>	<b>962,502,301</b>	18,832,207	<b>310,398</b>	174,809
Effect of exchange rates changes on cash and cash equivalents	<b>49,873,943</b>	9,811,382	<b>(3,569)</b>	(77,549)
Cash and cash equivalents brought forward	<b>173,813,705</b>	145,170,116	<b>770,001</b>	672,741
Cash and cash equivalents carried forward (Note 33)	<b>1,186,189,949</b>	173,813,705	<b>1,076,830</b>	770,001

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Cash outflows for leases as a lessee</b>				
<i>Included in net cash financing activities:</i>				
Interest paid in relation to lease liabilities	<b>126,967</b>	-	-	-
Net repayment of lease liabilities	<b>594,750</b>	-	-	-
<b>Total cash outflows for leases</b>	<b>721,717</b>	-	-	-

\* During the financial year, the Group acquired right-of-use assets with cost of RM7,736,923 all of which was non-cash-acquisition in lease arrangements.

The annexed notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 1. CORPORATE INFORMATION

- (a) The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.
- (b) The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
- (c) The principal place of business of the Company is located at Lot 38, Putra Industrial Park, Bukit Rahman Putra, 40160 Sungai Buloh, Selangor Darul Ehsan, Malaysia.
- (d) The principal activity of the Company is investment holding. The principal activities and other information of the subsidiaries are set out in Note 10 to the financial statements.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the applicable approved Malaysian Financial Reporting Standards (“MFRSs”) issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors’ best knowledge of events and actions, actual results could differ from those estimates.

#### 3.2 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Property, plant and equipment (Cont'd)

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its principal depreciation rate as follows:

Long leasehold land	Over the remaining lease period
Factory buildings	2%
Plant, machinery and equipment	5%
Moulds and tools	10%
Electrical fittings and factory equipment	10%
Office equipment, furniture and fittings	5 - 33%
Renovation	5 - 20%
Motor vehicles	10 - 20%
Cabins	15%

Freehold land is not depreciated. Factory buildings under construction are not depreciated until the assets are ready for their intended use.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 3.3 Investment property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses. Building is depreciated on a straight line basis to write off the cost over its estimated useful life at an annual rate of 2%.

An investment property is derecognised on disposal when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal arising from derecognition, determined as the difference between any net disposal proceeds and the carrying amount of the investment property, are recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Leases

The Group and the Company have applied MFRS 16 Leases using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 July 2019, if any. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented, as previously reported under MFRS 117 Leases and related interpretations.

#### Current financial year

##### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

##### (ii) Recognition and initial measurement

###### **As a lessee**

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Leases (Cont'd)

##### Current financial year (Cont'd)

##### (ii) Recognition and initial measurement (Cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (iii) Subsequent measurement

###### As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Leases (Cont'd)

Previous financial year

##### (iv) Recognition and initial measurement

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Assets and liabilities arising from finance lease contracts are initially recognised in the statement of financial position at their fair value at the inception of the lease or, if lower, at the present value of the minimum future lease rentals.

After initial recognition, the depreciation policy applied is consistent with that for depreciable assets that are owned. As a result, the depreciation recognised is calculated in accordance with the useful life stated for property, plant and equipment (the Group and the Company does not hold leased intangible assets). In cases where there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

The interest element of rental obligations is charged to profit or loss over the period of the lease at a constant rate on the balance of finance lease obligations outstanding.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term. Incentives to take out operating leases are credited to the profit or loss on a straight-line basis over the lease term.

Provision is made in the statement of financial position for the present value of the onerous element of operating leases. This typically arises when the Group and the Company ceases to use premises and they are left vacant to the end of the lease or are sublet at rentals, which fall short of the amount payable by the Group and the Company under the lease.

#### 3.5 Basis of consolidation

##### (i) Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of Supermax Corporation Berhad and all of its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group effectively obtains control of the acquired business, until that control ceases.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and consolidated statement of profit or loss and consolidated statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Basis of consolidation (Cont'd)

##### (i) Subsidiaries (Cont'd)

Total comprehensive income (i.e. profit or loss and each component of other comprehensive income) is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments excludes transaction costs.

##### (ii) Associates

Associates are entities over which the Group has the power to participate in their financial and operating policy decisions, but which is not control or joint control. Associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of comprehensive income of the associate. On acquisition of the investment, the associate's identifiable assets and liabilities are measured at fair value. Any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill and included in the carrying amount of the investment. Goodwill is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Distributions received from an investee reduce the carrying amount of the investment.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group does not provide for additional losses, unless it has incurred obligations or made payments on behalf of the associate.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Basis of consolidation (Cont'd)

##### (ii) Associates (Cont'd)

Profits or losses on Group transactions with associates are eliminated to the extent of the Group's interest in the relevant associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments excludes transaction costs.

##### (iii) Translation of financial statements of foreign entities

The assets and liabilities of foreign operations are translated into Ringgit Malaysia ("RM") using exchange rates at the reporting date. The components of shareholders' equity are stated at historical value.

Average exchange rates for the period are used to translate income and expense items of foreign operations. However, if exchange rates fluctuate significantly, the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve, a separate component of equity.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and, as such, translated at the closing rate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss. The cumulative amount of the exchange differences relating to that foreign operation that had been attributed to the non-controlling interests are derecognised, but without reclassification to profit or loss. The same applies in case of loss of control, joint control or significant influence.

On the partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of exchange differences accumulated in the separate component of equity are re-attributed to non-controlling interests (they are not recognised in profit or loss). For any other partial disposal of foreign entity (i.e. associates or jointly controlled entities without loss of significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Basis of consolidation (Cont'd)

##### (iv) Business combinations

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by MFRS 3 *Business Combinations*).

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group.

Acquisition-related costs (e.g. finder's fees, consulting fees, administrative costs, etc.) are recognised as expenses in the periods in which the costs are incurred and the services are received.

On acquisition date, goodwill is measured as the excess of the aggregate of consideration transferred, any non-controlling interests in the acquiree, and acquisition-date fair value of the Group's previously held equity interest in the acquiree (if business combination achieved in stages) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after appropriate reassessment, the amount as calculated above is negative, it is recognised immediately in profit or loss as a bargain purchase gain.

At acquisition date, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by MFRS.

The acquisition-date fair value of any contingent consideration is recognised as part of the consideration transferred by the Group in exchange for the acquiree. Changes in the fair value of contingent consideration that result from additional information obtained during the measurement period (maximum one year from the acquisition date) about facts and circumstances that existed at the acquisition date are adjusted retrospectively against goodwill. Other changes resulting from events after the acquisition date are adjusted at each reporting date, only when the contingent consideration is classified as an asset or a liability, and the adjustment is recognised in profit or loss.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. If any, changes in the value of the Group's equity interest in the acquiree that have been previously recognised in other comprehensive income are reclassified to profit or loss, if appropriate had that interest been disposed of directly.

##### (v) Transactions eliminated on consolidation

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Goodwill

Goodwill arising in a business combination is initially measured at its cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

#### 3.7 Impairment of non-financial assets

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

#### 3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is measured based on first-in-first-out basis.

The cost of inventories comprises the costs of purchase, costs of conversion plus other costs incurred to bring the inventories to their present locations and conditions. The costs of manufactured finished goods and work-in-progress consist of raw materials, consumables, direct labour and a proportion of manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

#### 3.9 Financial instruments

##### (i) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statements of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.9 Financial instruments (Cont'd)

##### (i) Initial recognition and measurement (Cont'd)

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

##### (ii) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

##### (iii) Regular-way purchases and sales of financial assets

The Group and the Company recognise a regular-way purchase or sale of a quoted equity or debt instrument at trade date, which is the date the purchase or sale transaction is entered into, rather than recognising the forward contract between trade date and settlement date.

##### (iv) Financial assets

For the purpose of subsequent measurement, the Group and the Company classifies financial assets into three measurement categories, namely: (i) financial asset at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.9 Financial instruments (Cont'd)

##### (iv) Financial assets (Cont'd)

After initial recognition, the Group and the Company measure financial assets, as follow:

(i) Financial assets at AC

A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial assets at FVOCI

A financial asset is measured at FVOCI if: (a) it is held within the Groups' and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(iii) Financial asset at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3.9(viii).

##### (v) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

(i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.

(ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.

(iii) Financial guarantee contracts issued, and commitments to provide loans at a below-market interest rate given, by the Group and by the Company are measured at the higher of: (a) the amount of impairment loss determined and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 *Revenue from Contracts with Customers*.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.9 Financial instruments (Cont'd)

##### (vi) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.20.

##### (vii) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or loss are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

##### (viii) Impairment of financial assets

The Group and the Company apply the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime ECL.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month ECL is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 120 days past due if no other borrower-specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.9 Financial instruments (Cont'd)

##### (viii) Impairment of financial assets (Cont'd)

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

#### 3.10 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, on demand deposits and any highly liquid debts instruments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

#### 3.11 Equity

##### (i) Share capital

Ordinary shares issued that carry no mandatory contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, is classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at a date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from retained earnings in equity, net of any related income tax benefit.

##### (ii) Dividend distribution

The Company establishes a distribution policy whereby cash dividends can only be paid out of retained earnings. Other distributions, such as stock dividends and distribution in specie, may be paid out of any reserve to the extent that the utilisation is permitted by company laws and regulations.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measure the dividend payable at the fair value of the assets to be distributed.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.12 Foreign currencies transactions and balances

##### (i) Functional and presentation currency

The Group's functional currency are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Company. Each entity of the Group determines its own functional currency and items included in its financial statements of each entity are measured using that functional currency.

##### (ii) Transactions and balances

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated into the functional currency using the exchange rates at the reporting date (i.e. the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction (i.e. historical rate). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except for loans and advances that form part of the net investment in a foreign operation and transactions entered into in order to hedge foreign currency risks of net investments in foreign operations).

#### 3.13 Provisions

Where, at reporting date, the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that the Group and the Company will settle the obligation, a provision is made in the statements of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

#### 3.14 Revenue from contracts with customers

Revenue recognition of the Group and of the Company is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group and the Company reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.14 Revenue from contracts with customers (Cont'd)

The following describes the performance obligations in contracts with customers:

**(i) Sales of goods**

Revenue from a sale of goods is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement requirements of MFRS 15.

The Group and the Company measures revenue from a sale of goods at the fair value of the consideration received or receivables, which is usually the invoice price, net of returns and allowances, trade discounts and volume rebates given to the customer.

**(ii) Interest income**

Interest income is recognised using the effective interest rate method.

**(iii) Rental income**

Rental income is recognised on an accrual basis unless collectability is in doubt.

**(iv) Dividend income**

Dividend income represents gross dividends from investments and is recognised when the shareholders' right to receive payment is established.

#### 3.15 Employees benefits

**(i) Short-term benefit**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absence such as paid annual leave are recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined contribution plan**

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company have no further payment obligations.

#### 3.16 Income tax

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.16 Income tax (Cont'd)

Using the statements of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statements of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Unused tax credits do not include unabsorbed reinvestments allowances and unabsorbed investment tax allowances because the Company treats these as part of initial recognition differences.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

#### 3.17 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

#### 3.18 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. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker, which in this case is the Executive Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.19 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group and the Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is not recognised in the financial statements but is disclosed where the inflow of the economic benefits is probable.

#### 3.20 Fair value measurements

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. When measuring the fair value of an asset or a liability, the Group and the Company use market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and by the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and by the Company at the end of the reporting period during which the change occurred.

