



SUPERMAX
CORPORATION BERHAD
(420405-P)

BEYOND SUSTAINABILITY

ANNUAL REPORT 2019



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SUPERMAX
CORPORATION BERHAD
(420405-P)

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Corporate Profile



SUPERMAX CORPORATION BERHAD is a leading international manufacturer, distributor and marketer of high quality medical gloves. 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 natural rubber and nitrile latex 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 Supermax Group has also become Malaysia's very first home-grown contact lens manufacturing company. It had 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 more and more 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.

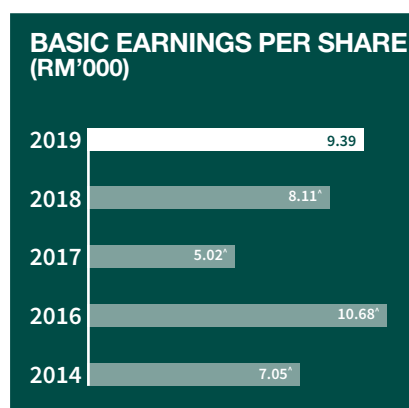
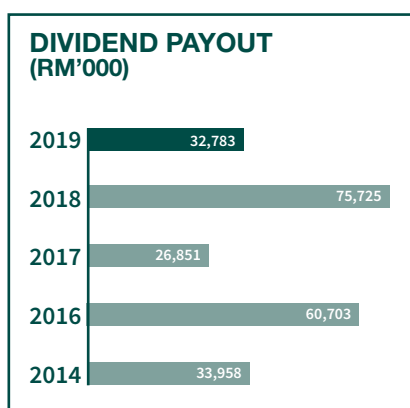
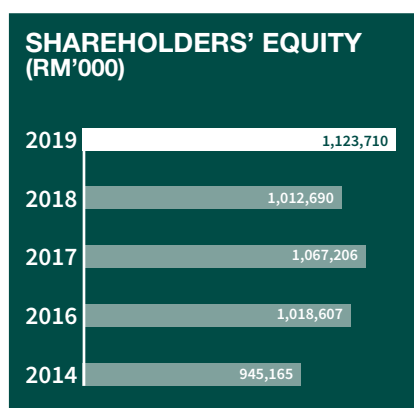
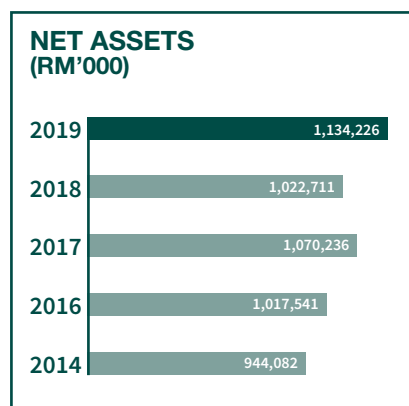
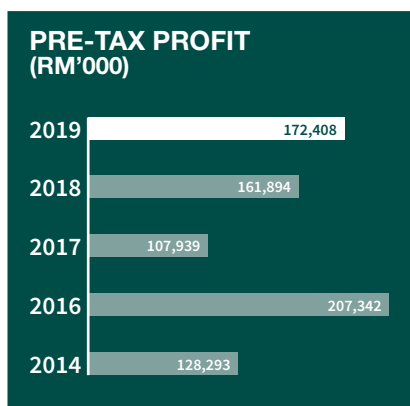
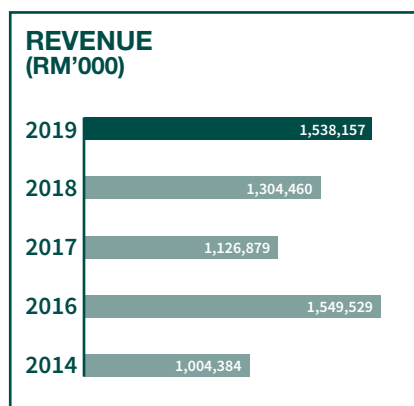
Financial Highlights

	2019 RM'000	2018 RM'000
Revenue	1,538,157	1,304,460
Pre-tax profit	172,408	161,894
After-tax profit	123,103	110,142
Net assets	1,134,226	1,022,711
Total assets	1,842,708	1,699,667
Paid-up capital	340,077	340,077
Shareholders' equity	1,123,710	1,012,690
Interim dividend	19,670	39,339
Final dividend	Note*	13,113
Net assets per share (in RM)	0.83	0.78 [^]
Earnings per ordinary share (in Sen)	9.39	8.11 [^]

* For FY2019, the Board has proposed a distribution of treasury shares as final dividend on the basis of 1 treasury for every 65 existing ordinary shares held. The proposal is subject to shareholders' approval at the 22nd Annual General Meeting.

[^] Adjusted for comparative purposes following completion of 1-for-1 bonus issue on 8 January 2019 which resulted in enlarged share capital of 1,360,309,760 ordinary shares.

Five-Years Financial Summary



	2019 RM'000	2018 RM'000	2017 RM'000	2016* RM'000	2014 RM'000
Revenue	1,538,157	1,304,460	1,126,879	1,549,529	1,004,384
Pre-tax profit	172,408	161,894	107,939	207,342	128,293
Net assets	1,134,226	1,022,711	1,070,236	1,017,541	944,082
Shareholders' equity	1,123,710	1,012,690	1,067,206	1,018,607	945,165
Dividend payout	32,783	75,725	26,851	60,703	33,958
Basic earnings per share (in Sen)	9.39	8.11 [^]	5.02 [^]	10.68 [^]	7.05 [^]

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

[^] Adjusted for comparative purposes following completion of 1-for-1 bonus issue on 8 January 2019 which resulted in enlarged share capital of 1,360,309,760 ordinary shares.

Corporate Structure



SUPERMAX
CORPORATION BERHAD
(420405-P)

100%

Supermax Glove Manufacturing Sdn Bhd (218698-T)

100%

Maxter Glove Manufacturing Sdn Bhd (229862-H)

100%

Supermax Latex Products Sdn Bhd (34197-T)

100%

Supermax Healthcare Incorporated

100%

Supermax International Sdn Bhd (551579-X)

100%

Supermax Energy Sdn Bhd (318117-P)

100%

Maxwell Glove Manufacturing Berhad (99472-X)
(Formerly known as Spenser Glove Manufacturing Berhad)

100%

Supermax Business Park Sdn Bhd (1164641-W)

100%

Supermax Deutschland GmbH

100%

Supermax Global Limited

100%

Supermax Healthcare Limited

67%

Supermax Healthcare Canada Incorporated

100%

White Oak Global Property Limited

100%

Supermax Group Investment Limited

100%

Maxter Healthcare Pte. Ltd.
(Formerly known as Aveo Vision Pte. Ltd.)

70%

Aime Supermax KK

100%

Seal Polymer Latex Products Sdn Bhd (754360-X)

98%

SuperVision Optimax Sdn Bhd (1083853-U)

100%

Supermax Global (HK) Limited

100%

Lens Club Pte Ltd

100%

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 (MAICSA 7001358)

Joanne Toh Joo Ann (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 (378993-D)
(Formerly known as Symphony 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 (295400-W)
Citibank Berhad (297089-M)
Malayan Banking Berhad (3813-K)
HSBC Bank Malaysia Berhad (127776-V)
Standard Chartered Bank Malaysia Berhad (115793-P)

Auditors

Afrizan Tarmili Khairul Azhar, AF1300
4-04-2, Presint Alami
Pusat Perniagaan Worldwide 2
Seksyen 13, 40100 Shah Alam
Selangor Darul Ehsan
Tel : 03 – 5518 1300; Fax : 03 – 5518 2300

Corporate Counsel

Shearn Delamore & Co. (50601-K)
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 69, 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 and an independent non-executive director of Peppermint Innovation Ltd, both listed companies in Australia; and also sits on the Board of Governors of the Malaysian Institute of Corporate Governance.

MS CECILE JACLYN THAI

Executive Director

Age 31, Malaysian, Female

Appointed on 02 January 2018

Ms Thai graduated from Northwestern University in Illinois, USA in 2010 with a Bachelor of Arts (BA) degree in Economics. Upon completing her undergraduate education, Ms Thai spent four years at Mercer Investments providing investment consulting services to Fortune 500 corporations all over the USA. Subsequently, Ms Thai pursued her postgraduate education at the University of Chicago Booth School of Business (Chicago Booth) in Illinois, USA. Ms Thai graduated from Chicago Booth in 2016 with a Master of Business Administration (MBA) degree with concentrations in Entrepreneurship, Strategic Management, and Marketing Management. 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, a division of Supermax Inc. In her role, Ms Thai leads all aspects of the US contact lens business, including strategy, operations, finance, marketing, people, partnerships, and customer success. Ms Thai also oversees the development and implementation of Aveo Vision's integrated marketing strategy on a global level. Ms Thai was appointed as an Executive Director of Supermax Corporation Berhad on 2 January 2018.

MR TAN CHEE KEONG

Executive Director

Age 41, 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.

Profile of Directors

(Continued)

DATO' TING HENG PENG

Independent Non-Executive Director

Aged 59, 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.

DATO' TAN GEOK SWEE @ TAN CHIN HUAT

Non-Executive Director

Aged 69, 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.

MR GONG WOOL TEIK, FELIX

Independent Non-Executive Director

Aged 68, 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.

Profile of Directors

(Continued)

DR RASHID BIN BAKAR

Independent Non-Executive Director

Aged 61, 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.

MR EISEN NG KENG LIM

Independent Non-Executive Director

Aged 66, Malaysian, Male

Appointed on 19 October 2018

Mr Ng graduated from the National University of Singapore with a Bachelor of Architecture. Following his graduation, he served as a practicing architect for 35 years and is a Registered Architect of the Board of Architects Malaysia (Lembaga Arkitek Malaysia) and also a Corporate Architect of the Malaysian Institute of Architects (Pertubuhan Arkitek Malaysia). Mr Ng had 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 practice, Akistudio Architects and Arkitek Studio Sdn Bhd, in 1982 where he worked on the design and implementation of industrial buildings over the next 31 years. The projects that he had worked on included Wisma CSA and Wisma Luxor in Petaling Jaya; Wisma Proctor & Gamble in Shah Alam; Wisma UNZA and Wisma Daihatsu in Subang Jaya; and Wisma GM Corp in Klang.

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 pages 37 to 38 of the Annual Report.

Management Discussions & Analysis (MDA)

Dear Valued Shareholders,

For the financial year ended 30 June 2019 (FY 2019), the Group is pleased to report that Supermax Corporation Berhad has managed to grow its revenues and earnings. This was achieved on the back of increased production volume arising from its ongoing rebuilding and replacement programme as well as efforts taken to improve operational efficiency.

Revenue and profit before tax (PBT) increased 17.9% and 6.5% to RM1.538 billion and RM172.4 million respectively in FY2019, compared to RM1.304 billion and RM161.9 million last year. We attribute this significant improvement to commissioning of new high efficiency production lines in its plant in Perak under its ongoing revamping and rebuilding program and ongoing efforts to fine-tune and boost operational efficiency and production capacity. The commendable performance was achieved in the face of challenges such as uncertainties caused by the on-going US-China trade war and Brexit, high volatility in raw material costs and increased competition in the global marketplace. Nevertheless, the Group will continue to work towards maximising the Company's performance and stakeholders' interests and values.

MACROECONOMIC LANDSCAPE

The US-China trade spat has dragged on and continues to roil the global markets. The US had at the beginning of year 2019 imposed tariffs on more China-made goods, including non-medical gloves. At the beginning of September, medical gloves were added to the list of Chinese goods slapped with tariffs. While the trade war between the world's 2 largest economies has adversely affected the global economy, this development has presented opportunities to the non-China rubber glove manufacturers, of which Malaysian rubber glove manufacturers are seen as the biggest beneficiaries.

Brexit is another issue causing turbulence in the global markets and the UK and European Union are no closer to a deal and this matter may not be resolved anytime soon. It remains unclear when, if or on what terms the UK will leave the bloc it joined in 1973. The Supermax Group has a close interest on how this issue pans out as it has a distribution centre in the UK. Nevertheless, the Group has taken the prudent measure of setting up a distribution office in Ireland to ensure service to the EU market is not unduly disrupted.

INDUSTRY DYNAMICS

Rubber Glove Industry

The rubber glove industry continues to be a robust, resilient, sustainable and highly price-inelastic industry with no viable alternative to-date. Malaysia has remained a world leader in the rubber glove industry for the past two decades, capturing over 60% market share globally, and opening up a significant gap over its closest competitor, Thailand (about 20%). Malaysian players have significant competitive strengths including geographical advantage (proximity to raw materials), technological know-how, economies of scale and operational efficiency, all which contribute to Malaysia's huge success in the industry. Nevertheless, Malaysian manufacturers cannot rest on their laurels and must continue working to further improve all aspects of its operations. Going forward, the industry players must look to further leverage on technology by integrating the concepts of 'Industry 4.0' and 'IoT' into the manufacturing processes.

The Malaysian Rubber Gloves Manufacturers Association (MARGMA) expects global rubber glove consumption to continue growing at a CAGR of 8-10% and hit a new record total of about 300 billion pieces of gloves consumed in year 2019. 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, 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 2 pieces to 4.5 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.