### 4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

#### 4.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2019:

- MFRS 16 *Leases*
- Amendments to MFRS 3 *Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 9 *Financial Instruments (2014) – Prepayment Features with Negative Compensation*

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONT'D)

#### 4.1 MFRSs, Amendments to MFRSs and Interpretations adopted (Cont'd)

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2019 (Cont'd):

- Amendments to MFRS 11 *Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 112 *Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 119 *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123 *Borrowing Costs - Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures - Long-term Interest in Associates and Joint Ventures*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

The adoption of the above-mentioned accounting standards, amendments and interpretations have no significant impact on the financial statements of the Group and of the Company.

#### 4.2 New/Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Group and by the Company:

##### **MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2020**

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Business Combination - Definition of a Business*
- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*

##### **MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 June 2020**

- Amendment to MFRS 16 *Leases - Covid-19-Related Rent Concessions*

##### **MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2021**

- Amendments to MFRS 9 *Financial Instruments (2014)*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosure*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases - Interest Rate Benchmark Reform Phase 2*

##### **MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 3 *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018-2020



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONT'D)

#### 4.2 New/Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (Cont'd)

##### **MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2023**

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

##### **MFRSs, Amendments to MFRSs and Interpretations which effective date yet to be confirmed**

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned accounting standards, amendments and interpretations will be adopted by the Group and by the Company when they become effective from the annual period beginning on 1 July 2020 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2020.

Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* and MFRS 17 *Insurance Contracts* have not been taken into consideration because they are not applicable to the Group and the Company.

### 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### **(i) Loss allowances of financial assets**

The Group and the Company recognises impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial positions and results.

#### **(ii) Impairment of non-financial assets**

The Group tests whether non-financial assets have suffered any impairment, in accordance with the accounting policy stated in Note 3.7 above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require use of judgements and estimates.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (iii) Depreciation of property, plant and equipment, investment property and right-of-use assets

The cost of an item of property, plant and equipment, investment property and right-of-use assets are depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment, investment property and right-of-use assets may differ from the estimates applied.

#### (iv) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date.

#### (v) Income tax and deferred tax estimation

Management judgement is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognised 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 provision in the period in which such determination is made.

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group and the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

#### (vi) Measurement of lease liabilities and right-of-use assets

The measurement of a lease liability and the corresponding right-of-use assets includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payments under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates. The Group and the Company reassess the lease liability for any change in the estimates and any corresponding adjustment is made to the right-of-use assets.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 6. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Factory buildings	Factory buildings under construction	Plant, machinery and equipment	Plant, machinery and equipment under installation	Moulds and tools	Electrical fittings and equipment	Office equipment, furniture and fittings	Renovation	Motor vehicles	Cabins	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Cost</b>												
As at 1 July 2018	153,982,503	235,497,967	5,364,600	646,489,301	146,040,965	54,935,021	42,796,038	18,036,262	33,691,147	10,194,685	279,288	1,347,307,777
Additions	-	8,025,002	-	18,525,674	77,616,610	4,158,751	1,490,125	2,336,284	4,057,957	285,390	-	116,495,793
Disposal	(4,247,539)	(35,097)	-	(18,525,674)	(77,616,610)	(4,158,751)	(1,490,125)	(20,258)	(4,057,957)	(266,779)	-	(4,569,673)
Reclassification	5,387,524	38,577,802	(3,902,037)	86,816,956	(135,171,396)	-	279,101	4,602,617	3,409,433	-	-	-
Exchange differences	8,287	2,288,717	-	(14,659)	-	-	48,395	504,471	27,518	62,133	-	2,924,862
As at 30 June 2019	155,130,775	284,354,391	1,462,563	751,817,272	88,486,179	59,093,772	44,613,659	25,459,376	41,186,055	10,275,429	279,288	1,462,158,759
Additions	89,244,873	781,988	3,016,375	3,804,232	76,479,061	6,839,454	2,402,280	1,723,763	1,003,409	851,867	-	186,147,302
Disposal	(2,300,000)	-	-	(47,778)	-	-	(572)	(51,443)	-	-	-	(2,399,793)
Written off	-	-	-	-	-	(17,260)	-	-	-	-	-	(17,260)
Reclassified to right-of-use assets (Note 9)	-	-	-	-	-	-	-	-	-	(1,269,943)	-	(1,269,943)
Exchange differences	127,065	3,327,867	-	6,375	-	-	(355,040)	5,893,924	38,215	(742,972)	-	8,295,434
<b>As at 30 June 2020</b>	<b>242,202,713</b>	<b>288,464,246</b>	<b>4,478,938</b>	<b>755,580,101</b>	<b>164,965,240</b>	<b>65,915,966</b>	<b>46,660,327</b>	<b>33,025,620</b>	<b>42,227,679</b>	<b>9,114,381</b>	<b>279,288</b>	<b>1,652,914,499</b>
<b>Accumulated Depreciation</b>												
As at 1 July 2018	-	48,471,238	-	333,530,391	256,886	21,204,527	19,720,230	11,302,744	11,141,293	5,995,996	219,317	451,842,622
Charge for the financial year	-	9,284,857	-	25,668,656	256,886	2,264,850	3,736,179	1,540,694	1,588,029	619,462	40,318	44,999,931
Disposal	-	(35,097)	-	-	-	-	-	(20,258)	-	(266,779)	-	(322,134)
Exchange differences	-	221,693	-	(5,855)	-	-	42,182	118,453	(50,084)	87,860	-	414,249
As at 30 June 2019	-	57,942,691	-	359,193,192	513,772	23,469,377	23,498,591	12,941,633	12,679,238	6,436,539	259,635	496,934,668
Charge for the financial year	-	6,967,516	-	31,471,544	-	11,885,746	4,815,314	1,920,411	1,944,718	222,137	19,652	59,247,038
Disposal	-	-	-	-	(29,679)	-	-	(47,742)	-	(103,795)	-	(181,216)
Written off	-	-	-	-	-	(805)	-	-	-	-	-	(805)
Reclassification	-	-	-	(2,022,235)	-	1,141,424	880,811	-	-	-	-	-
Reclassified to right-of-use assets (Note 9)	-	-	-	-	-	-	-	-	-	(671,311)	-	(671,311)
Exchange differences	-	551,230	-	2,478	-	-	(340,055)	2,313,302	27,872	65,308	-	2,620,135
<b>As at 30 June 2020</b>	<b>-</b>	<b>65,461,437</b>	<b>-</b>	<b>388,644,979</b>	<b>484,093</b>	<b>36,495,742</b>	<b>28,854,661</b>	<b>17,127,604</b>	<b>14,651,828</b>	<b>5,948,878</b>	<b>279,287</b>	<b>557,948,509</b>
<b>Accumulated impairment</b>												
As at 1 July 2019	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the financial year	-	-	-	12,791,187	-	-	5,317	526	115,286	-	-	12,912,316
As at 30 June 2020	-	-	-	12,791,187	-	-	5,317	526	115,286	-	-	12,912,316
<b>Net carrying amount</b>												
As at 30 June 2019	155,130,775	226,411,700	1,462,563	392,624,080	87,972,407	35,624,395	21,115,068	12,517,743	28,506,817	3,838,890	19,653	965,224,091
As at 30 June 2020	242,202,713	223,002,809	4,478,938	354,143,935	164,481,147	29,420,224	17,800,349	15,897,490	27,460,565	3,165,503	1	1,082,053,674

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The net carrying amount of motor vehicles acquired under finance lease arrangements is NIL (2019: RM901,116).
- (b) The remaining purchase consideration for the acquisition of factory buildings under construction and plant, machinery and equipment under installation is disclosed as capital commitments in Note 35 to the financial statements.

### 7. INVESTMENT PROPERTY

	<b>Group</b>	
	<b>2020</b>	2019
	<b>RM</b>	RM
<b>Cost</b>		
As at 1 July/30 June	<b>551,537</b>	551,537
<b>Accumulated depreciation</b>		
As at 1 July	<b>163,389</b>	150,318
Change for the financial year	<b>13,071</b>	13,071
At 30 June	<b>176,460</b>	163,389
<b>Net carrying amount</b>	<b>375,077</b>	388,148
<b>Consists of :-</b>		
Freehold office building	<b>375,077</b>	388,148

The following are recognised in the statement of profit or loss in respect of the investment property:

	<b>Group</b>	
	<b>2020</b>	2019
	<b>RM</b>	RM
Rental income	<b>24,519</b>	24,675
Direct operating expenses	<b>(13,071)</b>	(13,071)
	<b>11,448</b>	11,604

As at 30 June 2020, the fair values of the investment property are RM630,000 (2019: RM630,000). The fair value of the Group's investment property was determined by directors' assessment based on the current market value of similar properties in the vicinity.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 7. INVESTMENT PROPERTY (CONT'D)

#### Fair value information

#### Level 3 fair value

The investment property of the Group are categorised under the Level 3 fair value. Level 3 fair value is estimated using unobservable input for the investment property.

Valuation method and key input	Significant unobservable input	Relationship of unobservable input and fair value
Information available through internal research and director's best estimate	Estimated sale price of comparable properties in close proximity	The higher the estimated sales price, the higher the fair value

### 8. PREPAID LAND LEASE PAYMENTS

	Group	
	2020 RM	2019 RM
<b>Cost</b>		
As at 1 July	5,283,684	5,283,684
Reclassified to right-of-use assets (Note 9)	(5,283,684)	-
As at 30 June	-	5,283,684
<b>Accumulated amortisation</b>		
As at 1 July	1,151,584	1,086,808
Reclassified to right-of-use assets (Note 9)	(1,151,584)	-
Amortisation for the financial year	-	64,776
As at 30 June	-	1,151,584
<b>Net carrying amount</b>	-	4,132,100
<b>Consists of:</b>		
Leasehold land with period of:-		
Less than 50 years	-	414,283
More than 50 years	-	3,717,817
	-	4,132,100

Prepaid land lease payments amounting to NIL (2019: RM1,690,363) have been charged as security for credit facilities granted to the Group as disclosed in Note 22 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 9. RIGHT-OF-USE ASSETS

Group	Motor vehicles RM	Leasehold land RM	Office premises RM	Total RM
<b>Cost</b>				
As at 1 July 2019	-	-	-	-
Reclassified from property, plant and equipment (Note 6) and prepaid land lease payments (Note 8)	1,269,943	5,283,684	-	6,553,627
Additions	1,334,591	3,767,701	2,634,631	7,736,923
<b>As at 30 June 2020</b>	<b>2,604,534</b>	<b>9,051,385</b>	<b>2,634,631</b>	<b>14,290,550</b>
<b>Accumulated amortisation</b>				
As at 1 July 2019	-	-	-	-
Reclassified from property, plant and equipment (Note 6) and prepaid land lease payments (Note 8)	671,311	1,151,584	-	1,822,895
Charge for the financial year	170,788	1,730,940	508,229	2,409,957
Exchange differences	-	(13,250)	(6)	(13,256)
<b>As at 30 June 2020</b>	<b>842,099</b>	<b>2,869,274</b>	<b>508,223</b>	<b>4,219,596</b>
<b>Net carrying amount</b>				
<b>As at 30 June 2020</b>	<b>1,762,435</b>	<b>6,182,111</b>	<b>2,126,408</b>	<b>10,070,954</b>

(a) Short-term leases and low value assets

For short-term leases with lease term of 12 months or less and for leases of low-value assets of less than RM21,000, the Group has availed the exemption in MFRS 16 not to recognise the right-of-use assets and lease liabilities. Instead, payments made for these leases are recognised as expense when incurred.

(b) Significant judgements and assumptions in relation to leases

The Group assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

(c) The net carrying amount of motor vehicles acquired under finance lease arrangements is RM1,762,435.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 10. INVESTMENT IN SUBSIDIARIES

	<b>Company</b>	
	<b>2020</b>	2019
	<b>RM</b>	RM
Unquoted shares, at cost		
As at 1 July	<b>216,768,187</b>	213,748,187
Addition	-	3,020,000
As at 30 June	<b>216,768,187</b>	216,768,187

Details of the subsidiaries are as follows:-

<b>Name of Companies</b>	<b>Country of Incorporation</b>	<b>Effective Equity Interest</b>		<b>Principal Activities</b>
		<b>2020</b>	2019	
<b>Subsidiaries</b>				
Supermax Latex Products Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Trading and exporting latex gloves
Supermax Glove Manufacturing Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Manufacturing and sale of latex glove
Maxter Glove Manufacturing Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Manufacturing and sale of latex glove
Supermax Healthcare Incorporated**	United States of America	<b>100%</b>	100%	Marketing, importing and distributing latex gloves
Maxwell Glove Manufacturing Berhad*	Malaysia	<b>100%</b>	100%	Manufacturing and sale of latex glove
Supermax International Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Investment holding
Supermax Energy Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Generation of biomass energy
Supermax Deutschland GmbH**	Germany	<b>100%</b>	100%	Marketing, importing and distributing latex gloves
Supermax Global Limited**	Bermuda	<b>100%</b>	100%	Global trading and marketing of medical device including gloves
Supermax Healthcare Limited*	United Kingdom	<b>100%</b>	100%	Marketing, importing and distributing latex gloves
Supermax Healthcare Canada Incorporated*	Canada	<b>67%</b>	67%	Marketing, importing and distributing latex gloves
Whiteoak Global Property Limited**	United States of America	<b>100%</b>	100%	Property holding
Supermax Group Investments Limited*	Hong Kong, China	<b>100%</b>	100%	Investment holding

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 10. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Name of Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2020	2019	
<b>Subsidiaries</b>				
Supermax Business Park Sdn Bhd	Malaysia	100%	100%	Pre-operating
Aime Supermax K.K.**	Japan	70%	70%	Investment holding
Maxter Healthcare Pte. Ltd.*	Singapore	100%	100%	Marketing, importing and distributing of related healthcare products and medical devices
<b>Subsidiary of Maxter Glove Manufacturing Sdn. Bhd.</b>				
Supergamma Sdn. Bhd. (formerly known as Seal Polymer Latex Products Sdn. Bhd.)	Malaysia	100%	100%	Trading and exporting latex gloves
<b>Subsidiary of Supermax International Sdn. Bhd.</b>				
SuperVision Optimax Sdn. Bhd.	Malaysia	100%	98%	Manufacturing, sales, marketing and distribution of related healthcare products
<b>Subsidiary of Supermax Group Investments Limited</b>				
Supermax Global (HK) Limited*	Hong Kong, China	100%	100%	Marketing, importing and distribution of related healthcare products and medical devices
<b>Subsidiary of Aime Supermax K. K.</b>				
Aime K. K.**	Japan	100%	100%	Marketing, importing and distribution of related healthcare products and medical devices
<b>Subsidiary of Maxter Healthcare Pte. Ltd</b>				
Lensclub Pte. Ltd.**	Singapore	Deregistered	100%	Dormant

\* Audited by other professional firms of accountants other than RSM Malaysia.

\*\* The audited financial statements and auditor's report for the financial year were not available. However, the financial statements of the subsidiaries used for consolidation purposes were reviewed by RSM Malaysia.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 10. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The total carrying amount of non-controlling interest ("NCI") and profit allocated to NCI are as follows:-

	Group	
	2020 RM	2019 RM
Carrying amount of NCI	<b>21,474,868</b>	10,515,626
Profit allocated to NCI	<b>9,983,011</b>	(9,032)

(b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting year are as follows:-

	2020 RM	2019 RM
<b>Assets and liabilities</b>		
Non-current assets	<b>10,742,920</b>	68,660,463
Current assets	<b>306,635,415</b>	106,018,515
Current liabilities	<b>(249,045,459)</b>	(169,434,840)
Net assets	<b>68,332,876</b>	5,244,138
<b>Results</b>		
Revenue	<b>223,270,976</b>	123,277,418
Net profit/(loss) and total comprehensive income/(expense) for the financial year	<b>30,284,674</b>	(9,563,464)
<b>Cash flows</b>		
Cash flows from operating activities	<b>14,713,750</b>	(2,399,060)
Cash flows from investing activities	<b>(1,578,029)</b>	(3,055,858)
Cash flows from financing activities	<b>2,661,153</b>	(1,851,791)
Effects of exchange rate changes on cash and cash equivalents	<b>6,756,193</b>	(1,412,327)
Net change in cash and cash equivalents	<b>22,533,067</b>	(8,719,036)

### 11. INVESTMENT IN ASSOCIATES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted shares, outside Malaysia	<b>20,218,962</b>	20,218,962	<b>19,829,489</b>	19,829,489
Share of post-acquisition result, net of dividend received	<b>315,129,595</b>	297,000,183	-	-
Exchange differences	<b>(165,551,724)</b>	(108,498,862)	-	-
Less: Impairment	<b>(1,590,720)</b>	(1,590,720)	<b>(834,793)</b>	(834,793)
	<b>168,206,113</b>	207,129,563	<b>18,994,696</b>	18,994,696

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 11. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:-

Name of Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2020	2019	
Supermax Brasil Impotadora S/A <sup>#</sup>	Brazil	50%	50%	Marketing, importing and distributing latex gloves
Supermax Europe NC/SA <sup>**</sup>	Belgium	50%	50%	Marketing, importing and distributing latex gloves
Supermax Canada Inc. <sup>**</sup>	Canada	50%	50%	Marketing, importing and distributing latex gloves

<sup>#</sup> Audited by other professional firms of accountants other than RSM Malaysia.

<sup>\*\*</sup> The audited financial statements and auditor's report for the financial year were not available. The Group has not recognised losses relating to these associates where these had been fully impaired in the previous financial year and their share of losses exceeds the Group's interest in these associates.

The summarised financial information of the material associates is as follows:-

	2020 RM	2019 RM
<u>Assets and liabilities</u>		
Non-current assets	<b>40,338,477</b>	54,643,789
Current assets	<b>310,635,381</b>	373,944,322
Current liabilities	<b>(14,561,633)</b>	(14,328,986)
Net assets	<b>336,412,225</b>	414,259,125
<u>Results</u>		
Revenue	<b>254,586,992</b>	180,749,921
Net profit/total comprehensive income for the financial year	<b>36,258,825</b>	11,059,251

### 12. GOODWILL ON CONSOLIDATION

	Group	
	2020 RM	2019 RM
As at 1 July/30 June	<b>28,715,854</b>	28,715,854

Goodwill arising from business combination has been allocated to a cash-generating unit ("CGU") for impairment testing purpose. The carrying amount of goodwill has been allocated to the investment in Maxwell Glove Manufacturing Berhad.

The recoverable amount of the CGU is determined based on the value in use calculations using cash flow projects on financial budgets approved by directors covering a five-year period.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 12. GOODWILL ON CONSOLIDATION (CONT'D)

The calculation of value in use for this CGU is most sensitive to the following assumptions:

- Budgeted growth margin – Gross margin is based on average values achieved in the three years preceding the start of the budget period. The anticipated growth rate of 2% for gross margin in projected to be minimal.
- Growth rate – The forecasted growth rate of 3% are based on directors past experience in the glove manufacturing industry that the CGU operates in.
- Pre-tax discount rate – Discount rate of 5% reflects the current market assessment of the risks specific to the CGU. This is the benchmark used by directors to assess operating performance and to evaluate future investment proposals. In determining the appropriate discount rate for the GCU, regard has been given to borrowing cost at the beginning of the budgeted year.
- There is no significant fluctuation in the price of raw material.

The value assigned to the key assumptions represents directors' assessment of future trends in the glove manufacturing industry and are based on both external sources and internal sources (historical data).

#### Sensitivity to changes in assumptions

Directors believe that no reasonably possible changes in any of the key assumptions above will cause the carrying values of the CGU to materially exceed its recoverable amount.

### 13. DEFERRED TAX ASSETS/(LIABILITIES)

	2020 RM	Group 2019 RM
As at 1 July	(44,169,317)	(47,031,328)
Transfer to profit or loss (Note 30)	583,451	2,862,011
As at 30 June	<b>(43,585,866)</b>	(44,169,317)

Presented after appropriate offsetting as follows:

	2020 RM	Group 2019 RM
Deferred tax assets	1,244,608	1,406,102
Deferred tax liabilities	(44,830,474)	(45,575,419)
	<b>(43,585,866)</b>	(44,169,317)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 13. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

	<b>2020</b>	<b>Group</b>
	<b>RM</b>	<b>2019</b>
		<b>RM</b>
<u>Deferred tax assets</u>		
Unrealised loss foreign exchange	<b>3,907,623</b>	2,819,708
Unrealised profit on goods in transit	<b>99,000</b>	-
Unutilised capital allowances	<b>1,244,608</b>	7,987,608
Unutilised tax losses	<b>2,227,000</b>	9,355,494
	<b>7,478,231</b>	20,162,810
<hr/>		
	<b>2020</b>	<b>Group</b>
	<b>RM</b>	<b>2019</b>
		<b>RM</b>
<u>Deferred tax liabilities</u>		
Differences between the carrying amounts of property, plant and equipment and their tax base	<b>(50,191,527)</b>	(63,390,875)
Unrealised foreign exchange gain	<b>(872,570)</b>	(941,252)
	<b>(51,064,097)</b>	(64,332,127)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

### 14. INVENTORIES

	<b>2020</b>	<b>Group</b>
	<b>RM</b>	<b>2019</b>
		<b>RM</b>
At cost		
Raw materials	<b>28,871,794</b>	25,147,207
Consumables	<b>14,419,720</b>	7,457,431
Work-in-progress	<b>27,635,925</b>	26,577,057
Finished goods	<b>182,309,217</b>	122,758,622
	<b>253,236,656</b>	181,940,317

During the financial year, inventories of the Group recognised as cost of goods sold amounted to RM1,022,085,583 (2019: RM1,024,840,503).

There is no inventories written off and recognised as expenses during the financial year (2019: RM5,129,865).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 15. RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables	<b>246,848,996</b>	152,091,159	-	-
Less: Allowance for impairment	<b>(4,081,103)</b>	(2,575,096)	-	-
Trade receivables, net of impairment	<b>242,767,893</b>	149,516,063	-	-
Other receivables and deposits	<b>33,041,788</b>	17,220,852	-	757,814
Prepayments	<b>65,257,150</b>	7,601,971	-	-
	<b>98,298,938</b>	24,822,823	-	757,814
Less: Allowance for impairment	-	(530,816)	-	(530,816)
Other receivables, deposits and prepayments net of impairment	<b>98,298,938</b>	24,292,007	-	226,998
	<b>341,066,831</b>	173,808,070	-	226,998

#### Trade receivables

The credits period granted on sales of goods ranging from 30 to 120 days (2019: 30 to 120 days).