Like any other industry, the rubber glove industry will always be faced with challenges. Challenges can be in the form of gas tariff hikes, foreign labour policies, rising minimum wages and volatility in raw material prices. This year saw unusually high volatility in the price of natural rubber latex. While the annual wintering period for rubber trees in this region during the first half of the year was a factor like any other year, interventions by the International Tripartite Rubber Council to curb rubber supply contributed to more intense volatility in rubber prices during the period. Nevertheless, rubber prices started to normalize going into the second half of the year and should see less acute volatility for the rest of the year.

Management Discussions & Analysis (MDA)

(Continued)

An often perceived concern of the industry is the supply and demand dynamic where potential supply glut could emerge due to ambitious expansion plans from the domestic players. Nevertheless, Malaysian rubber glove manufacturers have shown that they are responsible manufacturers who take heed of the market directions and would plan their expansion accordingly. That said, demand has proven to be resilient and robust with rubber gloves exports recording growth year after year.

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 3 countries, namely in the US, Malaysia and lately also in the UK. 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.

FINANCIAL REVIEW

Financial Performance

For the financial year ended 30 June 2019, the Group delivered a 17.9% year on-year top line growth and Profit after Tax rising by 11.8%. Group revenue has risen owing to the increased output from newly commissioned lines at the Group's Perak plant under its rebuilding and replacement program, higher average selling prices (ASP) in response to higher raw material prices, a stronger dollar over the course of the year, and resilient global demand for medical gloves. There was a slight margin compression mainly because of the unusually acute volatility in natural rubber latex prices as mentioned earlier.

The Group is upbeat about the business prospects going into FY2020. Its 12th and latest plant will commence operations in October 2019 with the first batch of manufacturing lines ready for commercial production, while the sharp volatility in rubber latex prices that hampered the Group's performance in the first half of the year has stabilized and expected to remain relatively stable for the rest of the year. 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. Beyond Plant #12, the Group has also acquired a large piece of land in the vicinity of its existing cluster of plants in Meru, Klang, where we plan to build plants #13, #14 and #15. These 3 plants will deliver the bulk of the Group's capacity growth over the next 5 years up to the year 2024 in addition to the ongoing rebuilding and replacement program.

Management Discussions & Analysis (MDA)

(Continued)

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. For the financial year ended 30 June 2019, it has paid out RM19.7 million in dividends to-date. The Board has further proposed a final dividend in the form of treasury shares to be distributed at a ratio of 1 treasury share for every 65 ordinary shares held for shareholders' approval at the upcoming 22nd Annual General Meeting

SEGMENTAL POTENTIAL - RUBBER GLOVES & CONTACT LENS

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. 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% and the currently low per capita spending on rubber gloves in the high population countries in the Asian region will invariably rise in tandem with economic growth.

Currently, Supermax has production capacity of about 24 billion pieces of gloves per annum and it is looking to expand its production capacity to about 27 billion pieces by 2020 and further to 44 billion pieces by 2024. This expansion plan will be done through the construction of the Group's 12th, 13th, 14th and 15th plants together with the on-going rebuilding and replacement program. Plant #12 will have its first batch of production lines running imminently and contributing to the top and bottom lines. A total sum in excess of RM1.1 billion has been allocated for the above capacity expansion. Further ahead, the Group has sufficient land bank of over 130 acres to cater for further future 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 this is 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 the region 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.

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 is also expanding 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. During the year, the Group has also moved to acquire a Japanese cosmetic lens distributor. This will enable the Group to penetrate not only the sizeable market for cosmetic or coloured contact lenses in Japan but also provide a new business segment for the Group.

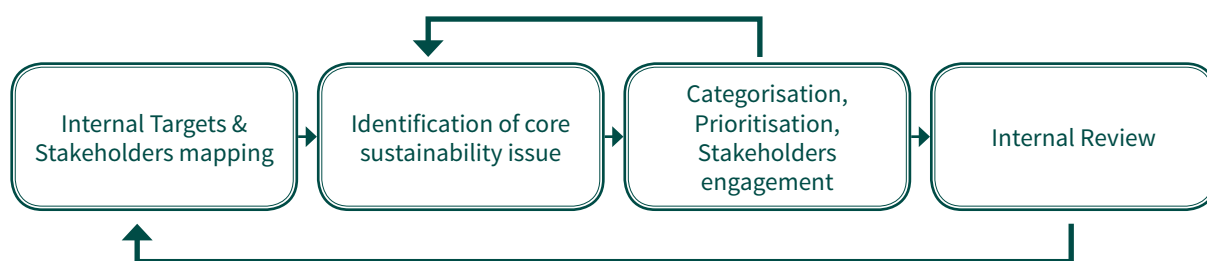
Statement of Sustainability

‘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

(Continued)

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, summarized 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
Customers	Periodic meetings; international tradeshows; exhibitions & audits	Consistency of product quality, pricing & supplies; Compliance to regulations and agreed standards
Employees (All Levels)	Employee surveys; engagement sessions & in-house events	Workplace safety; employment welfare
Government Agencies	Periodic meetings; on-site inspections	Operational needs; environmental standards compliance; workplace safety compliance
Suppliers/Business Partners	Periodic meetings	Consistency on product quality, pricing & supply; procurement ethics
Shareholders/ Investors	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

Rubber Gloves & Contact Lens capacity expansion

Business Ethics & 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.

Statement of Sustainability

(Continued)

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.

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 Gloves Division

While the Group is investing some of its resources into the new contact lens division, it remains committed to its rubber glove division. During the year, the Group has commissioned the new production lines in one of its plants in Perak as part of its Rebuilding & Replacement Program and is also in the midst of building a brand new plant, i.e. Plant #12. The first batch of production lines in Block A of Plant #12 is due to be commissioned in the coming weeks and the remaining lines in Block A to commence operations in stages going into the first quarter of CY2020. Block B will follow and be fully commissioned in the second half of CY2020. Plant #12 will add a total of 4.4 billion pieces of gloves to the Group's installed capacity.

To elaborate on the Rebuilding & Replacement Program as mentioned above, the Group had carried out an exercise to assess the efficiency and performance of each manufacturing plant with the objective of replacing the old, inefficient lines/plants with new hi-tech, highly automated production lines. The first block in its Perak plant has been completed and the remaining blocks as well as a plant in Sungai Buloh are next in line under this program. The rebuilding and replacement when completed at these locations will add a further 4.6 billion pieces of gloves to the Group's installed capacity.

The Group has also entered into a sale & purchase agreement to acquire another neighbouring piece of freehold land with industrial building in Meru, Klang, measuring 16.2 acres. This piece of land is located next to its existing cluster of plants in Meru and this will facilitate integrated and shared facilities and management to achieve optimum synergies. The plan is to build its 13th, 14th & 15th plant on this plot of land over the next 5 years. These plants will add a further 13.2 billion pieces to the Group's annual production capacity when completed by CY2024.

For all of the above glove capacity expansion plans, the Group expects to invest RM1.1 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

(Continued)

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 and analyst briefings as well as face-to-face meetings and tele-conference calls aimed at updating the investing community on the current status and prospects of the 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

In 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

(Continued)

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-degradeable 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 recognises 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

(Continued)

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 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.

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.

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;

Audit Committee Report

(Continued)

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE (CONT'D)

The Audit Committee shall review and report the same to the Board on the following key matters (Cont'd):-

- (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

Seven (7) meetings were held during the financial year ended 30 June 2019. The record of attendance is as follows:-

Name	No. of Meetings Attended
Gong Wooi Teik, Felix	7/7
Dr. Rashid Bin Bakar	6/7
Dato' Ting Heng Peng	7/7

Audit Committee Report

(Continued)

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 2019, 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.

The total costs incurred for the Internal Audit function for the financial year ended 30 June 2019 amounted to RM330,000 (financial year ended 30 June 2018: RM298,000).

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.

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.]

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.
- 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.

Corporate Governance Overview Statement

(Continued)

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.

One of the recommendations of the Malaysian Code of Corporate Governance (MCCG) states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and Board have determined at the annual assessment carried out that Dato' Ting Heng Peng, Mr. Gong Wooi Teik, Felix and Dr. Rashid bin Bakar, remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of Supermax Corporation Berhad.

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.

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 for easy accessibility.

Corporate Governance Overview Statement

(Continued)

Board Meetings and Supply of Information to the Board

During the financial year ended 30 June 2019, 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	3	3
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	4	5
8. Eisen Ng Keng Lim	2	3

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

(Continued)

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 Tec (Independent Non-Executive Director)

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

- To recommend to the Board of Directors, candidates for directorships to be filled by the Shareholders or the Board of Directors;
- 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;
- To recommend to the Board, Directors to fill the seats on the Board committees;
- 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;
- To assess the training needs of the directors
- To assess the effectiveness of the Board of Directors as a whole and each individual Director/Committee of the Board; and
- 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 appointment of 2 new independent non-executive directors including the Chairman; 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"> ▶ The Evolving Role of Independent Non-Executive Directors; by Kelvin Wong ▶ Key Issues in Conducting an Effective Shareholders' Meeting; by Tricor Investor Services, Hong Kong ▶ Boardroom Briefing for INEDs – Regulation, Economy, AI; by Ernst & Young, Hong Kong ▶ Capital Markets Offences & Corporate Liability under the new MACC Act; by Vignesh Kumar & Associates

Corporate Governance Overview Statement

(Continued)

Director	Programmes
Ms Cecile Jaclyn Thai	▶ Capital Markets Offences & Corporate Liability under the new MACC Act; by Vignesh Kumar & Associates
Mr Tan Chee Keong	▶ Making e-Commerce a Reality; by Matt Woods ▶ Capital Markets Offences & Corporate Liability under the new MACC Act; by Vignesh Kumar & Associates
Dato' Ting Heng Peng	▶ Breakfast Series for Directors of Public-Listed Companies: "Non-financials – Does it matter?"; by Chris Leahy, Co-founder of Blackpeak ▶ Breakfast Series: Companies of the Future – The Role for Boards; by Bursa Malaysia ▶ Capital Markets Offences & Corporate Liability under the new MACC Act; by Vignesh Kumar & Associates
Dato' Tan Geok Swee @ Tan Chin Huat	▶ Capital Markets Offences & Corporate Liability under the new MACC Act; by Vignesh Kumar & Associates
Mr Gong Wooi Teik, Felix	▶ The New 'Sales & Service Tax'; by BDO ▶ Practical Auditing Methodology for SMPs; by Malaysian Institute of Accountants ▶ 2019 Budget Seminar; by Chartered Tax Institute of Malaysia (CTIM) ▶ Capital Markets Offences & Corporate Liability under the new MACC Act; by Vignesh Kumar & Associates
Dr Rashid Bin Bakar	▶ Capital Markets Offences & Corporate Liability under the new MACC Act; by Vignesh Kumar & Associates
Mr Eisen Ng Keng Lim	▶ Capital Markets Offences & Corporate Liability under the new MACC Act; by Vignesh Kumar & Associates

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:

- Ensuring compliance with regulatory requirements;
- Updating the Board on changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements");
- Providing support to the Board in ensuring adherence to board policies and procedures, rules, relevant laws and best practices on corporate governance;
- 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

(Continued)

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)
Executive Directors						
Tan Chee Keong	108,000	USD336,000	-	108,000	2,500	-
Cecile Thai	108,000	USD264,000	-	108,000	2,500	-
Datin Seri Cheryl Tan*	11,613	361,120	-	11,613	-	-
Non-Executive Directors						
Albert Saychuan Cheok^	101,032	1,500	-	101,032	1,500	-
Dato’ Tan Geok Swee @ Tan Chin Huat	108,000	2,500	-	108,000	2,500	-
Dato’ Ting Heng Peng	108,000	5,500	-	108,000	5,500	-
Gong Wooi Teik, Felix	108,000	5,500	-	108,000	5,500	-
Dr Rashid Bin Bakar	108,000	4,500	-	108,000	4,500	-
Eisen Ng Keng Lim^	63,145	1,000	-	63,145	1,000	-

* Vacated from the Board on 9 August 2018

^ Joined the Board on 19 October 2018

Corporate Governance Overview Statement

(Continued)

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.

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 2019, the Audit Committee had also met with the External Auditors without the presence of the Executive Board members on 2 occasions.

Internal Control

The Statement of Internal Control furnished on page 32 to 33 of the annual report provides an overview of the internal controls within the Group.

Corporate Governance Overview Statement

(Continued)

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:-

- 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;
- 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
- 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 2019, 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	330,173	35,000
Non-audit fees	4,500	4,500
Total	334,673	39,500

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 2019 is set out on page 96 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 Rule 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.

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

Statement on Risk Management and Internal Control

(Continued)

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;

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.

Statement on Risk Management and Internal Control

(Continued)

INTERNAL CONTROL (CONT'D)

For the financial year ended 30 June 2019, 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 2019 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.

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SUPERMAX
CORPORATION BERHAD
(420405-P)

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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	: Afrizan Tarmili Khairul Azhar (AF:1300) 4-04-2, Presint Alami Pusat Perniagaan Worldwide 2 Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan
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

Directors' Report

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	123,103,464	53,003,404
Attributable to :		
Owners of the parent	123,112,496	53,003,404
Non-controlling interests	(9,032)	-
	123,103,464	53,003,404

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:-

In respect of the financial year ended 30 June 2018:-

- Final single-tier dividend of 2.0 sen per ordinary share, paid on 18 December 2018 13,113,076

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

- Interim single-tier dividend of 1.5 sen per ordinary share, paid on 18 April 2019 19,669,613

The Directors propose a final dividend via the share dividend distribution on the basis of one (1) treasury share for every sixty-five (65) 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 do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2020.