Analysis of trade receivables by currency:

	Group	
	2020 RM	2019 RM
EURO	-	104,907
Hong Kong Dollar	<b>37,493</b>	197,326
Japanese Yen	<b>12,462,958</b>	13,243,714
Pound Sterling	<b>662,411</b>	21,327,473
Ringgit Malaysia	<b>372,669</b>	449,126
Singapore Dollar	<b>503,134</b>	108,977
United States Dollar	<b>228,729,228</b>	114,084,540
	<b>242,767,893</b>	149,516,063

Ageing analysis of trade receivables:

	Group	
	2020 RM	2019 RM
Neither past due nor impaired	<b>117,701,180</b>	89,391,543
1 to 30 days past due not impaired	<b>42,565,898</b>	36,779,101
More than 30 days past due not impaired	<b>82,500,815</b>	23,345,419
	<b>125,066,713</b>	60,124,520
Impaired	<b>4,081,103</b>	2,575,096
	<b>246,848,996</b>	152,091,159

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 15. RECEIVABLES (CONT'D)

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

Based on historical default rates, the Group believes that no allowance for impairment in respect of trade receivables that are past due is required. These receivables are mainly arising from trade receivables that have a good credit record with the Group.

The trade receivables that are past due but not impaired are unsecured in nature.

#### Receivables that are impaired

The Group's trade receivables that are impaired at the end of reporting date are as follows:-

	<b>2020</b>	<b>Group</b>
	<b>RM</b>	2019 RM
<b>Individually impaired</b>		
Trade receivables	<b>4,081,103</b>	2,575,096
Less: Allowance for impairment	<b>(4,081,103)</b>	(2,575,096)
	-	-

Movements in the allowance for impairment account are as follows:-

	<b>2020</b>	<b>Group</b>
	<b>RM</b>	2019 RM
As at 1 July	<b>2,575,096</b>	410,603
Additional impairment during the financial year	<b>2,148,218</b>	2,164,493
Reversal of impairment losses	<b>(642,211)</b>	-
As at 30 June	<b>4,081,103</b>	2,575,096

### 16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

Amounts owing by/(to) subsidiaries are non-trade in nature, unsecured and are repayable on demand.

Included in amounts owing to subsidiaries are the following which, a market interest rate of 4.0% (2019: 4.5%) were charged:

	<b>2020</b>	<b>Company</b>
	<b>RM</b>	2019 RM
Amounts owing to subsidiaries	<b>49,760,886</b>	12,373,265

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 17. AMOUNTS OWING BY ASSOCIATES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Amounts owing by associates	<b>47,446,889</b>	32,101,786	<b>294,301</b>	294,301
Less: Allowance for impairment	<b>(566,362)</b>	(566,362)	-	-
As at 30 June	<b>46,880,527</b>	31,535,424	<b>294,301</b>	294,301

Included in amounts owing by associates of the Group and of the Company is an amount of RM294,301 (2019: RM294,301) which is non-trade in nature, unsecured, interest free and are repayable on demand.

Amounts owing by associates arose from trade transactions with repayment term of 120 days (2019: 120 days).

The amounts owing by associates are denominated in United States Dollar.

### 18. CASH AND BANK BALANCES

Analysis of cash and bank balances by currency:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Canadian Dollar	<b>25,192,311</b>	1,427,904	-	-
Chinese Yuan	<b>12,125</b>	11,561	-	-
EURO	<b>15,989,934</b>	5,209,456	-	-
Hong Kong Dollar	<b>3,078,249</b>	1,033,020	-	-
Japanese Yen	<b>642,557</b>	2,028,870	-	-
Pound Sterling	<b>470,533,657</b>	23,395,245	-	-
Ringgit Malaysia	<b>55,035,684</b>	39,772,222	<b>989,690</b>	8,097
Singapore Dollar	<b>99,334,156</b>	766,351	-	-
United States Dollar	<b>501,415,748</b>	100,169,076	<b>87,140</b>	761,904
Australian Dollar	<b>14,955,528</b>	-	-	-
	<b>1,186,189,949</b>	173,813,705	<b>1,076,830</b>	770,001

### 19. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
Issued and fully paid				
As at 1 July	<b>1,360,309,760</b>	680,154,880	<b>340,077,440</b>	340,077,440
Bonus shares issued during the financial year	-	680,154,880	-	-
As at 30 June	<b>1,360,309,760</b>	1,360,309,760	<b>340,077,440</b>	340,077,440

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and is entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 20. TREASURY SHARES

	Group and Company			
	Number of ordinary shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
As at 1 July	53,812,200	49,002,200	56,648,642	48,938,165
Repurchased during the financial year	35,164,023	4,810,000	67,209,360	7,710,477
Distribution as share dividends	(20,088,223)	-	(21,945,505)	-
<b>As at 30 June</b>	<b>68,888,000</b>	53,812,200	<b>101,912,497</b>	56,648,642

Treasury shares relate to ordinary shares of the Company that are held by the Company via the Company's plan on purchase of own shares. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 29 November 2019, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed towards the enhancement of the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 35,164,023 (2019: 4,810,000) of its issued ordinary shares from the open market at an average price of RM1.91 (2019: RM1.60) per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM67,209,360 (2019: RM7,710,477).

20,088,223 treasury shares were distributed as share dividends to the shareholders on 8 January 2020 on the basis of one treasury share for every sixty-five existing ordinary shares held in the Company at the entitlement date on 9 December 2019.

As at 30 June 2020, the Company held a total of 68,888,000 (2019: 53,812,200) ordinary shares of its 1,360,309,760 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM101,912,497 (2019: RM56,648,642). As at 30 June 2020, the total number of ordinary shares in issue and fully paid net of treasury shares is therefore 1,291,421,760 ordinary shares.

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

### 21. RESERVES

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Non-distributable reserves:</b>					
Translation reserve	(a)	(141,656,855)	(90,172,511)	-	-
<b>Distributable reserves:</b>					
Retained earnings	(b)	1,432,558,407	930,454,054	72,104,266	30,870,870
		<b>1,290,901,552</b>	840,281,543	<b>72,104,266</b>	30,870,870



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 21. RESERVES (CONT'D)

(a) Translation reserve

Translation reserve arose from the exchange differences on the translation of foreign operations.

(b) Retained earnings

The entire retained earnings of the Company as at 30 June 2020 may be distributed as dividend under the single tier system.

### 22. LOAN AND BORROWINGS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Current</b>				
Secured:-				
Trade loans	<b>194,633,148</b>	250,811,076	-	-
Finance lease payables (Note 23)	-	375,559	-	-
Revolving credit	-	35,319,944	-	-
Term loans	<b>29,426,982</b>	44,009,817	-	27,396,000
	<b>224,060,130</b>	330,516,396	-	27,396,000
<b>Non-current</b>				
Secured:-				
Finance lease payables (Note 23)	-	263,940	-	-
Term loans	<b>100,118,342</b>	60,773,898	-	4,252,045
	<b>100,118,342</b>	61,037,838	-	4,252,045
<b>Total loans and borrowings</b>	<b>324,178,472</b>	391,554,234	-	31,648,045

The interest rates are as follows:-

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Trade loans	<b>2.15-3.08</b>	2.01-4.15	-	-
Revolving credit	<b>3.53-4.85</b>	4.85-5.14	-	-
Terms loans	<b>2.48-5.10</b>	3.82-5.32	<b>3.75-5.10</b>	4.19-5.32

The term loans, revolving credit and trade loans are secured by way of corporate guarantee by the Company.

Analysis of borrowings by currency:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
EURO	<b>120,787</b>	118,396	-	-
Japanese yen	-	955,933	-	-
Ringgit Malaysia	<b>275,846</b>	22,218,670	-	19,252,045
United States Dollar	<b>320,192,880</b>	368,261,235	-	12,396,000
Pound Sterling	<b>3,588,959</b>	-	-	-
	<b>324,178,472</b>	391,554,234	-	31,648,045

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 23. FINANCE LEASE PAYABLES

	<b>2020</b>	<b>Group</b>
	<b>RM</b>	<b>2019</b>
		<b>RM</b>
Minimum finance lease payments:-		
- not later than one year	-	395,953
- later than one year but not later than five years	-	276,103
	-	672,056
Less: Future finance charges	-	(32,557)
	-	639,499

Analysis of present value of finance lease payables:-

	<b>2020</b>	<b>Group</b>
	<b>RM</b>	<b>2019</b>
		<b>RM</b>
<b>Current</b>		
- not later than one year	-	375,559
<b>Non-current</b>		
- later than one year but not later than five years	-	263,940
	-	639,499

Interest rates on the finance lease payables for the financial year is NIL (2019: 3.00% to 4.72%) per annum.

### 24. LEASE LIABILITIES

	<b>Group</b>
	<b>2020</b>
	<b>RM</b>
Future minimum lease payment:	
- not later than one year	<b>4,487,204</b>
- later than one year and not later than five years	<b>2,002,368</b>
	<b>6,489,572</b>
Less: Future interest charges	<b>(221,230)</b>
Present value of lease liabilities	<b>6,268,342</b>
Repayable as follows:	
<b>Current</b>	
- not later than one year	<b>4,353,487</b>
<b>Non-current</b>	
- later than one year and not later than five years	<b>1,914,855</b>
	<b>6,268,342</b>

The average term for lease liabilities ranges from 3 to 5 years and the effective interest rate on lease liabilities ranges from 2.38% to 4.72%.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 25. PAYABLES

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Trade payables	(a)	<b>189,672,080</b>	142,088,808	<b>62,489</b>	104,325
Other payables	(b)	<b>17,054,879</b>	18,666,721	<b>69,500</b>	44,100
Deposits received from customers	(c)	<b>892,370,731</b>	48,562,765	-	-
Accruals		<b>29,730,695</b>	8,162,132	<b>226,000</b>	226,000
		<b>1,128,828,385</b>	217,480,426	<b>357,989</b>	374,425

#### (a) Trade payables

Analysis of trade payables by currency:-

	Group	
	2020 RM	2019 RM
EURO	<b>8,378,911</b>	362,524
Hong Kong Dollar	<b>2,151,355</b>	6,594
Japanese Yen	<b>6,946,548</b>	6,768,350
Pound Sterling	<b>427,124</b>	1,764,949
Ringgit Malaysia	<b>115,717,628</b>	99,121,546
Singapore Dollar	<b>10,623,535</b>	598,671
United States Dollar	<b>45,426,979</b>	33,466,174
	<b>189,672,080</b>	142,088,808

The credit period granted to the Group for trade purchases ranging from 30 to 60 days (2019: 30 to 60 days).

#### (b) Other payables

Other payables which mainly arose from other operating expenses payable are interest free and are repayable on demand.

#### (c) Deposits received from customers

Deposits received from customers are mainly denominated in United States Dollar.

### 26. REVENUE

	Group	
	2020 RM	2019 RM
Revenue from contracts with customers:		
Sale of gloves and other healthcare products	<b>2,131,807,991</b>	1,538,156,739
Timing of revenue recognition:		
At a point in time	<b>2,131,807,991</b>	1,538,156,739

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 26. REVENUE (CONT'D)

There is no significant financing component in the revenue arising from sales of product as the products are made on the normal credit terms.

	<b>Company</b>	
	2020 RM	2019 RM
Dividend income received from subsidiaries and associates	<b>65,000,000</b>	55,886,665

### 27. DIRECTORS' REMUNERATION

	<b>Group</b>		<b>Company</b>	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive directors of the Company:-				
- fees	<b>216,000</b>	227,613	<b>216,000</b>	227,613
- other emoluments	<b>2,531,200</b>	2,841,220	<b>5,000</b>	5,000
	<b>2,746,200</b>	3,068,833	<b>222,000</b>	232,613
Non-executive directors of the Company:-				
- fees	<b>666,000</b>	596,177	<b>666,000</b>	596,177
- other emoluments	<b>22,000</b>	20,500	<b>22,000</b>	20,500
	<b>688,000</b>	616,677	<b>688,000</b>	616,677
<b>Total</b>	<b>3,434,200</b>	3,685,510	<b>909,000</b>	849,290

Key management personnel of the Group and of the Company comprise of only executive directors of the Company.

### 28. FINANCE COSTS

	<b>Group</b>		<b>Company</b>	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expenses on:-				
- trade loans	<b>6,607,894</b>	9,490,861	-	-
- lease liabilities	<b>126,967</b>	-	-	-
- finance lease	-	46,027	-	-
- term loans	<b>7,472,019</b>	6,484,492	<b>575,023</b>	1,228,083
- others	<b>2,870,026</b>	3,686,719	<b>1,502,281</b>	1,245,342
	<b>17,076,906</b>	19,708,099	<b>2,077,304</b>	2,473,425

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 29. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- current year:				
- RSM Malaysia	226,000	-	60,000	-
- Firm other than member firm of RSM International Ltd.	243,170	313,673	-	35,000
- prior year:				
- Firm other than member firm of RSM International Ltd.	-	16,500	-	-
- others:				
- RSM Malaysia	5,000	-	5,000	-
- Firm other than member firm of RSM International Ltd.	-	4,500	-	4,500
Depreciation of property, plant and equipment	59,247,038	44,999,931	-	-
Depreciation of investment property	13,071	13,071	-	-
Depreciation of right-of-use assets	2,409,957	-	-	-
Amortisation of prepaid land lease payments	-	64,776	-	-
Net loss/(gain) on foreign exchange:				
- realised	42,673,998	(21,314,781)	-	-
- unrealised	(44,115,837)	11,793,616	(2,410,126)	(1,184,158)
Rental of investment property	(24,519)	(24,675)	-	-
Staff costs				
- salaries, wages and bonuses	121,335,205	116,528,184	-	-
- Employees' Provident Fund	5,602,400	5,143,337	-	-
- other related staff costs	5,686,590	6,607,476	-	-

### 30. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current financial year				
- income tax	152,236,339	52,674,697	4,704	154,151
- deferred taxation	(702,926)	3,650,796	-	-
	151,533,413	56,325,493	4,704	154,151
(Over)/Under provision in prior financial year				
- income tax	(6,267,950)	(508,247)	3,299	553,881
- deferred taxation	119,475	(6,512,807)	-	-
	(6,148,475)	(7,021,054)	3,299	553,881
	145,384,938	49,304,439	8,003	708,032

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year. Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 30. TAXATION (CONT'D)

A reconciliation of tax expense on financial results with the applicable statutory income tax rate is as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	<b>680,163,401</b>	172,407,903	<b>63,186,904</b>	53,711,436
Income tax at tax rate of 24%	<b>163,239,216</b>	41,377,897	<b>15,164,857</b>	12,890,745
Tax effect in respect of:				
Non-allowable expenses	<b>541,060</b>	539,130	<b>440,039</b>	676,206
Income not subject to tax	-	-	<b>(15,600,192)</b>	(13,412,800)
Export allowances	<b>(11,085,402)</b>	-	-	-
Deferred tax recognised at different tax rates	<b>(854)</b>	4,901	-	-
Different tax rates in foreign jurisdictions	<b>2,276,595</b>	12,804,879	-	-
Share of profits of associates	<b>(4,351,059)</b>	(1,327,110)	-	-
Deferred tax assets not recognised	<b>913,857</b>	2,925,796	-	-
(Over)/Under provision in prior financial year				
- income tax	<b>(6,267,950)</b>	(508,247)	<b>3,299</b>	553,881
- deferred taxation	<b>119,475</b>	(6,512,807)	-	-
Tax expense	<b>145,384,938</b>	49,304,439	<b>8,003</b>	708,032

As at 30 June 2020, the Group has the following deferred tax assets which are not recognised in the financial statements because it is not probable that future taxable income will be available to allow the assets to be utilised:

	Group	
	2020 RM	2019 RM
Unabsorbed tax losses	<b>21,255,000</b>	19,785,000

As at 30 June 2020, the Group has unabsorbed tax losses of approximately RM30,534,000 (2019: RM58,766,00), which are available to set off against future chargeable income.

With effect from year of assessment (YA) 2018, unabsorbed tax losses can only be carried forward for a maximum period of 7 consecutive YAs to be utilised against income from any business source and will be disregarded in YA 2025.

### 31. EARNING PER ORDINARY SHARE

#### (a) Basic Earnings Per Share

	Group	
	2020 RM	2019 RM
Net profit attributable to owners of the parent	<b>524,795,452</b>	123,112,496
Number of shares in issue as of 1 July	<b>1,360,309,760</b>	680,154,880
Bonus issue	-	680,154,880
Effect of treasury shares held	<b>(53,485,207)</b>	(49,599,592)
Weighted average number of ordinary shares in issue	<b>1,306,824,553</b>	1,310,710,168
Basic earnings per ordinary share (sen)	40.16	9.39

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 31. EARNING PER ORDINARY SHARE (CONT'D)

#### (a) Basic Earnings Per Share (Cont'd)

The basic earnings per ordinary share is calculated by dividing the consolidated net profit attributable to equity owners of the Company by the weighted average number of ordinary shares (adjusted for treasury shares) during the financial year.

#### (b) Diluted Earnings Per Share

The diluted earnings per ordinary share of the Group for the financial year ended 30 June 2020 and 30 June 2019 are same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

### 32. DIVIDENDS

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Recognised during the financial year:-		
In respect of the financial year ended 30 June 2018		
- final single-tier dividend of 2.0 sen per ordinary share	-	13,113,076
In respect of the financial year ended 30 June 2019		
- interim single-tier dividend of 1.5 sen per ordinary share	-	19,669,613
- final single-tier dividend via share dividend distribution of 20,088,223 treasury shares on the basis of 1 treasury share for every 65 existing ordinary shares held in the Company	<b>21,945,505</b>	-
	<b>21,945,505</b>	32,782,689

The Directors propose a final single-tier dividend via share dividend distribution on the basis of one treasury share for every forty-five existing ordinary shares held in the Company in respect of the current financial year, subject to approval of shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as a distribution of treasury shares in the financial year ending 30 June 2021.

### 33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	<b>1,186,189,949</b>	173,813,705	<b>1,076,830</b>	770,001

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 34. FINANCIAL GUARANTEES

- (a) As of 30 June 2020, the Company is contingently liable in respect of guarantees given mainly for credit facilities totalling RM316,565,000 (2019: RM348,330,000) granted by local licensed banks to the subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.
- (b) As of 30 June 2020, the Company is contingently liable to the extent of RM51,518,000 (2019: RM41,931,000) in respect of bank guarantees issued in favour of various third parties. The bank guarantees are secured over the corporate guarantee of the Company and fellow subsidiaries.

### 35. CAPITAL COMMITMENTS

	<b>2020</b>	<b>Group</b>
	RM	2019 RM
Approved and contracted for but not provided for in the financial statements		
- Purchases of property, plant and equipment	<b>235,000,000</b>	46,978,000

### 36. RELATED PARTY DISCLOSURES

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:-

- (i) subsidiaries;
- (ii) associates;
- (iii) key management personnel which comprise persons (including directors of the Group and of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly; and
- (iv) directors related companies refer to companies in which directors of the Group and of the Company have substantial financial interest.

	<b>2020</b>	<b>Group</b>
	RM	2019 RM
Sales of gloves to associates	<b>173,542,751</b>	114,204,368



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 36. RELATED PARTY DISCLOSURES (CONT'D)

	<b>Company</b>	
	<b>2020</b>	2019
	<b>RM</b>	RM
Dividend received/ receivable from subsidiaries and associates		
- Maxter Glove Manufacturing Sdn. Bhd.	<b>55,000,000</b>	25,120,000
- Supermax Glove Manufacturing Sdn. Bhd.	-	13,205,000
- Supermax Latex Products Sdn. Bhd.	-	17,161,665
- Seal Polymer Latex Products Sdn. Bhd.	-	400,000
- Maxwell Glove Manufacturing Berhad	<b>10,000,000</b>	-
Interest charged to subsidiaries	-	791,719
Interest charged by subsidiaries	<b>(1,502,281)</b>	(1,383,765)

Information regarding outstanding balances arising from related parties transactions of each reporting date are disclosed in Notes 16 and 17.

### 37. SEGMENT REPORTING

MFRS 8 Operating Segments requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order allocate resources to the segments and assess their performance.

#### General information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the products and services, and has three main reportable operating segments as follows:-

- (a) Investment holding
- (b) Manufacturing of gloves
- (c) Trading of gloves
- (d) Others

#### Measurement of reporting segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment results are profit earned or loss incurred by each segment without allocation of depreciation and amortisation, finance cost, share of result of associates and income tax expense. There are no significant changes from prior financial year in the measurement method used to determine reported segment profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 37. SEGMENT REPORTING (CONTINUED)

All the Group's assets are allocated to reportable segments other than deferred tax assets and investment in associates.

All the Group's liabilities are allocated to reportable segments other than deferred tax liabilities.

Group 2020	Investment Holding RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Note	Consolidated RM
<b>Revenue</b>							
External sales	-	1,029,808,532	1,080,857,877	21,141,582	-		2,131,807,991
Inter-segment sales	65,000,000	989,522,455	398,976,347	11,457,019	(1,464,955,821)	(a)	-
<b>Total revenue</b>	<b>65,000,000</b>	<b>2,019,330,987</b>	<b>1,479,834,224</b>	<b>32,598,601</b>	<b>(1,464,955,821)</b>		<b>2,131,807,991</b>
<b>Result</b>							
Segment results	65,264,209	613,482,828	224,063,613	(2,357,454)	(146,759,919)	(a)	753,693,277
Depreciation, amortisation and impairment	-	(63,686,477)	(5,704,367)	(5,191,538)	-		(74,582,382)
Finance costs	(2,077,304)	(15,501,875)	(1,038,062)	(1,571,192)	3,111,527		(17,076,906)
Tax expense	(8,003)	(111,048,437)	(52,656,911)	(508,826)	18,837,239		(145,384,938)
Share of result of associates							18,129,412
<b>Net profit for the financial year</b>							<b>534,778,463</b>
<b>Assets</b>							
Segment assets	354,356,487	1,967,932,918	1,889,946,485	320,102,751	(1,497,398,915)	(b)	3,034,939,726
Deferred tax assets							1,244,608
Investment in associates							168,206,113
<b>Consolidated total assets</b>							<b>3,204,390,447</b>
<b>Liabilities</b>							
Segment liabilities	63,081,974	838,687,641	1,573,335,795	356,871,664	(1,222,958,464)	(c)	1,609,018,610
Deferred tax liabilities	-	60,456,999	968,957	-	(16,595,482)		44,830,474
<b>Consolidated total liabilities</b>							<b>1,653,849,084</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 37. SEGMENT REPORTING (CONTINUED)

Group 2019	Investment Holding RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Note	Consolidated RM
<b>Revenue</b>							
External sales	-	846,414,444	687,736,966	4,005,329	-		1,538,156,739
Inter-segment sales	55,886,665	580,321,240	186,201,636	10,687,859	(833,097,400)	(a)	-
<b>Total revenue</b>	55,886,665	1,426,735,684	873,938,602	14,693,188	(833,097,400)		1,538,156,739
<b>Result</b>							
Segment results	56,184,861	245,041,802	(1,186,915)	(12,473,862)	(55,901,732)	(a)	231,664,154
Depreciation, amortisation and impairment	-	(36,270,191)	(3,470,638)	(5,336,949)	-		(45,077,778)
Finance costs	(2,473,425)	(14,091,477)	(703,305)	(2,439,892)	-		(19,708,099)
Tax expense	(708,032)	(42,715,164)	(5,788,872)	(92,371)	-		(49,304,439)
Share of result of associates							5,529,626
<b>Net profit for the financial year</b>							123,103,464
<b>Assets</b>							
Segment assets	346,089,443	1,559,017,211	574,300,282	216,538,324	(1,061,773,245)	(b)	1,634,172,015
Deferred tax assets							1,406,102
Investment in associates							207,129,563
<b>Consolidated total assets</b>							1,842,707,680
<b>Other information</b>							
Addition to property, plant and equipment	-	111,358,022	2,086,194	3,051,577	-		116,495,793
<b>Liabilities</b>							
Segment liabilities	50,784,471	1,024,483,235	428,558,613	23,569,877	(864,489,902)	(c)	662,906,294
Deferred tax liabilities	-	42,343,614	995,358	-	2,236,447		45,575,419
<b>Consolidated total liabilities</b>							708,481,713

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 37. SEGMENT REPORTING (CONT'D)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- (a) Inter-segment transactions and revenue are eliminated on consolidation;
- (b) Inter-segment assets are eliminated on consolidation; and
- (c) Inter-segment liabilities are eliminated on consolidation.