RESERVES AND PROVISIONS

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

Directors' Report

(Continued)

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:-

- i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased the number of its ordinary shares by way of bonus issue of 680,154,880 ordinary shares on the basis of one (1) new ordinary share for every one (1) existing ordinary share held.

These new ordinary shares are issued as fully paid, at nil consideration and without capitalisation from the Company's reserves and ranked pari passu in all respects with the existing ordinary shares of the Company.

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

TREASURY SHARES

During the financial year, the Company repurchased 4,810,000 of its issued ordinary shares from the open market at an average price of RM1.60 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM7,710,477. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

As at 30 June 2019, the Company held a total of 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 RM56,648,642.

Further details are disclosed in Note 17 to the financial statements.

DIRECTORS

The Directors in office since the date of the last report are :-

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

Directors' Report

(Continued)

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the directors in office at the end of the financial year in the ordinary shares of the Company during the financial year are as follows:-

	At 1.7.2018	Bought before bonus issue	Number of ordinary shares		Bought after bonus issue	Sold after bonus issue	At 30.6.2019
			Sold before bonus issue	Adjustment for bonus issue*			
Company							
Direct Interest							
Dato' Dr. Tan Geok Swee							
@ Tan Chin Huat	11,578,120	70,000	-	11,648,120	100,000	-	23,396,240
Dato' Ting Heng Peng	4,222,000	-	-	4,222,000	-	-	8,444,000
Gong Wooi Teik	3,068,486	-	-	3,068,486	-	-	6,136,972
Rashid Bin Bakar	60,000	-	-	60,000	-	-	120,000
Tan Chee Keong	195,000	-	-	195,000	-	-	390,000
Albert Saychuan Cheok	-	37,500	-	37,500	-	-	75,000

* Adjustment to reflect the bonus issue of 1 for 1 existing ordinary shares which was completed on 8 January 2019.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as disclosed in Note 22 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Company during the year are as follows:

	Group RM	Company RM
Fees	823,790	823,790
Other emoluments	2,861,720	25,500
	3,685,510	849,290

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

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

Directors' Report

(Continued)

OTHER STATUTORY INFORMATION

Before the statement of profit or loss and other comprehensive income and statement of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that: -

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amounts written off for bad debts or the amount of the provision for doubtful debts, in the Group and of the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and of the Company's financial statements 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 the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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 liability of any other person, or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

AUDITORS' REMUNERATION

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	Group RM	Company RM
Statutory audit	330,173	35,000
Others	4,500	4,500
	334,673	39,500

Directors' Report

(Continued)

AUDITORS

The auditors, Messrs. AFRIZAN TARMILI KHAIRUL AZHAR, retire and are not seeking re-appointment at the forthcoming Annual General Meeting.

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

Dato' Ting Heng Peng
Director

Gong Wooi Teik
Director

Kuala Lumpur, Malaysia

Date: 7 October 2019

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, **DATO' TING HENG PENG** and **GONG WOUI TEIK**, being two of the directors of **SUPERMAX CORPORATION BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with the applicable 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 2019 and of the changes in equity, the results and statement of cash flows of the Group and of the Company for the financial year ended on that date.

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

Dato' Ting Heng Peng
Director

Gong Woui Teik
Director

Kuala Lumpur, Malaysia

Date: 7 October 2019

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**, do solemnly and sincerely declare that the accompanying statements of 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.

Subscribed and solemnly declared
by the above named **TAN CHEE KEONG**
at Aurora, Illinois on 7 October 2019

TAN CHEE KEONG

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 of the Group and of the Company as of 30 June 2019 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 a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 107.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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' *Code of Ethics for Professional Accountants* ("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 presented below are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current 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.

Valuation and existence of inventories

The carrying amount of Group inventories amounted to RM181,940,317 as disclosed in Note 11 requires management's judgement and estimates in determining an appropriate costing basis and assessing the net realizable value of the inventories. Several subsidiaries had applied stock count on monthly basis performed by internal management personnel, whilst other subsidiaries engaged external auditors to verify stock balances.

Our audit approach to address Key Audit Matters

Our audit procedures performed in this area included, among others :-

- We verified the detailed analysis of inventories movement based on stock count recorded by management, testing of controls by attending and observing stock count procedures.
- We compared the latest selling price of finished goods sold to customers to evaluate management's assessment of the net realizable value for finished goods in order to value finished goods at the lower of net realizable value and cost.
- We have also requested the external auditors to confirm the respective inventory balances for foreign subsidiary companies.

Independent Auditors' Report

to the Members of Supermax Corporation Berhad

(Continued)

Key Audit Matters (Cont'd)

Carrying Value and Recoverability of Receivables

The Group's and the Company's receivables are stated at their original invoiced value less appropriate allowance for estimated irrecoverable amounts. The Group amount as at the statement of financial position date was RM173,808,070 (Company: RM226,998), representing 9% of the total asset of the Group. As disclosed in note 12 to the consolidated financial statements, the Group assesses at each reporting date whether there is objective evidence that financial asset is impaired. The recoverability of trade receivables, impairment and allowance for doubtful debts 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. We focused our testing of the impairment and recoverability of trade receivables on the key assumptions made by the management.

Our audit approach to address Key Audit Matters

Our audit procedures performed in this area included, among others :-

- Obtaining an understanding of the Group's:
 - Control over the receivables approval and collection process;
 - Process to identify and assess the impairment of receivables; and
 - Policy to determine the accounting estimate for the impairment of receivables.
- Reviewing the aging analysis and testing the reliability thereof;
- Reviewing subsequent receipt and ensure the receipts are in respect of the outstanding balance as at the reporting date;
- Challenged management's view on credit risk of receivables and take into consideration the historical patterns for outstanding receivables, reviewing other evidence including customer correspondence, and holding discussion with management personnel;
- Evaluate whether the model used to calculate the recoverable amount complies with the requirement of applicable standards; and
- Assessing the adequacy of the Group's disclosures in respect of credit risk.

Impairment assessment of investment in subsidiaries

As disclosed in note 7 to the financial statement, the cost of investment in subsidiaries stood at RM216,768,187 which RM181,384,720 comes from subsidiaries in Malaysia and the remaining balance of RM35,383,467 from foreign companies, representing 91.9% and 59.4% of the Company's total non-current assets and total assets respectively.

We focused on impairment assessment of investment in subsidiaries as the impairment testing relies on value in use estimates based on estimated future cash flows.

These involve significant management judgement and are based on assumptions that are affected by expected future market and economic conditions.

The risk is also described in note 3(b)(ii) to the financial statements.

Our audit approach to address Key Audit Matters

Our audit procedures performed in this area included, among others:-

- Examining the cash flow forecasts against recent performance and challenging the assumptions made in the projections to external industry data, where applicable;

Independent Auditors' Report

to the Members of Supermax Corporation Berhad

(Continued)

Key Audit Matters (Cont'd)

Impairment assessment of investment in subsidiaries (Cont'd)

Our audit approach to address Key Audit Matters (Cont'd)

- Evaluating the reasonableness of projected profit margins and growth rates by assessing evidence available to support the assumptions and their consistency with findings from other areas of our audit;
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount;
- Evaluating the adequacy of the financial statements disclosures about those assumptions to which the outcome of the impairment test is most sensitive.

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 information included in the annual report of the Group but does not include the financial statements of the Group and of the Company and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 this other information, 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 so as to 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 Board of Directors determine is necessary to enable the preparation of financial statements 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 intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

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 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.

Independent Auditors' Report

to the Members of Supermax Corporation Berhad

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia, we exercise professional judgment 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 management.
- Conclude on the appropriateness of management's 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 consolidated financial statements 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 represents 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 and the Company to express an opinion on the financial statements of the Group and of the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, 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 year and are therefore the key audit matters. We describe these matters in our auditor's 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.

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 7 to the financial statements.

Independent Auditors' Report

to the Members of Supermax Corporation Berhad

(Continued)

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.

AFRIZAN TARMILI KHAIRUL AZHAR
AF 1300
Chartered Accountants

DATUK MOHDAFRIZAN BIN HUSAIN
Chartered Accountant (M)
01805/11/20 (J)
Partner

Kuala Lumpur, Malaysia

Date: 7 October 2019

Statements of Financial Position

as at 30 June 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-current assets					
Property, plant and equipment	4	965,224,091	895,465,155	-	-
Investment property	5	388,148	401,219	-	-
Prepaid land lease payments	6	4,132,100	4,196,876	-	-
Investment in subsidiaries	7	-	-	216,768,187	213,748,187
Investment in associates	8	207,129,563	196,810,620	18,994,696	18,994,696
Goodwill on consolidation	9	28,715,854	28,715,854	-	-
Deferred tax assets	10	1,406,102	1,987,574	-	-
		1,206,995,858	1,127,577,298	235,762,883	232,742,883
Current assets					
Inventories	11	181,940,317	187,846,933	-	-
Receivables	12	173,808,070	188,054,476	226,998	226,998
Tax assets		74,614,309	36,414,314	555,947	1,073,500
Amounts owing by subsidiaries	13	-	-	127,474,009	200,263,418
Amounts owing by associates	14	31,535,424	14,603,373	294,301	294,301
Cash and bank balances	15	173,813,705	145,170,116	770,001	672,741
		635,711,825	572,089,212	129,321,256	202,530,958
TOTAL ASSETS		1,842,707,683	1,699,666,510	365,084,139	435,273,841
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	340,077,440	340,077,440	340,077,440	340,077,440
Reserves	17	783,632,904	672,612,121	(25,777,772)	(38,288,010)
Equity attributable to owner of the parent		1,123,710,344	1,012,689,561	314,299,668	301,789,430
Non-controlling interests		10,515,626	10,021,185	-	-
		1,134,225,970	1,022,710,746	314,299,668	301,789,430
Non current liabilities					
Loans and borrowings	18	61,037,838	61,721,773	4,252,045	26,015,045
Deferred tax liabilities	10	45,575,419	49,018,902	-	-
		106,613,257	110,740,675	4,252,045	26,015,045
Current liabilities					
Payables	20	217,480,426	185,335,784	374,425	529,738
Amounts owing to subsidiaries	13	-	-	18,607,850	85,411,711
Loans and borrowings	18	330,516,396	374,456,430	27,396,000	20,858,000
Dividend payable		-	-	-	-
Tax payables		53,871,634	6,422,875	154,151	669,917
		601,868,456	566,215,089	46,532,426	107,469,366
TOTAL EQUITY AND LIABILITIES		1,842,707,683	1,699,666,510	365,084,139	435,273,841

The accompanying 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 2019

		Group		Company	
	Note	2019 RM	2018 RM (restated)	2019 RM	2018 RM
Revenue	21	1,538,156,739	1,304,459,662	55,886,665	61,506,275
Purchases		(1,028,223,518)	(873,963,540)		
Other operating income		52,991,974	34,601,831	1,867,023	3,007,961
Share of results of associates		5,529,626	5,998,728	-	-
Changes in inventories in finished goods and work in progress		3,383,015	8,792,856	-	-
Administrative cost					
Directors' remuneration	22	(3,685,510)	(15,445,024)	(849,290)	(873,600)
Staff costs		(128,278,997)	(112,217,881)	-	-
Depreciation of property, plant and equipment	4	(44,999,931)	(41,765,943)	-	-
Depreciation of investment property	5	(13,071)	(13,071)	-	-
Amortisation of prepaid lease payments	6	(64,776)	(64,776)	-	-
Other operating expenses		(202,679,549)	(134,503,955)	(719,536)	(4,005,940)
Total administrative cost		(379,721,834)	(271,514,920)	(1,568,827)	(4,879,540)
Profit from operation		192,116,002	175,878,887	56,184,861	59,634,696
Finance costs	24	(19,708,099)	(13,984,726)	(2,473,425)	(3,592,331)
Profit before tax	23	172,407,903	161,894,161	53,711,436	56,042,365
Tax expenses	25	(49,304,439)	(51,751,689)	(708,032)	(669,917)
Net profit for the financial year		123,103,464	110,142,472	53,003,404	55,372,448
Attributable to :-					
Owners of the parent		123,112,496	106,655,016	53,003,404	55,372,448
Non-controlling interests		(9,032)	3,487,456	-	-
Profit for the financial year		123,103,464	110,142,472	53,003,404	55,372,448
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		28,904,923	(79,694,748)	-	-
Total comprehensive income for the financial year		152,008,387	30,447,724	53,003,404	55,372,448
Total comprehensive income attributable to:-					
Owners of the parent		151,513,946	27,258,943	53,003,404	55,372,448
Non-controlling interests		494,441	3,188,781	-	-
Total comprehensive income for the financial year		152,008,387	30,447,724	53,003,404	55,372,448
Earnings per ordinary share attributable to owners of the parent					
Basic and diluted (sen)	26	9.39	8.11		