#### Geographical segments

The following is an analysis of the Group's property, plant and equipment based on the geographical location of the property, plant and equipment:-

	2020 RM	2019 RM
America	45,434,661	41,398,223
Europe	5,384,343	5,397,269
Asia	1,031,234,670	918,428,599
	<b>1,082,053,674</b>	965,224,091

The Group operates predominantly in Malaysia and accordingly, the segment assets and capital additions are located in Malaysia.

The following is an analysis of the Group's sales by geographical market according to the continents:-

	2020 RM	2019 RM
America	1,065,903,995	769,078,370
Europe	554,270,078	399,920,752
Asia and Oceania	447,679,678	323,012,915
Africa	63,954,240	46,144,702
	<b>2,131,807,991</b>	1,538,156,739

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 38. FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

- (i) Financial assets measured at amortised costs (“AC”)
- (ii) Financial liabilities measured at amortised costs (“AC”)

Group	Carrying Amount RM	AC RM
<b>30 June 2020</b>		
<b>Financial assets</b>		
Receivables, net of prepayments	275,809,681	275,809,681
Amount owing by associates	46,880,527	46,880,527
Cash and bank balances	1,186,189,949	1,186,189,949
	<b>1,508,880,157</b>	<b>1,508,880,157</b>
<b>Financial Liabilities</b>		
Payables	1,128,828,385	1,128,828,385
Trade loans	194,633,148	194,633,148
Term loans	129,545,324	129,545,324
Lease liabilities	6,268,342	6,268,342
	<b>1,459,275,199</b>	<b>1,459,275,199</b>
<b>Company</b>		
<b>30 June 2020</b>		
<b>Financial assets</b>		
Amount owing by subsidiaries	135,229,323	135,229,323
Amount owing by associates	294,301	294,301
Cash and bank balances	1,076,830	1,076,830
	<b>136,600,454</b>	<b>136,600,454</b>
<b>Financial liabilities</b>		
Payables	357,989	357,989
Amount owing to subsidiaries	62,723,985	62,723,985
	<b>63,081,974</b>	<b>63,081,974</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 38. FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as follows (Cont'd):

Group	Carrying Amount RM	AC RM
<b>30 June 2019</b>		
<b>Financial assets</b>		
Receivables, net of prepayments	166,206,099	166,206,099
Amount owing by associates	31,535,424	31,535,424
Cash and bank balances	173,813,705	173,813,705
	<b>371,555,228</b>	<b>371,555,228</b>
<b>Financial Liabilities</b>		
Payables	217,480,426	217,480,426
Trade loans	250,811,076	250,811,076
Finance lease payables	639,499	639,499
Revolving credit	35,319,944	35,319,944
Term loans	104,783,715	104,783,715
	<b>609,034,660</b>	<b>609,034,660</b>
<b>Company</b>		
<b>30 June 2019</b>		
<b>Financial assets</b>		
Other receivables	226,998	226,998
Amount owing by subsidiaries	127,474,009	127,474,009
Amount owing by associates	294,301	294,301
Cash and bank balances	770,001	770,001
	<b>128,765,309</b>	<b>128,765,309</b>
<b>Financial liabilities</b>		
Payables	374,425	374,425
Term loans	31,648,045	31,648,045
Amount owing to subsidiaries	18,607,850	18,607,850
	<b>50,630,320</b>	<b>50,630,320</b>

### 39. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

#### (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from capital financing, trade receivables, bank balances and short term funds. The Company's exposure to credit risk arises principally from bank balances, amount due from subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 39. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (a) Credit risk (Cont'd)

Allowance for impairment losses are made in accordance with the relevant accounting policies or when deemed necessary based on estimates of expected losses that may arise from non-collection of debts from its business. Write off of debts against individual assessment are made only when avenues of recovery have been exhausted and the debts are deemed to be irrecoverable in the foreseeable future.

#### (i) Trade receivables

The Group's sales to customers are on credit terms of 30 to 120 days. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. Based on the credit evaluation, the customers are rated into three risk categories, namely low risk, medium risk and high risk.

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group.

When an account is more than 120 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 120 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Company's past experience, current conditions and forecast of future economic benefits.

For significant receivables that are not individually credit-impaired and all other receivables, the Group uses a provision matrix that categories the different risk classes (low risk, medium risk and high risk) and the ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions.

A receivable is written off only if there is no reasonable expectation of recovery. This is when an account is 120 days past due or the customer is experiencing significant financial difficulties, undertaking financial reorganisation or has gone bankrupt.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 39. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (a) Credit risk (Cont'd)

##### (i) Trade receivables (Cont'd)

##### Concentration of credit risk

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables by geographic region at the reporting date is as follows:-

	2020 RM	2019 RM
America	<b>121,383,946</b>	74,758,032
Europe	<b>63,119,650</b>	38,874,176
Asia and Oceania	<b>50,981,260</b>	31,398,373
Africa	<b>7,283,037</b>	4,485,482
	<b>242,767,893</b>	149,516,063

##### (ii) Inter-company balances

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Nevertheless, an appropriate allowance will be made subsequently if the debt-owing company's financial condition is considered not satisfactory, regardless of whether it still carries on business operation, and there is insufficient evidence to indicate that its financial condition would improve in the foreseeable future.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 39. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (b) Liquidity risk (Cont'd)

##### Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amounts RM	Contractual undiscounted cash flows RM	Repayable within 1 Year RM	Repayable 1 to 5 Years RM
<b>2020</b>				
<b>Financial liabilities</b>				
Payables	1,128,828,385	1,128,828,385	1,128,828,385	-
Loans and borrowings	324,178,472	330,446,814	224,060,130	106,386,684
Lease liabilities	6,268,342	6,489,572	4,487,204	2,002,368
	<b>1,459,275,199</b>	<b>1,465,764,771</b>	<b>1,357,375,719</b>	<b>108,389,052</b>
<b>2019</b>				
<b>Financial liabilities</b>				
Payables	217,480,426	217,480,426	217,480,426	-
Loans and borrowings	391,554,234	391,586,791	330,536,790	61,050,001
	609,034,660	609,067,217	548,017,216	61,050,001
<b>Company</b>				
<b>2020</b>				
<b>Financial liabilities</b>				
Other payables	357,989	357,989	357,989	-
Amount owing to subsidiaries	62,723,985	62,723,985	62,723,985	-
	<b>63,081,974</b>	<b>63,081,974</b>	<b>63,081,974</b>	-
<b>2019</b>				
<b>Financial Liabilities</b>				
Other payables	374,425	374,425	374,425	-
Amount owing to subsidiaries	18,607,850	18,607,850	18,607,850	-
Loans and borrowings	31,648,045	31,648,045	27,396,000	4,252,045
	50,630,320	50,630,320	46,378,275	4,252,045

#### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

##### (i) Interest rate risk

Interest rate risk arises from borrowings at fixed and variable rates to finance its capital expenditure and working capital requirements. The management monitors the prevailing interest rates at regular intervals.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 39. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (c) Market risk (Cont'd)

##### (i) Interest rate risk (Cont'd)

###### *Sensitively analysis for interest rate risk*

At the end of the reporting period, if interest rates had been 1% lower/higher, with all other variables held constant, the Group's profit net of tax would have been higher/lower, for external borrowings, RM3,304,468 (2019: RM3,915,542). These impact arise mainly as a result of lower/higher of interest expenses from pre-determined rate of borrowings. The assumed movement in basis points for interest rate sensitively analysis is based on the currently observable market environment.

##### (ii) Foreign currency risk

There is exposure to foreign currency movements on financial assets and financial liabilities denominated in foreign currencies. It also has foreign currency risk on sales and purchase that denominated in foreign currencies. The currencies giving rise to this risk are primarily Canadian Dollar ("CND"), EURO, British Pound Sterling ("GBP"), United States Dollar ("USD"), Hong Kong Dollars ("HKD") and Japanese Yen ("JPY").

The following table demonstrates the sensitivity of the Group and of the Company's profit net of tax to a reasonably possible change in the exchange rates of CND, EURO, GBP, USD, HKD and JPY against the functional currency of the Group and of the Company, with all other variables held constant.

	<b>Group</b>	
	<b>Profit/(loss)</b>	Profit/(loss)
	<b>for the year</b>	for the year
	<b>2020</b>	2019
	<b>RM</b>	RM
CND/RM		
- strengthened 3% (2019: 3%)	<b>755,769</b>	42,837
- weakened 3% (2019: 3%)	<b>(755,769)</b>	(42,837)
EUR/RM		
- strengthened 3% (2019: 3%)	<b>474,009</b>	145,003
- weakened 3% (2019: 3%)	<b>(474,009)</b>	(145,003)
GBP/RM		
- strengthened 3% (2019: 3%)	<b>13,772,762</b>	1,288,733
- weakened 3% (2019: 3%)	<b>(13,772,762)</b>	(1,288,733)
USD/RM		
- strengthened 3% (2019: 3%)	<b>7,965,315</b>	(5,624,214)
- weakened 3% (2019: 3%)	<b>(7,965,315)</b>	5,624,214
HKD/RM		
- strengthened 3% (2019: 3%)	<b>93,274</b>	36,713
- weakened 3% (2019: 3%)	<b>(93,274)</b>	(36,713)
JPY/RM		
- strengthened 3% (2019: 3%)	<b>208,414</b>	226,449
- weakened 3% (2019: 3%)	<b>(208,414)</b>	(226,449)

##### (iii) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group and of the Company's financial instruments will fluctuate because of changes in market price (other than interest or exchange rates).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 39. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (c) Market risk (Cont'd)

##### (iii) Market price risk (Cont'd)

The Group has in place policies to manage the Group's exposure to fluctuations in the selling price of the Group's products and purchase prices of the key raw materials used in the operations. The management conducts constant survey of the global market price and trend in order to determine the selling price.

### 40. FAIR VALUE MEASUREMENT

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings approximate fair values due to the relatively short-term nature of these financial instruments. As borrowings are obtained from licensed financial institution at prevailing market rate, the carrying amount of these financial liabilities approximate the fair value.

### 41. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it is able to continue as a going concern to support the business of the Group and of the Company and to maximise shareholders' value.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or take additional or repay its loans and borrowings. No changes were made in the objectives, policies and processes during the financial year ended 30 June 2020 and 30 June 2019.

The Group and the Company monitors capital using a gearing ratio, which is total debts divided by total capital plus total debts. The Group's and the Company's policy is to keep the gearing ratio between 20% to 40% and 10% to 30% respectively. The Group and the Company includes within total debts, trade and other payables, loans and borrowings. Capital includes equity attributable to the owners of the parent.