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

Statements of Changes in Equity

for the Financial Year Ended 30 June 2019

Group	Note	Attributable to Owners of the Parent					Total	Non- controlling Interests	Total Equity
		Issued Share Capital	Non-distributable Translation Reserve	Treasury Shares	Distributable Retained Earnings				
		RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 July 2017		340,077,440	(39,177,888)	(26,202,081)	792,508,101	1,067,205,572	3,029,985	1,070,235,557	
Comprehensive income									
Net profit for the financial year		-	-	-	106,655,016	106,655,016	3,487,456	110,142,472	
Other comprehensive income									
Foreign currency translation		-	(79,396,073)	-	-	(79,396,073)	(298,675)	(79,694,748)	
Total comprehensive income for the financial period		-	(79,396,073)	-	106,655,016	27,258,943	3,188,781	30,447,724	
Transactions with owners									
Dividends	27	-	-	-	(59,038,870)	(59,038,870)	-	(59,038,870)	
Purchases of treasury shares		-	-	(22,736,084)	-	(22,736,084)	-	(22,736,084)	
Acquisition of subsidiary with NCI							3,802,419	3,802,419	
Total transactions with owners		-	-	(22,736,084)	(59,038,870)	(81,774,954)	3,802,419	(77,972,535)	
Balance at 30 June 2018		340,077,440	(118,573,961)	(48,938,165)	840,124,247	1,012,689,560	10,021,185	1,022,710,746	
Balance at 1 July 2018									
Comprehensive income									
Net profit for the financial year		-	-	-	123,112,496	123,112,496	(9,032)	123,103,464	
Other comprehensive income									
Foreign currency translation		-	28,401,450	-	-	28,401,450	503,473	28,904,923	
Total comprehensive income for the financial year		-	28,401,450	-	123,112,496	151,513,946	494,441	152,008,387	
Transactions with owners									
Dividends	27	-	-	-	(32,782,689)	(32,782,689)	-	(32,782,689)	
Purchases of treasury shares		-	-	(7,710,477)	-	(7,710,477)	-	(7,710,477)	
Total transactions with owners		-	-	(7,710,477)	(32,782,689)	(40,493,166)	-	(40,493,166)	
Balance at 30 June 2019		340,077,440	(90,172,511)	(56,648,642)	930,454,057	1,123,710,344	10,515,626	1,134,225,970	

Statements of Changes in Equity

for the Financial Year Ended 30 June 2019
(Continued)

Company	Note	Attributable to Owners of the Parent			
		Issued Share Capital RM	Treasury Shares RM	Retained Earnings RM	Total Equity RM
Balance at 1 July 2017		340,077,440	(26,202,081)	14,316,578	328,191,937
Comprehensive income					
Net profit for the financial year		-	-	55,372,448	55,372,448
Total comprehensive income for the financial year				55,372,448	55,372,448
Transaction with owners					
Dividends	27	-	-	(59,038,870)	(59,038,870)
Purchases of treasury shares		-	(22,736,084)	-	(22,736,084)
Total transaction with owners		-	(22,736,084)	(59,038,870)	(81,774,954)
Balance as at 30 June 2018		340,077,440	(48,938,165)	10,650,155	301,789,430
Balance at 1 July 2018					
Comprehensive income					
Net profit for the financial year		-	-	53,003,404	53,003,404
Total comprehensive income for the financial year				53,003,404	53,003,404
Transactions with owners					
Dividends	27	-	-	(32,782,689)	(32,782,689)
Purchases of treasury shares		-	(7,710,477)	-	(7,710,477)
Total transaction with owners		-	(7,710,477)	(32,782,689)	(40,493,166)
Balance as at 30 June 2019		340,077,440	(56,648,642)	30,870,870	314,299,668

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

Statements of Cash Flows

for the Financial Year Ended 30 June 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	172,407,904	161,894,161	53,711,436	56,042,365
Cash flows generated from operating activities				
<i>Adjustments for :-</i>				
Depreciation of investment property	13,071	13,071	-	-
Depreciation of property, plant and equipment	44,999,931	41,765,943	-	-
Amortisation of prepaid lease payments	64,776	64,776	-	-
Dividend income	-	-	(55,886,665)	(61,506,275)
Interest income	(852,307)	(436,058)	(682,865)	(3,007,961)
Interest expenses	19,708,099	13,984,726	2,473,425	3,592,331
Net (gain)/loss on unrealised foreign exchange	11,793,616	(26,716,328)	(1,184,158)	3,092,625
Share of results of associates	(5,529,626)	(5,998,728)	-	-
Operating profit/(loss) before working capital changes	242,605,464	184,571,563	(1,568,827)	(1,786,915)
Inventories	5,906,616	1,814,814	-	-
Receivables	9,416,922	53,056,508	-	-
Amount owing by associates	(16,932,051)	17,546,513	-	-
Payables	32,144,637	(15,652,907)	(155,313)	(267,834)
Cash generated from/(used in) operations	273,141,588	241,336,491	(1,724,140)	(2,054,749)
Tax paid	(38,088,200)	(64,148,894)	(706,245)	(1,193,100)
Net cash generated from/(used in) operating activities	235,053,388	177,187,597	(2,430,385)	(3,247,849)
Cash flows from investing activities				
Repayment from subsidiaries	-	-	72,789,409	33,113,629
Dividend received	-	-	55,886,665	61,506,275
Proceeds from non-controlling interests	-	3,802,419	-	-
Subscription of shares in subsidiaries	-	-	(3,020,000)	(8,872,550)
Purchase of property, plant and equipment	(112,248,254)	(58,896,611)	-	-
Net cash (used in)/ generated from investing activities	112,248,254	(55,094,192)	125,656,074	85,747,355

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

Statements of Cash Flows

for the Financial Year Ended 30 June 2019

(Continued)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash flows from financing activities				
Dividends paid	(32,782,689)	(75,725,242)	(32,782,689)	(75,725,242)
Interest received	852,307	436,058	682,865	3,007,961
Interest paid	(19,708,099)	(13,984,726)	(2,473,425)	(3,592,331)
Advanced from/(Repayment to) subsidiaries	-	-	(66,803,861)	6,777,518
Repayment of finance lease payable, net	(234,034)	(13,622)	-	-
Repayment of industrial hire purchase, net	-	(144,041)	-	-
Drawdown/(Repayment) of term loan, net	(22,067,530)	(59,920,673)	(13,963,293)	10,342,420
Drawdown/(Repayment) of short term borrowings, net	(22,322,405)	45,707,449	-	-
Purchase of treasury shares	(7,710,477)	(22,736,084)	(7,710,477)	(22,736,084)
Net cash (used in)/ generated financing activities	(103,972,927)	(126,380,881)	(123,050,880)	(81,925,759)
Net change in cash and cash equivalents	18,832,207	(4,287,476)	174,809	573,746
Effect of exchange rates changes on cash and cash equivalents	9,811,382	(6,630,633)	(77,549)	(167,543)
Cash and cash equivalents at beginning of financial year	145,170,116	156,088,225	672,741	266,538
Cash and cash equivalents at end of financial year	173,813,705	145,170,116	770,001	672,741
Analysis of cash and cash equivalents:-				
Cash and bank balances (Note 15)	173,813,705	145,170,116	770,001	672,741

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

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

1. CORPORATE INFORMATION

The Company is principally an investment holding company. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

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.

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.

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.

The Financial statements were authorised for issue by the Board of Directors in accordance with a board resolution dated 7 October 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless stated otherwise disclosed in the summary of the significant accounting policies.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting year. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019 (Cont'd)

- Amendments to MFRS 9, Financial Instruments - Prepayment Features with Negative Compensation
- Amendments to MFRS 119, Employee Benefit (Plan Amendments, Curtailment or Settlement)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)

MFRSs, Interpretations and amendments 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, Definition of a Business
- Amendments to MFRS 101 and MFRS 108, Definition of Material

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned applicable accounting standards, amendments and interpretations:

- from the annual period beginning on 1 July 2019 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2019;
- from the annual period beginning on 1 July 2020 for those accounting standards and interpretations that are effective for annual periods beginning on or after 1 January 2020.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Statement of compliance (Cont'd)

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of the aforesaid accounting standards, amendments and interpretations.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

i) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are assessing the financial impact that may arise from the adoption of MFRS 16.

2.3 Basis of consolidation and Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an investee if and only if the Group has:-

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:-

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The assets, liabilities and contingent liabilities assumed from a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation and Subsidiaries (Cont'd)

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). Acquisition related costs are recognised as expenses in the year in which the costs are incurred. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling 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 interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combination involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as reverse acquisition reserve. The statement of profit or loss and other comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined.

2.4 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.5 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Foreign currency (Cont'd)

(b) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

(c) Foreign Operation Denominated in Functional Currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

- (i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- (ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- (iii) All resulting exchange differences are taken to other comprehensive income.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognized in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.6 Property, Plant and Equipment and Depreciation

All property, plant and equipment are initially stated at cost. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land, factory building under construction and plant, machinery and equipment under installation. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.13.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, Plant and Equipment and Depreciation (Cont'd)

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

Freehold land is not depreciated as it has an infinite life. Factory building under construction and plant, machinery and equipment under installation are not depreciated until the assets are ready for their intended use. Depreciation is provided on a straight-line basis so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:-

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

The residual values, useful lives and depreciation are reviewed and adjusted as appropriate at the end of the reporting date.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is included in profit or loss.

Property, plant and equipment under construction consist of expenditure incurred on the construction of property, plant and equipment which take a substantial period of time to be ready for their intended use.

Property, plant and equipment under construction is stated at cost during the year of construction. No depreciation is provided on capital work-in-progress and upon completion of the construction, the cost will be transferred to property, plant and equipment.

2.7 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are 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%.

Investment properties are derecognised on disposal when the investment properties are 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 properties, are recognised in profit or loss.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Associates

An associate is an entity in which the Group and the Company exercises influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over these policies.

Investments in associate are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. The Group's investment in associates includes goodwill identified on acquisition.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the 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 interest of the Group in an 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.

2.9 Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiary companies at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent year.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 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.

2.11 Financial Instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance.

A trade receivable without a significant financing component is initially measured at the transaction price.

Previous financial year

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Current financial year (Cont'd)

a) Amortised Cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method.

The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

b) Fair Value through Other Comprehensive Income

i. Debt Investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss.

Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

ii. Equity Investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment.

Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Current financial year (Cont'd)

c) Fair Value through Profit or Loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument).

On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investment measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2.13 (i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, Financial Instruments:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Previous financial year (Cont'd)

Financial assets (Cont'd)

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss.

On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2.13(i)).

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- i. if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- ii. a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- iii. if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

Current financial year (Cont'd)

a) Fair value through profit or loss (Cont'd)

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, all financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments (Cont'd)

(iii) Regular way purchase or sale of financial assets (Cont'd)

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company documents the risk management objective and strategy for undertaking the hedge. The Group also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expect to offset each other.

(a) Fair value hedge

Current financial year

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group or the Company has elected to present the subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss.

However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income.

When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

Previous financial year

In the previous financial year, a fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments (Cont'd)

(iv) Hedge accounting (Cont'd)

(a) Fair value hedge (Cont'd)

Previous financial year (Cont'd)

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

(b) Cash flow hedge

Current financial year

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments (Cont'd)

(iv) Hedge accounting (Cont'd)

(b) Cash flow hedge (Cont'd)

Current financial year (Cont'd)

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Previous financial year

Prior to 1 July 2018, at the inception of the transaction, the Group documented the relationship between hedging instruments and hedged items and its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that were used in hedging transactions have been, and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the control of the asset is not retained or substantially all risks and rewards of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.12 Fair value measurement

The Group adopted MFRS 13 Fair Value Measurement which prescribed that fair value of an asset or a liability, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

Current financial year

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment (Cont'd)

(i) Financial assets (Cont'd)

Previous financial year (Cont'd)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax assets and inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at net of bank overdrafts and deposits pledged to the financial institution.

2.15 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

2.16 Treasury Shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

2.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

2.18 Leases

(a) Finance Leases - the Group as Lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment

(b) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Leases (Cont'd)

(c) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(d) Leases of Land and Buildings

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payment and is amortised on a straight-line basis over the lease term.

2.19 Borrowing Costs

Borrowing costs in respect of expenditure incurred on acquisition of property, plant and equipment is capitalised during the period when activities to plan, develop and construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the year in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2.21 Revenue

(a) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (i) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (ii) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Revenue (Cont'd)

(b) Dividend Income

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

2.22 Employee Benefits

(a) Short Term Employee Benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services rendered by the employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Post-employment Benefits

The Group and the Company contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the year which the related service is performed. Once the contributions have been paid, the Group and the Company has no further payment obligations.

2.23 Tax Expense

Tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Current tax expense is the expected tax payable or receivable in respect of the taxable profit or loss for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Tax Expense (Cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

2.24 Earnings per Share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year, 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, bonus issue and share options granted to employees.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS

(a) Judgements Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:-

Classification between Operating Lease and Finance Lease for Leasehold Land

The Group has developed certain criteria based on MFRS 117 Leases in making judgement whether a leasehold land should be classified either as operating lease or finance lease.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an assets and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the financial lease, the lease will be classified as property, plant and equipment if it is for own use. Judgements are made on the individual leasehold land to determine whether the leasehold land qualifies as operating lease or finance lease.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

3. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS (CONT'D)

(a) Judgements Made in Applying Accounting Policies (Cont'd)

Classification between Operating Lease and Finance Lease for Leasehold Land (Cont'd)

The Group has classified the leases period of more than 50 years as finance leases as they have met the criteria of a finance lease under MFRS 117.

(b) Key Sources of Estimation Uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any year would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Impairment of Investment in Subsidiaries and Associates

The Group tests investment in subsidiaries and associates for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries and associates which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries, associates and other investment.

The management determined the recoverable amount of the investment in subsidiaries, associates and other investment based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at the end of the reporting year. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

In view of the above, the management are of the opinion that no impairment is required for the investment in subsidiaries as at the end of the reporting period.

(iii) Impairment of Non-current Assets

The Group reviews the carrying amount of its non-current assets, which include property, plant and equipment and investment property, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuers to determine the carrying amount of these assets will be procured when the need arise.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

3. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(iv) Impairment of Loans and Receivables

The Group assesses at the end of each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(v) Deferred Tax Assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed reinvestment allowances and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(vi) Net Realisable Values of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

(vii) Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(viii) Tax expense

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

(ix) Determination of functional currency

Functional currency is the currency of the primary economic environment in which the entities of the Group operate. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

The Company has determined that the functional currency of the Company is RM.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

4. 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
Cost	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1.7.2018	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	4,721,427	1,490,125	2,336,284	4,057,957	285,390	-	117,058,469
Exchange differences	8,287	2,288,717	-	(14,659)	-	-	48,395	504,471	27,518	62,133	-	2,924,862
Disposal	(4,247,539)	(35,097)	-	-	-	(637,964)	-	(20,258)	-	(266,779)	-	(5,207,637)
Reclassification	5,387,524	38,577,802	(3,902,037)	86,816,956	(135,171,396)	-	279,101	4,602,617	3,409,433	-	-	-
At 30.6.2019	155,130,775	284,354,391	1,462,563	751,817,272	88,486,179	59,018,484	44,613,659	25,459,376	41,186,055	10,275,429	279,288	1,462,083,471
Accumulated Depreciation												
At 1.7.2018	376,923	48,094,315	-	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
Exchange differences	-	221,693	-	(5,855)	-	-	42,182	118,453	(50,084)	87,860	-	414,249
Disposal	-	(35,097)	-	-	-	(75,288)	-	(20,258)	-	(266,779)	-	(397,422)
At 30.6.2019	376,923	57,565,768	-	359,193,192	513,772	23,394,089	23,498,591	12,941,633	12,679,238	6,436,539	259,635	496,859,380
As at 30.06.2019												
Cost	155,130,775	284,354,391	1,462,563	751,817,272	88,486,179	59,018,484	44,613,659	25,459,376	41,186,055	10,275,429	279,288	1,462,083,471
Accumulated depreciation	(376,923)	(57,565,768)	-	(359,193,192)	(513,772)	(23,394,089)	(23,498,591)	(12,941,633)	(12,679,238)	(6,436,539)	(259,635)	(496,859,380)
Net Book Value	154,753,852	226,788,623	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 30.06.2018												
Cost	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
Accumulated depreciation	(376,923)	(48,094,315)	-	(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)
Net book value	153,605,580	187,403,652	5,364,600	312,958,910	145,784,079	33,730,494	23,075,808	6,733,518	22,549,854	4,198,689	59,971	895,465,155

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The net carrying amount of motor vehicles held under finance lease payables is RM901,116 (2018: RM1,061,053).
- (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 29 to the financial statements.

5. INVESTMENT PROPERTY

	Group	
	2019	2018
	RM	RM
Cost		
At 1 July	551,537	551,537
Accumulated depreciation		
At 1 July	150,318	137,247
Change for the financial year	13,071	13,071
At 30 June	163,389	150,318
Net carrying amount	388,148	401,219
Consists of :-		
Freehold office building	388,148	401,219

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

	Group	
	2019	2018
	RM	RM
Rental income	24,675	23,960
Direct operating expenses	(13,071)	(13,071)
	11,604	10,889

As at 30 June 2019, the fair values of the investment properties are RM 630,000 (2018: 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 2019

(Continued)

5. 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

6. PREPAID LAND LEASE PAYMENTS

	Group	
	2019 RM	2018 RM
Cost		
At 1 July	5,283,684	5,283,684
Amortisation		
At 1 July	1,086,808	1,022,032
Amortisation for the financial year	64,776	64,776
At 30 June	1,151,584	1,086,808
Net carrying amount	4,132,100	4,196,876
Consists of :-		
Leasehold land with period of:-		
Less than 50 years	414,283	414,283
More than 50 years	3,717,817	3,782,593
	4,132,100	4,196,876

Prepaid land lease payments amounting to RM1,690,363 (2018: RM1,712,127) have been charged to credit facilities granted to the Group as disclosed in Note 18 to the financial statements.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM	2018 RM
Unquoted shares, at cost		
At 1 July	213,748,187	204,875,637
Addition	3,020,000	8,872,550
At 30 June	216,768,187	213,748,187

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows :-

Name of Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2019	2018	
Subsidiary				
Supermax Latex Products Sdn. Bhd.	Malaysia	100%	100%	Trading and exporting latex gloves
Supermax Glove Manufacturing Sdn.Bhd.	Malaysia	100%	100%	Manufacturing and sale of latex glove
Maxter Glove Manufacturing Sdn.Bhd.	Malaysia	100%	100%	Manufacturing and sale of latex glove
Supermax Healthcare Incorporated**	United States of America	100%	100%	Marketing, importing and distributing latex gloves
Maxwell Glove Manufacturing Berhad*	Malaysia	100%	100%	Manufacturing and sale of latex glove
Supermax International Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Supermax Energy Sdn. Bhd.	Malaysia	100%	100%	Generation of biomass energy
Supermax Deutschland GmbH**	Germany	100%	100%	Marketing, importing and distributing latex gloves
Supermax Global Limited**	Bermuda	100%	100%	Global trading and marketing of medical devices, including gloves
Supermax Healthcare Limited*	United Kingdom	100%	100%	Marketing, importing and distributing latex gloves
Supermax Healthcare Canada Incorporated*	Canada	67%	67%	Marketing, importing and distributing latex gloves
Whiteoak Global Property Limited**	United States of America	100%	100%	Property holding
Supermax Group Investments Limited*	Hong Kong, China	100%	100%	Investment holding
Supermax Business Park Sdn Bhd	Malaysia	100%	100%	Pre-operating
Aime Supermax K.K.**	Japan	70%	70%	Investment holding

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

Name of Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2019	2018	
Subsidiary				
Maxter Healthcare Pte. Ltd.*	Singapore	100%	100%	Marketing, importing and distribution of related healthcare products and medical devices
Subsidiary of Maxter Glove Manufacturing Sdn. Bhd.				
Seal Polymer Latex Products Sdn. Bhd.	Malaysia	100%	100%	Trading and exporting latex gloves
Subsidiary of Supermax International Sdn. Bhd.				
SuperVision Optimax Sdn. Bhd.	Malaysia	98%	98%	Manufacturing, sales, marketing and distribution of related healthcare products
Subsidiary of Supermax Group Investments Limited				
Supermax Global (HK) Limited *	Hong Kong, China	100%	100%	Marketing, importing and distribution of related healthcare products and medical devices
Subsidiary of Aime Supermax K. K.				
Aime K. K. **	Japan	100%	100%	Marketing, importing and distribution of related healthcare products and medical devices
Subsidiary of Maxter Healthcare Pte. Ltd				
Lensclub Pte. Ltd. **	Singapore	100%	-	Dormant

* Audited by other professional firms of accountants other than Afrizan Tarmili Khairul Azhar (AFTAAS).

** 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 AFTAAS.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	2019 RM	2018 RM
Unquoted shares, at cost		
Carrying amount of NCI	10,515,626	10,021,185
Profit allocated to NCI	(9,032)	3,487,456

(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:-

	2019 RM	2018 RM
Assets and liabilities		
Non-current assets	68,660,463	70,352,330
Current assets	106,018,515	93,568,499
Current liabilities	(169,434,840)	(149,820,421)
Net assets	5,244,138	14,100,408
Results		
Revenue	123,277,418	115,316,864
(Loss)/profit for the financial year	(9,563,464)	10,601,471
Total comprehensive (expense)/ income	(7,913,388)	5,971,737
Cash flows		
Cash flows from operating activities	(2,399,060)	(9,523,272)
Cash flows from investing activities	(3,055,858)	(2,186,956)
Cash flows from financing activities	(1,851,791)	(10,475,361)
Effects of exchange rate changes on cash and cash equivalents	(1,412,327)	10,878,476
Net change in cash and cash equivalents	(8,719,036)	(11,307,113)

8. INVESTMENT IN ASSOCIATES

	2019 RM	2018 RM
Group		
Unquoted shares, outside Malaysia	20,218,962	20,218,962
Share of post-acquisition result, net of dividend received	297,000,183	291,470,557
Exchange differences	(108,498,862)	(113,288,179)
Less: Impairment	(1,590,720)	(1,590,720)
	207,129,563	196,810,620
Company		
Unquoted shares, outside Malaysia	19,829,489	19,829,489
Less: Impairment	(834,793)	(834,793)
	18,994,696	18,994,696

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

8. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:-

Name of Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2019	2018	
Supermax Brasil Importadora S/A#	Brazil	50%	50%	Marketing, importing and distributing latex gloves
Supermax Europe NC/SA**	Belgium	50%	50%	Marketing, importing and distributing latex gloves
Supermax Canada Inc.**	Canada	50%	50%	Marketing, importing and distributing latex gloves

Audited by other professional firms of accountants other than Afrizan Tarmili Khairul Azhar (AFTAAS).

** The audited financial statements and auditors' 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:-

	2019 RM	2018 RM
<u>Assets and liabilities</u>		
Non-current assets	54,643,789	53,670,519
Current assets	373,944,322	356,846,385
Current liabilities	(14,328,986)	(19,784,217)
Net assets	414,259,125	390,732,687
<u>Results</u>		
Revenue	180,749,921	168,118,678
Profit for the financial year	11,059,251	11,997,457
Total comprehensive income	11,059,251	11,997,457

9. GOODWILL ON CONSOLIDATION

	Group 2019 RM	2018 RM
At 1 July/ 30 June	28,715,854	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 projections on financial budgets approved by directors covering a five-year period.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

9. GOODWILL ON CONSOLIDATION (CONT'D)

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

- (a) 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 is projected to be minimal.
- (b) Growth rate - The forecasted growth rate of 3% are based on directors past experience in the glove manufacturing industry that the CGU operates in.
- (c) 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 CGU, regard has been given to the borrowing cost at the beginning of the budgeted year.
- (d) 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.

10. DEFERRED TAX ASSETS/ (LIABILITIES)

	Group	
	2019	2018
	RM	RM
Deferred tax assets/(liabilities)		
At 1 July	(47,031,328)	(39,583,972)
Transfer to profit or loss (Note 25)	2,862,011	(7,447,356)
At 30 June	(44,169,317)	(47,031,328)

Presented after appropriate offsetting as follows:

	Group	
	2019	2018
	RM	RM
Deferred tax assets	1,406,102	1,987,574
Deferred tax liabilities	(45,575,419)	(49,018,902)
	(44,169,317)	(47,031,328)

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

10. DEFERRED TAX ASSETS/ (LIABILITIES) (CONT'D)

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

	2019	Group
	RM	2018
		RM
<u>Deferred tax assets</u>		
Unrealised loss foreign exchange	2,819,708	-
Unutilised reinvestment and capital allowances	7,987,608	8,291,932
Unutilised tax losses	9,355,494	9,810,027
	20,162,810	18,101,959
<u>Deferred tax liabilities</u>		
Differences between the carrying amounts of property, plant and equipment and their tax base	(63,390,875)	(59,775,058)
Unrealised foreign exchange gain	(941,252)	(5,358,229)
	(64,332,127)	(65,133,287)

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

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:-

	2019	Group
	RM	2018
		RM
Unutilised tax losses	19,785,000	14,487,679

11. INVENTORIES

	2019	Group
	RM	2018
		RM
At cost		
Raw materials	25,147,207	32,009,510
Consumables	7,457,431	8,997,161
Work-in-progress	26,577,057	23,261,638
Finished goods	122,758,622	123,578,624
	181,940,317	187,846,933

During the financial year, inventories of the Group recognised as cost of goods sold amounted to RM1,024,840,503 (2018: RM865,170,684).

During the financial year, the Group write off and recognised as expenses amounted to RM5,129,865 (2018: Nil).

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

12. RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables	152,091,159	151,522,495	-	-
Less : Allowance for impairment	(2,575,096)	(410,603)	-	-
Trade receivables, net of impairment	149,516,063	151,111,892	-	-
Other receivables and deposits	17,220,852	33,475,075	757,814	757,814
Prepayments	7,601,971	3,998,325	-	-
	24,822,823	37,473,400	757,814	757,814
Less: Allowance for impairment	(530,816)	(530,816)	(530,816)	(530,816)
Other receivables, deposits and prepayments net of impairment	24,292,007	36,942,584	226,998	226,998
	173,808,070	188,054,476	226,998	226,998

Trade Receivables

The credit period granted on sales of goods ranging from 30 to 120 days (2018: 30 to 120 days).