The gearing ratio of the Group and of the Company is as follows:-

<b>Group</b>	<b>2020</b> <b>RM</b>	2019 RM
Payables	<b>1,128,828,385</b>	217,480,426
Loans and borrowings	<b>324,178,472</b>	391,554,234
Lease liabilities	<b>6,268,342</b>	-
Total debts	<b>1,459,275,199</b>	609,034,660
Equity attributable to owners of the parent	<b>1,529,066,495</b>	1,123,710,341
Capital and total debts	<b>2,988,341,694</b>	1,732,745,001
Gearing ratio	<b>48.8%</b>	35.1%

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 41. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio of the Group and of the Company is as follows (Cont'd):-

Company	2020 RM	2019 RM
Payables	357,989	374,425
Amounts owing to subsidiaries	62,723,985	18,607,850
Loans and borrowings	-	31,648,045
Total debts	<b>63,081,974</b>	50,630,320
Equity attributable to owners of the parent	<b>310,269,209</b>	314,299,668
Capital and total debts	<b>373,351,183</b>	364,929,988
Gearing ratio	<b>16.9%</b>	13.9%

The Group is required to maintain a minimum Consolidate Total Equity of RM620 million, a minimum Consolidated Earnings before interest, tax, depreciation and amortisation to Consolidated Interest Expense ratio of 1.30 – 1.75 and a maximum Consolidated Debt to Consolidated Total Equity ratio of 1.0 to comply with two bank covenants, failing which, the bank may call an event of default. The Group had complied with these covenants.

The Group is also required to comply with the disclosure and necessary capital requirements and prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### 42. SIGNIFICANT CHANGES TO ACCOUNTING POLICIES

During the financial year, the Group and the Company adopted MFRS 16.

#### Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

#### As a lessee

Where the Group are a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 July 2019.

At 1 July 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. The weighted-average rate applied ranges from 2.38% to 4.72%.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### 42. SIGNIFICANT CHANGES TO ACCOUNTING POLICIES (CONT'D)

#### As a lessee (Cont'd)

Right-of-use assets are measured at either:

- (a) their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 July 2019; or
- (b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- (a) applied a single discount rate to a portfolio of leases with similar characteristics;
- (b) applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 July 2019;
- (c) excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- (d) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use assets and lease liability at 1 July 2019 are determined to be same as the carrying amount of the leased assets and lease liability under MFRS 117 immediately before that date.

#### Impacts on financial statements

Since the Group applied the requirements to MFRS 16 retrospectively with the cumulative effect of initial application at 1 July 2019, there are no adjustments made to the prior period presented.

### 43. SUBSEQUENT EVENTS

#### (a) Bonus Issue

The Company had, based on the entitlement date of 7 September 2020, issued 1,360,309,760 new ordinary shares (Bonus Shares) on the basis of 1 Bonus Share for every 1 existing Supermax share held on 7 September 2020.

The abovementioned Bonus Shares were subsequently listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 8 September 2020.

#### (b) Acquisition of freehold land

The Company had on 21 September 2020, announced to Bursa Malaysia Securities Berhad that Maxter Glove Manufacturing Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement ("SPA") with Bandar Setia Alam Sdn. Bhd. to acquire two parcels of freehold land for a total cash consideration of RM73,488,280.

The SPA is pending completion at the date of this report.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

#### 44. COMPARATIVE FIGURES

Certain comparative figures in the financial statements have been reclassified to conform with the presentation in the current financial year. The classification made is as follows:

30.06.2019	As previously reported RM	Reclassification RM	As reclassified RM
<b>Group</b>			
Treasury shares	-	(56,648,642)	(56,648,642)
Reserves	783,632,901	56,648,642	840,281,543
<b>Company</b>			
Treasury shares	-	(56,648,642)	(56,648,642)
Reserves	(25,777,772)	56,648,642	30,870,870

#### 45. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 October 2020.

# LIST OF PROPERTIES

## Held by the Group as at 30th June 2020

	Location	Existing Use	Age of Building	Land Area/ (Build-up Area)	Tenure	Net Book Value (RM)
1.	Lot 42, Jalan BRP9/2B, Putra Industrial Park, Bukit Rahman Putra, Sungai Buloh, Selangor Darul Ehsan.	Land and Building	22 years	1.5 acres/ (36,600sq ft)	Freehold	6,560,179
2.	Lot 6070, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Factory cum Office Building	19 years	5.0063 acres/ (127,861sq ft)	Freehold	18,207,628
3.	Lot 38, Jalan BRP9/2B, Putra Industrial Park, Bukit Rahman Putra, Sungai Buloh, Selangor Darul Ehsan.	Land, Factory cum Office Building	15 years	5.6337 acres	Freehold	22,585,272
4.	Lot No. 5128, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Building	16 years	4.6875 acres	Freehold	8,998,948
5.	Lot 512 & Lot 1784, Mukim of Ijok, District of Kuala Selangor, Selangor Darul Ehsan.	Agricultural Land (pending conversion to industrial land)		Lot 512: 3.8438 acres Lot 1784: 1.98 acres	Lot 512-freehold Lot 1784-leasehold 99 years (Exp:3.8.2057)	661,978
6.	Suite No. 708, 6th Floor (Level 7), Menara Atlas, (Tower A), Plaza Pantai, Off Jalan Pantai Baru, Kuala Lumpur.	Stratified office lot	18 years	1,235 sq ft	Freehold	375,798
7.	Lot 6068, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Building	14 years	5.00625 acres	Freehold	15,758,144
8.	Lot 55, Jalan Industri 13, Kaw. Perindustrian Kelemak, 78000 Alor Gajah, Melaka.	Land and Building		18,408 sq m	Leasehold - 99 years (Exp:18.6.2088)	3,700,517
9.	Lot 72706 Jalan Lahat, Kawasan Perindustrian Bukit Merah, 31500 Lahat, Perak Darul Ridzuan. HS(D)KA 70399 Lot 72706, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Industrial Land  Single-storey factory with annexed two-storey office buildings	27 years	26,688sq m  18,534sq m	Leasehold - 60 years (Exp:13.1.2037)	201,487  8,135,114
10.	PN 123155, Lot 207171, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and building		639sq m	Leasehold - 90 years (Exp:15.11.2083)	277,208
11.	PN 123156, Lot 207172, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and building		465sq m	Leasehold - 90 years (Exp:15.11.2083)	188,712
12.	PN 123161, Lot 207177, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and building		465sq m	Leasehold - 90 years (Exp:15.11.2083)	201,377
13.	PN 123162, Lot 207178, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and Building		650sq m	Leasehold - 90 years (Exp:15.11.2083)	257,203

# LIST OF PROPERTIES

Held by the Group as at 30th June 2020

	Location	Existing Use	Age of Building	Land Area/ (Build-up Area)	Tenure	Net Book Value (RM)
14.	HS(D) 11530, PT 11574, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Industrial Land		15,054sq m	Leasehold - 99 years (Exp:07.12.2097)	803,117
15.	HS(D) 11531, PT 11575, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Industrial Land		16,187sq m	Leasehold - 99 years (Exp:07.12.2097)	865,482
16.	PT 11574 & PT 11575, Jalan Logam 7, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting Raya, Mukim Asam Kumbang, Perak Darul Ridzuan.	Single-storey factory with annexed two-storey office buildings		17,636sq m	Leasehold - 99 years (Exp:07.12.2097)	27,590,868
17.	Lot 6069, Mukim Kapar, Daerah Klang, Negeri Selangor.	Land and office cum factory warehouse	19 years	20,260sq m	Freehold	18,170,340
18.	HS(D) 143519, PT 207093, Lot 72314, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Industrial Land		9,359sq m	Leasehold - 99 years (Exp:19.05.2104)	2,050,501
19.	PN 123157, Lot 207173, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and Building Single-storey semi-detached factory		465sq m	Leasehold - 90 years (Exp:15.11.2083)	217,560
20.	PN 123158, Lot 207174, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and Building Single-storey semi-detached factory		465sq m	Leasehold - 90 years (Exp:15.11.2083)	217,560
21.	PN 123159, Lot 207175, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and Building Single-storey semi-detached factory		465sq m	Leasehold - 90 years (Exp:15.11.2083)	217,560
22.	PN 123160, Lot 207176, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and Building Single-storey semi-detached factory		465sq m	Leasehold - 90 years (Exp:15.11.2083)	217,560
23.	HS(D) 129442, PT 62957 Mukim Kapar, District of Klang, Selangor Darul Ehsan.	Industrial Land		123,080sq m	Freehold	14,607,750
24.	Geran No. 45720 Lot No. 6059, Mukim Kapar, Daerah Klang Negeri Selangor.	Land and Building		20,234sq m	Freehold	25,052,544
25.	Geran No. 45719 Lot No. 6058, Mukim Kapar, Daerah Klang Negeri Selangor.	Land and Building		20,209sq m	Freehold	27,898,822
26.	Geran No. 28698 Lot No. 1858, Mukim Serendah, Daerah Ulu Selangor, Negeri Selangor.	Land		404,685sq m	Freehold	80,809,480
27.	Geran No. 45722 Lot No. 6061, Mukim Kapar, Daerah Klang Negeri Selangor.	Land		20,234sq m	Freehold	13,503,200



# ANALYSIS OF SHAREHOLDINGS

## as at 15 October 2020

Issued and Fully Paid-up : RM 340,077,440  
 Class of Shares : Ordinary Shares  
 Voting Rights : 1 vote per Ordinary Share

Size of Holdings	No. of Holders <sup>#</sup>		No. of Holdings <sup>#</sup>		% <sup>#</sup>	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1 - 99	2,045	20	79,939	656	0.00	0.00
100 - 1,000	17,315	99	9,706,855	54,102	0.38	0.00
1,001 - 10,000	22,351	219	86,993,523	1,002,565	3.39	0.04
10,001 - 100,000	7,518	309	218,911,350	12,914,155	8.52	0.50
100,001 - 128,436,575 (*)	1,062	383	907,064,596	483,339,927	35.31	18.82
128,436,575 and above (**)	2	0	848,663,852	0	33.04	0.00
<b>Total</b>	<b>50,293</b>	<b>1,030</b>	<b>2,071,420,115</b>	<b>497,311,405</b>	<b>80.64</b>	<b>19.36</b>
	No. of Holders		No. of Holdings		%	
<b>Grand Total</b>	<b>51,323</b>		<b>2,568,731,520</b>		<b>100.00</b>	

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

### LIST OF TOP 30 HOLDERS AS AT 15 OCTOBER 2020

No.	Name	Holdings	%
1	THAI KIM SIM	564,697,802	21.98
2	TAN BEE GEOK	283,966,050	11.05
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN BEE GEOK (PBCL-0G0071)	104,030,768	4.05
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	40,745,100	1.59
5	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	39,420,370	1.53
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT ANFOR UBS AG SINGAPORE (MALAYSIAN RES)	30,000,000	1.17
7	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	26,201,188	1.02
8	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	25,964,208	1.01
9	TAN GEOK SWEE @ TAN CHIN HUAT	24,653,538	0.96
10	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	23,657,600	0.92
11	TAN GEOK SWEE @ TAN CHIN HUAT	22,655,748	0.88
12	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	21,974,784	0.86
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	21,656,396	0.84
14	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	20,456,200	0.80
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	20,152,600	0.78
16	MAYBANK INVESTMENT BANK BERHAD IVT (9)	13,338,300	0.52
17	GONG WOUI TEIK	12,462,772	0.49
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN BHD (2)	12,000,000	0.47