Analysis of trade receivables by currency :

	Group	
	2019 RM	2018 RM
Euro	104,907	826,835
Hong Kong Dollar	197,326	116,619
Japanese Yen	13,243,714	13,005,641
Pound Sterling	21,327,473	14,284,695
Ringgit Malaysia	449,126	449,429
Singapore Dollar	108,977	48,406
United States Dollar	114,084,540	122,380,267
	149,516,063	151,111,892

Ageing analysis of trade receivables:

	Group	
	2019 RM	2018 RM
Neither past due nor impaired	89,391,543	85,830,135
1 to 30 days past due not impaired	36,779,101	38,077,522
More than 30 days past due not impaired	23,345,419	27,204,235
	60,124,520	65,281,757
Impaired	2,575,096	410,603
	152,091,159	151,522,495

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

12. RECEIVABLES (CONT'D)

Trade 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:-

	Group	
	2019	2018
	RM	RM
Individually impaired		
Trade receivables	2,575,096	410,603
Less: Allowance for impairment	(2,575,096)	(410,603)
	-	-

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

	Group	
	2019	2018
	RM	RM
At 1 July	410,603	410,603
Additional impairment during the year	2,164,493	-
At 30 June	2,575,096	410,603

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

Included in amounts owing by/(to) subsidiaries are the following which, a market interest rate of 4.5% (2018:4.0%) were charged :

	Company	
	2019	2018
	RM	RM
Amounts owing by subsidiaries	-	70,878,757
Amounts owing to subsidiaries	(12,373,265)	(76,793,780)

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

14. AMOUNTS OWING BY ASSOCIATES

	2019 RM	2018 RM
Group		
Amounts owing by associates	32,101,786	15,169,735
Less: Allowance for impairment	(566,362)	(566,362)
At 30 June	31,535,424	14,603,373
	2019 RM	2018 RM
Company		
Amounts owing by associates	294,301	294,301
Less: Allowance for impairment	-	-
At 30 June	294,301	294,301

Included in amounts owing by associates of the Group and of the Company is an amount of RM 294,301(2018: RM294,301) which is non-trade in nature, unsecured, interest free and are repayable on demand in cash and cash equivalents.

Amounts owing by associates arose from trade transactions with repayment term of 120 days (2018:120 days).

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

15. CASH AND BANK BALANCES

Analysis of cash and bank balances by currency:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Canadian Dollar	1,427,904	154,306	-	-
Chinese Yuan	11,561	11,178	-	-
Euro	5,209,456	2,065,034	-	-
Hongkong Dollar	1,033,020	1,115,203	-	-
Japanese Yen	2,028,870	4,813,126	-	-
Pound Sterling	23,395,245	23,313,202	-	-
Ringgit Malaysia	39,772,222	19,527,209	8,097	648,777
Singapore Dollar	766,351	40,453	-	-
United States Dollar	100,169,076	94,130,405	761,904	23,964
	173,813,705	145,170,116	770,001	672,741

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

16. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares Unit	RM	Number of shares Unit	RM
Issued and fully paid:-				
At the beginning of the financial year	680,154,880	340,077,440	680,154,880	340,077,440
Issued during the financial year				
- Bonus issue	680,154,880	-	-	-
At the end of the financial year	1,360,309,760	340,077,440	680,154,880	340,077,440

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

During the financial year, the Company increased the number of its ordinary share by way of bonus issue of 680,154,880 ordinary shares on the basis of one (1) new ordinary share for every one (1) existing ordinary share held.

These new ordinary shares are issued as fully paid, at nil consideration and without capitalisation from the Company's reserves and ranked pari passu in all respects with the existing ordinary shares of the Company.

17. RESERVES

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable reserves :					
Translation reserve	(a)	(90,172,511)	(118,573,961)	-	-
Treasury shares	(c)	(56,648,642)	(48,938,165)	(56,648,642)	(48,938,165)
		(146,821,153)	(167,512,126)	(56,648,642)	(48,938,165)
Distributable reserve :					
Retained earnings	(b)	930,454,057	840,124,247	30,870,870	10,650,155
		783,632,904	672,612,121	(25,777,772)	(38,288,010)

(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 2019 may be distributed as dividend under the single tier system.

(c) Treasury shares

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

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

17. RESERVES (CONT'D)

(c) Treasury shares (Cont'd)

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 30 November 2018, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing 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 4,810,000 (2018: 11,801,000) of its issued ordinary shares from the open market at an average price of RM1.60 (2018: RM1.93) per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM7,710,477 (2018: RM22,736,084).

As at 30 June 2019, the Company held a total of 53,812,200 (2018: 24,501,100) ordinary shares of its 1,360,309,760 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM56,648,642. (2018: RM48,938,165).

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.

18. LOANS AND BORROWINGS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current				
Secured:-				
Trade loans	250,811,076	291,752,037	-	-
Finance lease payables (Note 19)	375,559	378,014	-	-
Revolving credit	35,319,944	16,701,315	-	-
Term loans	44,009,817	65,625,064	27,396,000	20,858,000
	330,516,396	374,456,430	27,396,000	20,858,000
Non-current				
Secured:-				
Finance lease payables (Note 19)	263,940	495,594	-	-
Term loans	60,773,898	61,226,179	4,252,045	26,015,045
	61,037,838	61,721,773	4,252,045	26,015,045
Total loans and borrowings	391,554,234	436,178,203	31,648,045	46,873,045

The interest rates are as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Trade loans	2.01 - 4.15	1.59 - 4.22	-	-
Revolving credit	4.85 - 5.14	4.18 - 5.07	-	-
Term loans	3.82 - 5.32	3.33 - 5.32	4.19 - 5.32	4.19 - 5.32

The term loans, revolving credit and trade loans are secured by way of:-

- (i) legal charges over land and buildings of subsidiaries; and
- (ii) corporate guarantee by the Company.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

18. LOANS AND BORROWINGS (CONT'D)

Analysis of borrowings by currency:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Euro	118,396	118,286	-	-
Japanese Yen	955,933	1,745,902	-	-
Ringgit Malaysia	22,218,670	27,640,853	19,252,045	22,657,045
United States Dollar	368,261,235	406,673,162	12,396,000	24,216,000
	391,554,234	436,178,203	31,648,045	46,873,045

19. FINANCE LEASE PAYABLES

	Group	
	2019 RM	2018 RM
Minimum hire purchase payments:-		
- Not later than one year	395,953	405,757
- Later than one year but not later than five years	276,103	528,149
	672,056	933,906
Less: : Future finance charges	(32,557)	(60,298)
	639,499	873,608

Analysis of present value of finance lease payables:-

	Group	
	2019 RM	2018 RM
Current		
- Not later than one year	375,559	378,014
Non-current		
- Later than one year but not later than five years	263,940	495,594
	639,499	873,608

Interest rates on the finance lease payables for the financial year ranging from 3.00% to 4.72% (2018: 3.00% to 4.72%) per annum.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

20. PAYABLES

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	(a)	142,088,808	125,209,269	104,325	49,638
Other payables	(b)	18,666,721	7,823,070	44,100	39,600
Deposits received from customers	(c)	48,562,765	50,533,174	-	-
Accruals		8,162,132	1,770,271	226,000	440,500
		217,480,426	185,335,784	374,425	529,738

(a) Trade Payables

Analysis of trade payables by currency:-

	Group	
	2019 RM	2018 RM
Euro	362,524	-
Hong Kong Dollar	6,594	15,906
Japanese Yen	6,768,350	6,372,562
Pound sterling	1,764,949	1,611,545
Ringgit Malaysia	99,121,546	90,794,777
Singapore Dollar	598,671	693,778
United States Dollar	33,466,174	25,720,701
Total	142,088,808	125,209,269

The credit period granted to the Group for trade purchases ranging from 30 to 60 days (2018: 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 denominated in United States Dollar.

21. REVENUE

Group	2019 RM	2018 RM
Revenue from contracts with customers - sales of gloves and other healthcare products	1,538,156,739	1,304,459,662
Timing of revenue recognition		
Transferred at a point in time	1,538,156,739	1,304,459,662
There is no significant financing component in the revenue arising from sales of products as the products are made on the normal credit terms.		
Company	2019 RM	2018 RM
Dividend income received from subsidiaries and associates	55,886,665	61,506,275

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

22. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive directors of the Company:-				
- fees	227,613	273,600	227,613	273,600
- other emoluments	2,841,220	14,577,424	5,000	6,000
	3,068,833	14,851,024	232,613	279,600
Non-executive directors of the company:-				
- fees	596,177	574,000	596,177	574,000
- other emoluments	20,500	20,000	20,500	20,000
	616,677	594,000	616,677	594,000
Total	3,685,510	15,445,024	849,290	873,600

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

Included in other emoluments of the directors are contributions made by the Group to the Employees' Provident Fund of RM65,120 (2018: RM1,335,540).

23. PROFIT BEFORE TAX

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
- current year	313,673	289,066	35,000	35,000
- prior year	16,500	-	-	-
- others	4,500	4,500	4,500	4,500
Depreciation of property, plant and equipment	44,999,931	41,765,943	-	-
Depreciation of investment property	13,071	13,071	-	-
Amortisation of prepaid land lease payments	64,776	64,776	-	-
Net loss/(gain) on foreign exchange				
- realised	(21,314,781)	5,779,402	-	-
- unrealised	11,793,616	(26,716,328)	(1,184,158)	3,092,625
Rental of investment property	(24,675)	(23,960)	-	-
Staff costs				
- salaries, wages and bonuses	116,528,184	100,575,197	-	-
- Employees' Provident Fund	5,143,337	4,133,872	-	-
- other related staff costs	6,607,476	7,508,812	-	-

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

24. FINANCE COSTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expenses on:-				
- trade loans	9,490,861	5,307,125	-	-
- hire purchases	46,027	19,400	-	-
- industrial hire purchases	-	851	-	-
- term loans	6,484,492	6,307,649	1,228,083	501,229
- others	3,686,719	2,349,701	1,245,342	3,091,102
	19,708,099	13,984,726	2,473,425	3,592,331

25. TAX EXPENSES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Income tax				
- current year	52,674,697	45,411,907	154,151	669,917
- (over)/under provision in prior financial years	(508,247)	(1,107,574)	553,881	-
	52,166,450	44,304,333	708,032	669,917
Deferred tax (Note 10)				
- current year	3,650,796	6,904,953	-	-
- (over)/under provision in prior financial year	(6,512,807)	542,403	-	-
	(2,862,011)	7,447,356	-	-
	49,304,439	51,751,689	708,032	669,917

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 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.

The Group has unutilised tax losses of RM 9,355,062 (2018: RM9,810,027) available for set off against future taxable profits.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

25. TAX EXPENSES (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows :-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	172,407,903	161,894,161	53,711,436	56,042,365
Taxation at applicable tax rate of 24%	41,377,897	38,854,599	12,890,745	13,450,168
Tax effects arising from:-				
- deferred tax recognised at different tax rates	4,901	(147,473)	-	-
- different tax rates in foreign jurisdictions	12,804,879	12,433,753	-	-
- income not subject to tax	-	-	(13,412,800)	(14,761,506)
- share of profits of associates	(1,327,110)	(1,439,695)	-	-
- expenses not deductible for tax purposes	539,130	1,501,383	676,206	1,978,255
- deferred tax assets not recognised during the financial year	2,925,796	1,114,293	-	-
(Over)/under provision in prior years :-				
- income tax	(508,247)	(1,107,574)	553,881	-
- deferred tax	(6,512,807)	542,403	-	-
Tax expense for the financial year	49,304,439	51,751,689	708,032	666,917

26. EARNINGS PER ORDINARY SHARE

(a) Basic Earnings Per Share

	Group	
	2019 RM	2018 (restated) RM
Net profit attributable to owners of the parent	123,112,497	106,655,016
Number of shares in issue as of 1 July	680,154,880	680,154,880
Bonus issue	680,154,880	680,154,880
Effect of treasury shares held	(49,599,592)	(45,640,088)
Weighted average number of ordinary shares in issue	1,310,710,168	1,314,669,672
Basic earnings per ordinary share	9.39	8.11

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.

The related basic Earnings Per Share for the previous financial year was arrived at after reflecting the retrospective adjustments as required by *MFRS133: Earnings Per Share* arising from the company's bonus issue of 680,154,880 ordinary shares which was completed 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 2019 and 30 June 2018 are same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

27. DIVIDENDS

	Group and Company	
	2019	2018
	RM	RM
Recognised during the financial year:-		
In respect of financial period ended 30 June 2017		
- Final single-tier dividend of 3.0 sen per ordinary share		19,699,644
In respect of the financial year ended 30 June 2018		
- Interim single-tier dividend of 3.0 sen per ordinary share		19,669,613
- Interim single-tier dividend of 3.0 sen per ordinary share		19,669,613
- 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	
	32,782,689	59,038,870

The Directors to propose a final dividend via the share dividend distribution on the basis of one (1) treasury share for every sixty-five (65) 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 do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2020.

28. FINANCIAL GUARANTEES

- (a) As of 30 June 2019, the Company is contingently liable in respect of guarantees given mainly for credit facilities totaling RM348,330,000 (2018: RM374,582,000) 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 2019, the Company is contingently liable to the extent of RM41,931,000 (2018: RM40,839,000) 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 subsidiaries.

29. CAPITAL COMMITMENTS

	Group	
	2019	2018
	RM	RM
Approved and contracted for but not provided in the financial statements		
- Purchases of property, plant and equipment	46,978,000	38,222,000

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

30. RELATED PARTY DISCLOSURES

(a) Identity of Related Parties

Parties are considered to be related to the Group if the Group 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 Group and the party are subject to common control. 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 the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly; and
- (iv) Directors related companies refer to companies in which directors of the Company have substantial financial interest.

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Dividend received/ receivable from subsidiaries and associates				
- Maxter Glove Manufacturing Sdn Bhd	25,120,000	40,062,000	25,120,000	40,062,000
- Supermax Glove Manufacturing Sdn Bhd	13,205,000	5,200,000	13,205,000	5,200,000
- Supermax Latex Products Sdn Bhd	17,161,665	14,800,000	17,161,665	14,800,000
- Supermax Brasil Importadora S/A	-	1,444,275	-	1,444,275
- Seal Polymer Latex Products Sdn Bhd	400,000	-	400,000	-
Interest charged to subsidiaries	-	-	653,296	2,902,076
Interest charged by subsidiaries	-	-	(1,245,342)	(3,091,102)
Sales of gloves to associates	114,204,368	96,020,632	-	-

Information regarding outstanding balances with related parties at each reporting date are disclosed in Notes 13 and 14.

31. 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 to 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

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

31. SEGMENT REPORTING (CONT'D)

Measurement of Reportable 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 methods used to determine reported segment profit or loss.

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.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019
(Continued)

31. SEGMENT REPORTING (CONT'D)

Group 2019	Investment Holding RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue							
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)	-
Total revenue	55,886,665	1,426,735,684	873,938,602	14,693,188	(833,097,400)		1,538,156,739
Result							
Segment results	55,492,065	245,734,598	(1,186,915)	(12,473,862)	(55,901,733)	(a)	231,664,153
Depreciation and amortisation	-	(36,270,191)	(3,470,638)	(5,336,948)	-		(45,077,777)
Finance costs	(1,228,083)	(15,336,819)	(703,305)	(2,439,892)	-		(19,708,099)
Tax expense	(1,377,949)	(42,045,248)	(5,788,872)	(92,371)	-		(49,304,439)
Share of result of associates							5,529,626
Net profit for the financial year							123,103,464
Assets							
Segment assets	345,931,915	1,559,174,742	574,300,282	216,538,324	(1,061,773,245)	(b)	1,634,172,018
Deferred tax assets							1,406,102
Investment in associates							207,129,563
Consolidated total assets							1,842,707,683
Other information							
Addition to property, plant and equipment	-	111,920,698	2,086,194	3,051,577	-		117,058,469
Liabilities							
Segment liabilities	50,034,897	805,232,809	428,558,613	243,569,877	(864,489,902)	(c)	662,906,294
Deferred tax liabilities							45,575,419
Consolidated total liabilities							708,481,713

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019
(Continued)

31. SEGMENT REPORTING (CONT'D)

Group 2018	Investment Holding RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue							
External sales	1,444,275	677,987,503	622,830,069	2,197,815	-		1,304,459,662
Inter-segment sales	60,062,000	551,698,265	201,951,405	6,412,268	(820,123,938)	(a)	-
Total revenue	61,506,275	1,229,685,768	824,781,474	8,610,083	(820,123,938)		1,304,459,662
Result							
Segment results	58,964,780	208,374,756	20,545,844	4,858,130	(81,019,560)	(a)	211,723,949
Depreciation and amortisation	-	(33,803,043)	(3,144,100)	(4,896,647)	-		(41,843,790)
Finance costs	(3,592,331)	(24,385,420)	(4,627,290)	(3,101,538)	21,721,853		(13,984,726)
Tax expense	-	(35,874,444)	(15,414,078)	(463,167)	-		(51,751,689)
Share of result of associates							5,998,728
Net profit for the financial year							110,142,472
Assets							
Segment assets	435,273,841	1,701,641,361	671,607,222	243,562,225	(1,551,216,334)	(b)	1,500,868,315
Deferred tax assets							1,987,574
Investment in associates							196,810,620
Consolidated total assets							1,699,666,509
Other information							
Addition to property, plant and equipment	-	62,441,819	1,689,850	1,030,749	-		65,162,418
Liabilities							
Segment liabilities	133,484,411	1,057,918,131	522,210,504	252,991,524	(1,338,667,708)	(c)	627,936,862
Deferred tax liabilities							49,018,902
Consolidated total liabilities							676,955,764

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

31. 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: -

	2019 RM	2018 RM
America and Canada	41,398,223	40,823,316
Europe	5,397,269	5,555,856
Asia	918,428,599	849,085,983
	965,224,091	895,465,155

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:-

	2019 RM	2018 RM
America	769,078,370	626,140,638
Europe	399,920,752	365,248,705
Asia and Oceania	323,012,915	273,936,529
Africa	46,144,702	39,133,790
	1,538,156,739	1,304,459,662

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

32. FINANCIAL INSTRUMENTS

The table below shows an analysis of financial instruments as at 30 June 2019 categorised as follows :

Amortised Cost ("AC")

	Carrying Amount RM	AC RM
Group		
2019		
Financial assets		
Loans and receivables		
- Receivables, net of prepayments	166,206,099	166,206,099
- Amount owing by associates	31,535,424	31,535,424
- Cash and cash equivalents	173,813,705	173,813,705
	371,555,228	371,555,228

Group		
Financial Liabilities		
Other financial liabilities		
- 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
	609,034,660	609,034,660

Company		
Financial assets		
Loans and receivables		
- Other receivables	226,998	226,998
- Amounts owing by subsidiaries	127,474,009	127,474,009
- Amount owing by associates	294,301	294,301
- Cash and cash equivalents	770,001	770,001
	128,765,309	128,765,309

Company		
Financial liabilities		
Other financial liabilities		
- Payables	374,425	374,425
- Term loans	31,648,045	31,648,045
- Amount owing to subsidiaries	18,607,850	18,607,850
	50,630,320	50,630,320

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

32. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial Instruments (Cont'd)

The table below shows an analysis of financial instruments as at 30 June 2018 categorised as follows :

(i) **Loans and receivables ("L&R")**

(ii) **Financial Liabilities measure at amortised cost ("FL")**

	Carrying Amount RM	L&R/ FL RM
Group		
2018		
Financial assets		
Loans and receivables		
- Receivables, net of prepayments	184,056,151	184,056,151
- Amount owing by associates	14,603,373	14,603,373
- Cash and cash equivalents	145,170,116	145,170,116
	343,829,640	343,829,640
Financial Liabilities		
Other financial liabilities		
- Payables	185,335,784	185,335,784
- Trade loans	291,752,037	291,752,037
- Finance lease payables	873,608	873,608
- Revolving credit	16,701,315	16,701,315
- Term loans	126,851,243	126,851,243
	621,513,987	621,513,987
Company		
Financial assets		
Loans and receivables		
- Other receivables	226,998	226,998
- Amounts owing by subsidiaries	200,263,418	200,263,418
- Amount owing by associates	294,301	294,301
- Cash and cash equivalents	672,741	672,741
	201,457,458	201,457,458
Financial liabilities		
Other financial liabilities		
- Payables	529,738	529,738
- Term loans	46,873,045	46,873,045
- Amount owing to subsidiaries	85,411,711	85,411,711
	132,814,494	132,814,494

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

33. FINANCIAL RISK MANAGEMENT AND OBJECTIVE

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arises mainly from its receivables and the maximum risk associated with the recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on a subsidiary's term loans.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

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:

	2019 RM	2018 RM
America	74,758,032	72,533,708
Europe	38,874,176	42,311,330
Asia and Oceania	31,398,373	31,733,497
Africa	4,485,482	4,533,357
	149,516,063	151,111,892

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risks arises primarily from mismatched of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

33. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(b) Liquidity Risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or within 1 Year RM	1 to 5 Years RM
Group				
2019				
Financial liabilities				
Trade and other 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
2018				
Financial liabilities				
Trade and other payables	185,335,784	185,335,784	185,335,784	-
Loans and borrowings	436,178,203	436,238,501	374,484,173	61,754,328
	621,513,987	621,574,285	559,819,957	61,754,328
Company				
2019				
Financial liabilities				
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
2018				
Financial Liabilities				
Other payables	529,738	529,738	529,738	-
Amount owing to a subsidiaries	85,411,711	85,411,711	85,411,711	-
Loans and borrowings	46,873,045	46,873,045	20,858,000	26,015,045
	132,814,494	132,814,494	106,799,449	26,015,045

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group does not hedge its investment in fixed rate debt securities as they have active secondary or resale markets to ensure liquidity. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

33. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(c) Interest Rate Risk (Cont'd)

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

Sensitivity analysis for interest rate

At the end of the reporting year, if interest rates had been 1% lower/higher, with all other variables held constant, the Group's profit net of tax and the Company's profit net of tax would have been RM3,915,542 (2018: RM4,361,782) and RM316,480 (2018 RM468,730) higher/lower respectively, arising mainly as a result of a lower/higher of interest expenses from pre-determined rate of borrowings. The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Canadian Dollar ("CND"), EURO, British Pound ("GBP"), United States Dollars ("USD"), Hong Kong Dollars ("HKD") and Japanese Yen ("JPY").

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

The financial assets and financial liabilities of the Group that are not denominated in the functional currencies are disclosed in respective notes to the financial statements.

Sensitivity analysis for foreign currency

The following table demonstrates the sensitivity of the Group'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 Company, with all other variables held constant.

		2019 RM Profit/ (Loss) for the year	Group 2018 RM Profit/ (Loss) for the year
CND/RM	- strengthened 3% (2018:3%)	42,837	4,629
	- weakened 3% (2018:3%)	(42,837)	(4,629)
EUR/RM	- strengthened 3% (2018:3%)	145,003	83,207
	- weakened 3% (2018:3%)	(145,003)	(83,207)
GBP/RM	- strengthened 3% (2018:3%)	1,288,733	1,079,591
	- weakened 3% (2018:3%)	(1,288,733)	(1,079,591)
USD/RM	- strengthened 3% (2018:3%)	(5,624,214)	(6,457,276)
	- weakened 3% (2018:3%)	5,624,214	6,457,276
HKD/RM	- strengthened 3% (2018:3%)	36,713	36,477
	- weakened 3% (2018:3%)	(36,713)	(36,477)
JPY/RM	- strengthened 3% (2018:3%)	226,449	291,009
	- weakened 3% (2018:3%)	(226,449)	(291,009)

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

33. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(e) Market Price Risk

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

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.

34. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and 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 the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2019 and 30 June 2018.

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 and loans and borrowings. Capital includes equity attributable to the owners of the parent.

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

	Note	2019 RM	2018 RM
Group			
Payables	20	217,480,426	185,335,784
Loans and borrowings	18	391,554,234	436,178,203
Total debts		609,034,660	621,513,987
Equity attributable to owners of the parent		1,123,710,344	1,012,689,561
Capital and total debts		1,732,745,004	1,634,203,548
Gearing ratio		35.1%	38.0%
Company			
Payables	20	374,425	529,738
Amounts owing to subsidiaries	13	18,607,850	85,411,711
Loans and borrowings	18	31,648,045	46,873,045
Total debts		50,630,320	132,814,494
Equity attributable to owners of the parent		314,299,668	301,789,430
Capital and total debts		364,929,988	434,603,924
Gearing ratio		13.9%	30.6%

Notes to the Financial Statements

for the Financial Year Ended 30 June 2019

(Continued)

34. CAPITAL MANAGEMENT (CONT'D)

The Group is required to maintain a minimum Consolidated Total Equity of RM480 million, a minimum Consolidated Earnings before interest, tax, depreciation and amortisation to Consolidated Interest Expense of 3.0 to 1.0 and a maximum Consolidated Debt to Consolidated Total Equity of 0.75 to 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 as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

35. COMPARATIVE FINANCIAL STATEMENTS

The following comparative figures, none of which impact the earnings for ordinary shares of the Group, have been reclassified to conform to current year's presentation:

- (a) Purchases and Changes in inventories in finished goods and work in progress

	Group
	As restated
	As previously reported
	RM
	RM
Purchases	(873,963,540)
Changes in inventories in finished goods and work in progress	(25,831,923)
	<u>8,792,856</u>
	<u>(839,338,761)</u>

- (b) Other Operating Income and Other Operating Expenses

	Group
	As restated
	As previously reported
	RM
	RM
Other Operating Income	34,601,831
Other Operating Expenses	2,106,101
	<u>134,503,995</u>
	<u>102,008,225</u>

- (c) Earnings per share

Earnings per share were restated retrospectively to reflect the Company's bonus issue of 680,154,880 ordinary shares which was completed during the financial year, as required by *MFRS 133: Earnings Per Share*.