# ANALYSIS OF SHAREHOLDINGS

as at 15 October 2020

No.	Name	Holdings	%
19	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEN FUND	11,056,800	0.43
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	10,437,780	0.41
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TING HENG PENG (14570MZ0406)	9,650,214	0.38
22	DB (MALAYSIA)NOMINEES (ASING) SDN BHD BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	9,528,800	0.37
23	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	9,279,584	0.36
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE INSURANCE (MALAYSIA) BERHAD (PAR 3)	8,599,000	0.33
25	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	8,500,600	0.33
26	HSBC NOMINEES (ASING) SDN BHD HSBC-FS I FOR SAMSUNG ASEAN SECURITIES MASTER INVESTMENT TRUST	8,389,300	0.33
27	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD	8,285,400	0.32
28	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	8,194,680	0.32
29	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND, LLC	7,593,352	0.30
30	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ARROWSTREET US GROUP TRUST	7,574,300	0.29

## INFORMATION ON DIRECTORS HOLDINGS AS AT 15 OCTOBER 2020

No.	Name	Holdings	%
1	ALBERT SAYCHUAN CHEOK	152,306	0.006
2	DATO' TING HENG PENG	17,147,812	0.668
3	DATO' TAN GEOK SWEE @ TAN CHIN HUAT	47,512,362	1.850
4	GONG WOUI TEIK	12,462,772	0.485
5	DR RASHID BIN BAKAR	243,692	0.009
6	CECILE JACLYN THAI	200,000	0.008
7	TAN CHEE KEONG	912,000	0.036
8	NG KENG LIM @ NGOOI KENG LIM	400,000	0.016

## INFOMATION ON SUBSTANTIAL HOLDERS' HOLDINGS AS AT 15 OCTOBER 2020

No.	Name	Holdings	%
1	DATO' SERI THAI KIM SIM	564,697,802	21.98
2	DATIN SERI TAN BEE GEOK	417,996,818	16.27

# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Third Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at Supermax Boardroom, Lot 38, Putra Industrial Park, Bukit Rahman Putra, 40160 Sungai Buloh, Selangor Darul Ehsan on Wednesday, 2 December 2020 at 10.00 a.m., for the following purposes: -

## **ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of Directors and Auditors thereon. **[Please refer to Explanatory Note 2]**
2. To approve payment of the final dividend via share dividend distribution on the basis of one (1) treasury share for every forty-five (45) existing ordinary shares held in the Company in respect of the financial year ended 30 June 2020. **(Resolution 1)**
3. To approve payment of Directors' Fees of up to RM882,000.00 for the financial year ending 30 June 2021. **(Resolution 2)**
4. To approve the payment of Directors' benefits of up to RM40,000 for the period from 3 December 2020 until the next Annual General Meeting of the Company. **(Resolution 3)**
5. To re-elect the following Directors who retire pursuant to Clause 76 of the Company's Constitution: -
  - i) Cecile Jaclyn Thai **(Resolution 4)**
  - ii) Albert Saychuan Cheok **(Resolution 5)**
6. To re-appoint Messrs RSM Malaysia as Auditors of the Company and to authorised the Directors to fix their remuneration. **(Resolution 6)**

## **SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company: -

7. **ORDINARY RESOLUTION I  
AUTHORITY TO ALLOT AND ISSUE SHARES** **(Resolution 7)**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

8. **ORDINARY RESOLUTION II  
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

**(Resolution 8)**

THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Share Buy-Back”)

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;

# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- (viii) To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.”

## 9. **ORDINARY RESOLUTION III CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

- 9.1 “THAT approval be and is hereby given to Dato’ Ting Heng Peng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.” **(Resolution 9)**
- 9.2 “THAT approval be and is hereby given to Dr Rashid Bin Bakar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.” **(Resolution 10)**

- 10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

## **NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the members at the Twenty-Third Annual General Meeting to be held on 2 December 2020, a final dividend will be paid via share dividend distribution on the basis of one (1) treasury share for every forty-five (45) existing ordinary shares held in the Company in respect of the financial year ended 30 June 2020. The share dividend will be credited into Central Depository Securities (“CDS”) account of shareholders whose name appears in the Record of Depositors on 8 December 2020. Any fraction entitlement arising from the computation of share dividend entitlement will be disregarded.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the Depositor’s Securities Account before 4.30 p.m. on 8 December 2020 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

Subject to the approval of Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”) for the transfer of treasury shares under Share Buy-Back Account via bulk transfer method of debiting and crediting, the treasury shares to be distributed under the share dividend will be credited into the entitled CDS account maintained with Bursa Depository on 5 January 2021.

## BY ORDER OF THE BOARD

### WONG WAI FOONG

SSM PC No.: 202008001472 (MAICSA 7001358)

### JOANNE TOH JOO ANN

SSM PC NO. 202008001119 (LS 0008574)

Secretaries

Kuala Lumpur

Date: 30 October 2020

## Notes:

### 1. APPOINTMENT OF PROXY

- a) The broadcast venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016**, which requires the Chairperson of the Annual General Meeting (“AGM”) to be present at the main venue of the meeting.

Shareholders/ proxies/ corporate representatives **WILL NOT BE ALLOWED** to attend this AGM in person at the broadcast venue on the day of the Company’s AGM. Therefore, members are strongly advised to participate and vote remotely at the AGM through live streaming and online remote voting using the Remote Participation and Voting facilities provided by the Company’s Share Registrar, namely Boardroom Share Registrars Sdn Bhd.

**Please read these Notes carefully and follow the Procedures in the Administrative Guide for the AGM in order to participate remotely.**

- b) For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 25 November 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
- c) A member entitled to attend, participate, speak and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- d) A member of the Company who is entitled to attend and vote at the AGM may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the AGM.
- e) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- f) Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- g) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”) which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- h) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

- i) The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar, namely Boardroom Share Registrars Sdn Bhd at **11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan**. In the case of an appointment made via Boardroom Smart Investor Portal, the proxy form must be deposited at <https://boardroomlimited.my>. Please refer to the Administrative Guide for further information on submission via Boardroom Smart Investor Portal. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
- j) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar, namely Boardroom Share Registrars Sdn Bhd at **11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan**, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- k) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- l) Last date and time for lodging the proxy form is Monday, 30 November 2020 at 10.00 a.m.

## 2. ITEM 1 OF THE AGENDA – ORDINARY BUSINESS

### AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

## 3. ITEMS 2 AND 3 OF THE AGENDA – ORDINARY BUSINESS

### PAYMENT OF DIRECTORS' FEE AND BENEFITS

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The Proposed Resolution 2 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors' fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

The Directors' benefits proposed under Resolution 3 are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period commencing from the date immediately after this AGM up to the date of the next AGM. In the event the proposed amount is insufficient (due to enlarge Board size or more meetings), approval will be sought at the next AGM for the shortfall.

## 4. ITEM 4 OF THE AGENDA – ORDINARY BUSINESS

### RE-ELECTION OF DIRECTOR

Mr Gong Wooi Teik, who is subject to retire pursuant to Clause 76 of the Company's Constitution has informed the Company that he would not be seeking for re-election and accordingly Mr Gong Wooi Teik will retire at the conclusion of Twenty-Third Annual General Meeting of the Company.

The Nomination Committee and the Board of Directors had conducted the annual assessment on the independence of Mr Albert Saychuan Cheok who is seeking for re-election pursuant to the Constitution of the Company at the forthcoming Twenty-Third Annual General Meeting. The above assessment had been disclosed in the Corporate Governance Overview Statement of the Company's 2020 Annual Report.

## 5. EXPLANATORY NOTES TO SPECIAL BUSINESS

- (A) ITEM 7 OF THE AGENDA  
AUTHORITY TO ALLOT AND ISSUE SHARES

The proposed Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

The proposed Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's current and/or future investment project(s), working capital, repayment of borrowings and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued share of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

(B) ITEM 8 OF THE AGENDA  
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The proposed Resolution 8, if passed, will empower the Company to purchase up to ten per centum (10%) of the issued share capital of the Company through Bursa Malaysia Securities Berhad.

For further information, please refer to the Statement to Shareholders dated 30 October 2020.

(C) ITEM 9 OF THE AGENDA  
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance, the Board of Directors has via the Nomination Committee assessed the independence of Dato' Ting Heng Peng and Dr Rashid Bin Bakar who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- (i) each of them fulfills the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (ii) each of them is familiar with the Company's business operations as he has been with the Company for more than 9 years;
- (iii) each of them has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
- (iv) each of them has exercised due care during his tenure as an Independent Director of the Company and carried out his duty in the interest of the Company and shareholders.

The proposed Resolutions 9 and 10, if passed, will enable Dato' Ting Heng Peng and Dr Rashid Bin Bakar to continue to act as Independent Non-Executive Directors of the Company.

Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Company will adopt the two-tier voting process in seeking shareholders' approval for the proposed Resolutions 9 and 10.



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<b>CDS Account No.</b>
<b>No. of Shares held</b>

I/We \_\_\_\_\_ Tel No. \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

being a member of **SUPERMAX CORPORATION BERHAD** hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Contact No:			
Email Address:			

and / or\* (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Contact No:			
Email Address:			

or failing him, the Chairperson of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Third Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at Supermax Boardroom, Lot 38, Putra Industrial Park, Bukit Rahman Putra, 40160 Sungai Buloh, Selangor Darul Ehsan on Wednesday, 2 December 2020 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

Items	RESOLUTIONS	Resolution	FOR	AGAINST
1.	Payment of Final Dividend via share dividend distribution on the basis of one treasury share for every forty-five existing shares	Ordinary		
2.	Payment of Directors' Fees for the financial year ending 30 June 2021	Ordinary		
3.	Payment of Director's Benefits for the period from 3 December 2020 until the next Annual General Meeting	Ordinary		
4.	Re-election of Cecile Jaelyn Thai as Director.	Ordinary		
5.	Re-election of Albert Saychuan Cheok as Director.	Ordinary		
6.	Re-appointment of RSM Malaysia as auditors of the Company and authorise the Board of Directors to fix their remuneration.	Ordinary		
7.	Authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Ordinary		
8.	Approval for renewal of Authority for Share Buy-Back	Ordinary		
9.	Approval for Dato' Ting Heng Peng to continue in office as Independent Non-Executive Director.	Ordinary		
10.	Approval for Dr Rashid Bin Bakar to continue in office as Independent Non-Executive Director.	Ordinary		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this.....

\_\_\_\_\_  
Signature\*  
Member

\* Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - at least two (2) authorised officers, of whom one shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

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Notes:

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairperson of the AGM to be present at the main venue of the meeting.

Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend this AGM in person at the broadcast venue on the day of the Company's AGM. Therefore, members are strongly advised to participate and vote remotely at the AGM through live streaming and online remote voting using the Remote Participation and Voting facilities provided by the Company's Share Registrar, namely Boardroom Share Registrars Sdn Bhd.

**Please read these Notes carefully and follow the Procedures in the Administrative Guide for the AGM in order to participate remotely.**

2. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at **25 November 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member entitled to attend, participate, speak and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at the AGM may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the AGM.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar, namely **Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan**. In the case of an appointment made via Boardroom Smart Investor Portal, the proxy form must be deposited at <https://boardroomlimited.my>. Please refer to the Administrative Guide for further information on submission via Boardroom Smart Investor Portal. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar, namely **Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan**, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is Monday, 30 November 2020 at 10.00 a.m.

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AFFIX STAMP

**SUPERMAX CORPORATION BERHAD**  
C/O BOARDROOM SHARE REGISTRARS SDN BHD  
11TH FLOOR, MENARA SYMPHONY  
NO.5, JALAN PROF. KHOO KAY KIM  
SEKSYEN 13, 46200 PETALING JAYA  
SELANGOR DARUL EHSAN

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