	Group
	As restated
	As previously reported
	RM
	RM
Net profit attributable to owners of the parent	106,655,016
Weighted average number of ordinary shares in issue	106,655,016
Basic earnings per ordinary share (sen)	1,314,669,672
	659,015,892
	<u>8.11</u>
	<u>16.18</u>

List of Properties

Held by the Group as at 30th June 2019

	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	21 years	1.5 acres/ (36,600sq ft)	Freehold	6,711,326
2.	Lot 6070, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Factory cum Office Building	18 years	5.0063 acres/ (127,861sq ft)	Freehold	18,689,798
3.	Lot 38, Jalan BRP9/2B, Putra Industrial Park, Bukit Rahman Putra, Sungai Buloh, Selangor Darul Ehsan.	Land, Factory cum Office Building	14 years	5.6337 acres	Freehold	23,101,592
4.	Lot No. 5128, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Building	15 years	4.6875 acres	Freehold	9,213,751
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)	664,903
6.	Suite No. 708, 6th Floor (Level 7), Menara Atlas, (Tower A), Plaza Pantai, Off Jalan Pantai Baru, Kuala Lumpur.	Stratified office lot	17 years	1,235 sq ft	Freehold	388,869
7.	Lot 6068, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Building	13 years	5.00625 acres	Freehold	16,123,307
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)	3,790,517
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	26 years	26,688sq m 18,534sq m	Leasehold - 60 years (Exp:13.1.2037)	213,457 8,440,521
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 2019
(Continued)

	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)	27,491,265
17.	Lot 6069, Mukim Kapar, Daerah Klang, Negeri Selangor.	Land and office cum factory warehouse	18 years	20,260sq m	Freehold	18,511,474
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	23,935,834
25.	Geran No. 45719 Lot No. 6058, Mukim Kapar, Daerah Klang Negeri Selangor.	Land and Building		20,209sq m	Freehold	26,655,240
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	12,850,200

Analysis of Shareholdings

as at 11 October 2019

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 [#]		No. of Holdings [#]		% [#]	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1 - 99	227	6	5,126	100	0.00	0.00
100 - 1,000	1,869	13	1,164,802	4,370	0.09	0.00
1,001 - 10,000	8,840	66	43,804,928	350,200	3.35	0.03
10,001 - 100,000	3,756	108	115,123,172	4,315,038	8.82	0.33
100,001 - 65,315,377 (*)	524	170	339,249,804	318,387,364	25.97	24.37
65,315,378 and above (**)	3	0	483,902,656	0	37.04	0.00
Total	15,219	363	983,250,488	323,057,072	75.27	24.73
	No. of Holders		No. of Holdings		%	
Grand Total	15,582		1,306,307,560		100.00	

[#] Excludes treasury shares

^{*} Less than 5% of issued shares

^{**} 5% and above of issued shares

LIST OF TOP 30 HOLDERS AS AT 11 OCTOBER 2019

No.	Name	Holdings	%
1	THAI KIM SIM	278,070,888	21.29
2	TAN BEE GEOK	139,831,768	10.70
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN BEE GEOK (PBCL-0G0071)	66,000,000	5.05
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD VALUECAP SDN BHD	20,338,300	1.56
5	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	20,167,600	1.54
6	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	18,959,134	1.45
7	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	15,643,900	1.20
8	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	15,411,000	1.18
9	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	12,973,189	0.99
10	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND ZVY5 FOR STATE STREET EMERGING MARKETS SMALL CAP ACTIVE NON-LENDING QIB COMMON TRUST FUND	12,771,100	0.98
11	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	12,615,700	0.97
12	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	12,544,500	0.96
13	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	12,329,500	0.94
14	TAN GEOK SWEE @ TAN CHIN HUAT	12,140,000	0.93
15	TAN GEOK SWEE @ TAN CHIN HUAT	11,156,240	0.85
16	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	9,483,300	0.73
17	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	9,196,402	0.70
18	EAST POINT VENTURES SDN. BHD.	8,537,608	0.65

Analysis of Shareholdings

as at 11 October 2019
(Continued)

No.	Name	Holdings	%
19	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR FLORIDA RETIREMENT SYSTEM	8,507,900	0.65
20	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND TCT9 FOR CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	8,261,800	0.63
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK)	8,000,000	0.61
22	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND C021 FOR COLLEGE RETIREMENT EQUITIES FUND	7,444,400	0.57
23	AMANAH RAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	7,279,400	0.56
24	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR UPS GROUP TRUST	7,171,800	0.55
25	HSBC NOMINEES (ASING) SDN BHD BPSS FFT FOR BAYVK A3-FONDS	6,566,200	0.50
26	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND IZIW FOR GMO IMPLEMENTATION FUND, A SERIES OF GMO TRUST	6,551,400	0.50
27	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND TCTD FOR CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	6,503,600	0.50
28	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND, LLC	6,427,000	0.49
29	HSBC NOMINEES (ASING) SDN BHD MORGAN STANLEY & CO. INTERNATIONAL PLC (FIRM A/C)	6,260,200	0.48
30	GONG WOUI TEIK	6,136,972	0.47

INFORMATION ON DIRECTORS HOLDINGS AS AT 11 OCTOBER 2019

No.	Name	Holdings	%
1	ALBERT SAYCHUAN CHEOK	75,000	0.01
2	CECILE JACLYN THAI	-	-
3	TAN CHEE KEONG	390,000	0.03
4	DATO' TING HENG PENG	8,444,000	0.65
5	DATO' TAN GEOK SWEE @ TAN CHIN HUAT	23,396,240	1.79
6	GONG WOUI TEIK, FELIX	6,136,972	0.47
7	DR. RASHID BIN BAKAR	120,000	0.01
8	NG KENG LIM @ NGOOI KENG LIM	-	-

INFORMATION ON SUBSTANTIAL HOLDERS' HOLDINGS AS AT 11 OCTOBER 2019

No.	Name	Holdings	%
1	DATO' SERI THAI KIM SIM	278,070,888	21.29
2	DATIN SERI TAN BEE GEOK	205,831,768	15.75

Notice of Twenty-Second Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of the Company will be held at the Grand Ballroom, Lower Ground Floor, Eastin Hotel KL, 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Friday, 29 November 2019 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 2019 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 sixty-five (65) existing ordinary shares held in the Company in respect of the financial year ended 30 June 2019. | (Resolution 1) |
| 3. | To approve payment of Directors' Fees of up to RM882,000.00 for the financial year ending 30 June 2020. | (Resolution 2) |
| 4. | To approve the payment of Directors' benefits of up to RM40,000 for the period from 30 November 2019 until the next Annual General Meeting of the Company. | (Resolution 3) |
| 5. | To re-elect the following Directors who retire pursuant to Article 88 of the Company's Articles of Association – | |
| | i) Dato' Tan Geok Swee @ Tan Chin Huat | (Resolution 4) |
| | ii) Dato' Ting Heng Peng | (Resolution 5) |
| | iii) Dr Rashid Bin Bakar | (Resolution 6) |
| 6. | To consider and if thought fit, to pass the following resolution:- | (Resolution 7) |
| | <p>“THAT Messrs RSM Malaysia having consented to act, be hereby appointed as the Auditors of the Company in place of the retiring Auditors, Messrs Afrizan Tarmili Khairul Azhar, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to determine their remuneration.”</p> | |

SPECIAL BUSINESS

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

- | | | |
|----|---|-----------------------|
| 7. | ORDINARY RESOLUTION I
AUTHORITY TO ALLOT AND ISSUE SHARES | (Resolution 8) |
| | <p>“THAT subject always to the Companies Act 2016 (“the Act”), the Articles of Association 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.”</p> | |

Notice of Twenty-Second Annual General Meeting

(Continued)

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

(Resolution 9)

THAT subject always to the Companies Act 2016 (“the Act”), the Articles of Association 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;
- (iv) To resell all or part of the treasury shares;

Notice of Twenty-Second Annual General Meeting

(Continued)

- (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; **(Resolution 9)**
- (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 subject to the passing of Resolution 5, 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 10)**
- 9.2 "THAT approval be and is hereby given to Mr Gong Wooi Teik 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 11)**
- 9.3 "THAT, subject to the passing of Resolution 6, 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 12)**

10. **SPECIAL RESOLUTION PROPOSED ALTERATION OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION ("PROPOSED ALTERATION")** **(Resolution 13)**

"THAT the existing Memorandum and Articles of Association of the Company be altered by replacing with a new Constitution as set out in the Appendix I with effect from the date of passing this special resolution.

AND THAT the Directors and/or Secretary of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/ or amendment as may be required or imposed by the relevant authorities."

- 11. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

Notice of Twenty-Second Annual General Meeting

(Continued)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the members at the Twenty-Second Annual General Meeting to be held on 29 November 2019, a final dividend will be paid via share dividend distribution on the basis of one (1) treasury share for every sixty-five (65) existing ordinary shares held in the Company in respect of the financial year ended 30 June 2019. The share dividend will be credited into Central Depository Securities ("CDS") account of shareholders whose name appears in the Record of Depositors on 9 December 2019. 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 4.00 p.m. on 8 January 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.

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 within 10 market days from the entitlement date.

BY ORDER OF THE BOARD

WONG WAI FOONG (MAICSA 7001358)
JOANNE TOH JOO ANN (LS 0008574)
 Secretaries

Kuala Lumpur
 Date: 31 October 2019

Notes:

1. APPOINTMENT OF PROXY

- a) Only depositor whose name appears on the Record of Depositors as at 22 November 2019 shall be entitled to attend, speak and vote at the meeting or appoint proxies to attend, speak and vote on his/her behalf.
- b) A member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another member at any general meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which call due and payable to the Company shall have been paid. A member may appoint up to 2 proxies. Where a member appoints two or more proxies, the proxies shall not be valid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
- c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to credit of the said securities account.
- d) 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.

Notice of Twenty-Second Annual General Meeting

(Continued)

- e) The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or its attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointer.
- f) The instrument appointing a proxy together with the power of the attorney (if any) shall be lodged at the Company's Share Registrar office situated at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time set for holding the meeting, i.e. on or before 10.00 a.m., Wednesday, 27 November 2019, otherwise the person so named shall not be entitled to vote in respect thereof.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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. 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 Ordinary Resolution proposed under Resolution 3 is calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period from 30 November 2019 up to next Annual General Meeting. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

4. RE-ELECTION OF DIRECTOR

The Nomination Committee and the Board of Directors had conducted the annual assessment on the independence of Dr Rashid Bin Bakar and Dato' Ting Heng Peng who are seeking for re-election pursuant to the Articles of Association of the Company at the forthcoming Twenty-Second Annual General Meeting. The above assessment had been disclosed in the Corporate Governance Overview Statement of the Company's 2019 Annual Report.

5. APPOINTMENT OF NEW AUDITORS

The Company's existing Auditors, Messrs Afrizan Tarmili Khairul Azhar will hold office until the conclusion of the forthcoming Twenty-Second Annual General Meeting to be held on 29 November 2019.

The Board and the Audit Committee had considered the profile, resources, experience, fee and engagement proposal as well as the size of the Group's operations and recommended that Messrs RSM Malaysia be appointed as the Auditors of the Company.

6. EXPLANATORY NOTES TO SPECIAL BUSINESS

(a) AUTHORITY TO ALLOT AND ISSUE SHARES

The proposed Resolution 8 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 8, 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 shares 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-Second Annual General Meeting

(Continued)

(b) PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The proposed Resolution 9, 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 31 October 2019.

(c) 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, Mr Gong Wooi Teik 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 fulfils 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 10, 11 and 12, if passed, will enable Dato' Ting Heng Peng, Mr Gong Wooi Teik and Dr Rashid Bin Bakar to continue to act as Independent Non-Executive Directors of the Company.

(d) PROPOSED ALTERATION

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Act relevant amendments of Chapter 7 and other Chapters of the Main Market Listing Requirements of Bursa Securities and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to the Appendix I on the proposed new Constitution of the Company, which is circulated together with the notice of Twenty-Second Annual General Meeting and the Annual Report 2019.

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I/We _____ NRIC/ Company No. _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a member(s) of **SUPERMAX CORPORATION BERHAD** (Company No.: 420405-P)

hereby appoint _____ NRIC No. _____
(Full Name in Capital Letters)

of _____
(Full Address)

or failing him/her, _____ NRIC No. _____
(Full Name in Capital Letters)

of _____
(Full Address)

or failing him/her, the Chairman as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at the Grand Ballroom, Lower Ground Floor, Eastin Hotel KL, 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Friday, 29 November 2019 at 10.00 a.m. and at any adjournment thereof.

The proxy is to vote in the manner indicated below, with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Payment of a final dividend via share dividend distribution on the basis of one treasury share for every sixty-five existing ordinary shares		
2.	Payment of Directors' Fees for the financial year ending 30 June 2020.		
3.	Payment of Directors' benefits for the period from 30 November 2019 until the next Annual General Meeting.		
4.	Re-election of Dato' Tan Geok Swee @ Tan Chin Huat as Director.		
5.	Re-election of Dato' Ting Heng Peng as Director.		
6.	Re-election of Dr Rashid Bin Bakar as Director		
7.	Appointment of Messrs RSM Malaysia as Auditors in place of the retiring Auditors, Messrs Afrizan Tarmili Khairul Azhar and to authorise the Directors to determine their remuneration		
8.	Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
9.	Proposed Renewal of Authority for the Share Buy-Back		
10.	Approval for Dato' Ting Heng Peng to continue to act as an Independent Non-Executive Director.		
11.	Approval for Mr Gong Wooi Teik to continue to act as an Independent Non-Executive Director.		
12.	Approval for Dr Rashid Bin Bakar to continue to act as an Independent Non-Executive Director.		
SPECIAL RESOLUTION			
13.	Proposed Alteration of the Memorandum and Articles of Association by replacing with a New Constitution		

Signed this _____ day of _____ 2019

Number of shares held _____

Signature Shareholder or Common Seal

Number of shares held:
If more than 1 proxy, please specify number of shares represented by each proxy
Name of Proxy 1:
Name of Proxy 2:

CDS Account No. _____ Telephone no. (During office hours) _____

* Delete if not applicable

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Notes:

- i. Only depositor whose name appears on the Record of Depositors as at 22 November 2019 shall be entitled to attend, speak and vote at the meeting or appoint proxies to attend, speak and vote on his/her behalf.
- ii. A member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another member at any general meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which call due and payable to the Company shall have been paid. A member may appoint up to 2 proxies. Where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
- iii. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to credit of the said securities account.
- iv. 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.
- v. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointer.
- vi. The instrument appointing a proxy together with the power of the attorney (if any) shall be lodged at at the Company's Share Registrar office situated at **11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** at least forty-eight (48) hours before the time appointed for holding the meeting, i.e. on or before 10.00 a.m., Wednesday, 27 November 2019, otherwise the person so named shall not be entitled to vote in respect thereof.

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AFFIX STAMP

SUPERMAX CORPORATION BERHAD

C/O BOARDROOM SHARE REGISTRARS SDN BHD
(Formerly known as Symphony 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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www.supermax.com.my



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CORPORATION BERHAD
(420405-P)

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