

Annual Report 2019



SUPERLON®

SUPERLON HOLDINGS BERHAD (740412-X)

Mission Statement

- To be recognized globally as a reliable manufacturer of quality thermal insulators.
- To build a global brand name within the thermal insulation industry.
- To continuously be innovative in the application of elastomeric acrylonitrile butadiene rubber across other industries.

Vision Statement

- To be a company that contributes to the overall reduction of global energy consumption through the manufacturing of quality products, particularly in the area of thermal insulators.



SUPERLON INSULATION TUBES

SUPERLON is Malaysia's leading manufacturer of high quality thermal insulation materials used mainly in the Heating, Ventilation, Air-conditioning and Refrigeration (HVAC&R) system of residential, commercial and industrial buildings. The company's thermal insulation products are used as vapor barrier for the prevention of condensation or frost formation on cooling systems, chilled water and refrigeration lines as well as heat loss reduction for hot water plumbing, heating and dual temperature piping.


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Definitions:

Except where the context otherwise requires, the following definitions shall apply throughout this Annual Report:

Act	: The Companies Act 2016
AGM	: Annual General Meeting
Board	: Board of Directors of Superlon
Bursa Securities	: Bursa Malaysia Securities Berhad
FYE	: Financial year ended/ending 30 April
HVAC&R	: Heating, ventilation, air-conditioning and refrigeration
LR	: Main Market Listing Requirements of Bursa Securities
Superlon or The Company	: Superlon Holdings Berhad
Superlon Group or The Group	: Superlon and its subsidiaries



Chairman's Statement

CHAIRMAN'S STATEMENT

On behalf of the Board of Superlon, it is my pleasure to present the Annual Report of the Superlon Group and of the Company for the FYE 30 April 2019 ("FYE 2019").

FINANCIAL PERFORMANCE

We generated revenue of approximately RM105.7 million (FYE 2018: RM109.4 million), a commendable topline performance in the face of less favourable foreign exchange environment and challenging business conditions. The Group's revenue was lower mainly due to a contraction in our export sales, which was partially cushioned by strong growth in our local sales. Our post-tax profits contracted to RM10.3 million (FYE 2018: RM12.3 million) primarily as a result of competitive business environment, changes in our sales mix and cost associated with preparing as well as setting up our new factory in Vietnam.

DIVIDENDS

As a commitment to our shareholders for them to participate in the profits of Superlon, the Board adopted a dividend policy to pay out at least 30% of its audited consolidated profit after taxation attributable to shareholders for each financial year, after excluding non-operating income that is capital in nature.

For the FYE 2019, the Company had in July 2018, January 2019 and April 2019 paid interim single-tier dividends totaling 3.05 sen (FYE 2018: 3.5 sen), which represents a payout ratio of approximately 47.1% of FYE 2019's profit attributable to the shareholders of the Company.

PROSPECTS AND OUTLOOK

Our Vietnam factory was completed at the end of the financial year and initial production has started. We plan to progressively increase its utilised capacity when all the necessary production systems and manpower come onstream. Our Vietnam factory will increase our production capacity and serve as a cornerstone for our future growth and scaling up of production capacity for our insulation products.

Even as our Vietnam expansion plans have come to fruition, the management has embarked on new plans to expand our Malaysian production capacity for insulation products, invest in new research and development capabilities as well as develop our products for use outside the heating, ventilation, air-conditioner and cooling industry.



Through the diligent efforts of our team, Superlon has introduced a new foamed rubber engineered and designed specifically for sound absorption, and vibration dampening for use in vehicles, under our own brand ACOUSTEC. This product was launched in November 2018 and has received encouraging responses.

We look forward to achieving loftier targets as we look to build on our investments locally and abroad.

*Chairman's Statement
(Cont'd)*

APPRECIATION

The Board herein expresses its heartfelt gratitude to its dedicated management and staff for their untiring commitment towards attaining the continuing success and growth of the Group. A sincere note of appreciation is also extended to our valued customers, business associates, government authorities, bankers, suppliers and shareholders.

I would like to extend my wholehearted appreciation to Mr Lim E @ Lim Hoon Nam and Mr Lim Wee Keong for their valuable contribution during their tenure of office and also welcome Ms Chee Chung Yen as the Independent Non-Executive Director. I am positive that the Company will benefit from her experience and expertise.

In addition, I take pleasure in thanking my fellow Board members for their dedication in discharging their duties in leading and guiding the Group.

The Board continues to look forward to new heights with the continued support from all stakeholders.

CHUN KWONG PONG

Chairman

Corporate Information

BOARD OF DIRECTORS

Chun Kwong Pong
(Redesignated on 12 July 2019)
(Non-Independent
Non-Executive Chairman)

Liu Lee, Hsiu-Lin @ Jessica H. Liu
(Managing Director and
Chief Executive Officer)

Liu Han-Chao
(Executive Director)

Liu Jeremy
(Executive Director)

Ongi Cheng San
(Executive Director)

Lin, Po-Chih
(Independent Non-Executive Director)

Lim Wai Loong
(Independent Non-Executive Director)

Chee Chung Yen
(Appointed on 12 July 2019)
(Independent Non-Executive Director)

Lim E @ Lim Hoon Nam
(Resigned on 12 July 2019)
(Independent Non-Executive Chairman)

Lim Wee Keong
(Resigned on 12 July 2019)
(Independent Non-Executive Director)

AUDIT COMMITTEE

Chee Chung Yen (Chairman)
Lim Wai Loong
Lin, Po-Chih

NOMINATION COMMITTEE

Lin, Po-Chih (Chairman)
Chun Kwong Pong
Chee Chung Yen

REMUNERATION COMMITTEE

Chun Kwong Pong (Chairman)
Lim Wai Loong
Chee Chung Yen

COMPANY SECRETARIES

Ng Mei Wan (MIA 28862)
R. Malathi A/P Rajagopal
(MAICSA 7054884)

REGISTERED OFFICE

3-2, 3rd Mile Square
No. 151 Jalan Kelang Lama
Batu 3½, 58100 Kuala Lumpur
Tel : 603-7987 5300
Fax : 603-7987 5200

PRINCIPAL PLACE OF BUSINESS

Lot 2567, Jalan Sungai Jati
41200 Klang
Selangor Darul Ehsan
Tel : 603-3372 3888 / 3382 1688
Fax : 603-3371 5888
Website : www.superlon.com.my

AUDITORS

Crowe Malaysia PLT
(formerly known as Crowe Malaysia)
(LLP0018817-LCA & AF 1018)
Chartered Accountants
Muar Office, 8 Jalan Pesta 1/1
Taman Tun Dr. Ismail 1,
Jalan Bakri, 84000 Muar, Johor
Tel : 606-952 4328
Fax : 606-952 7328

SOLICITORS

Christina Chia Law Chambers

SHARE REGISTRARS

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi,
59200 Kuala Lumpur
Tel : 603-2783 9299
Fax : 603-2783 9222

PRINCIPAL BANKERS

CIMB Bank Berhad
United Overseas Bank (Malaysia) Bhd
AmBank Malaysia Berhad
Public Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : SUPERLN
Stock Code : 7235

INVESTOR RELATIONS

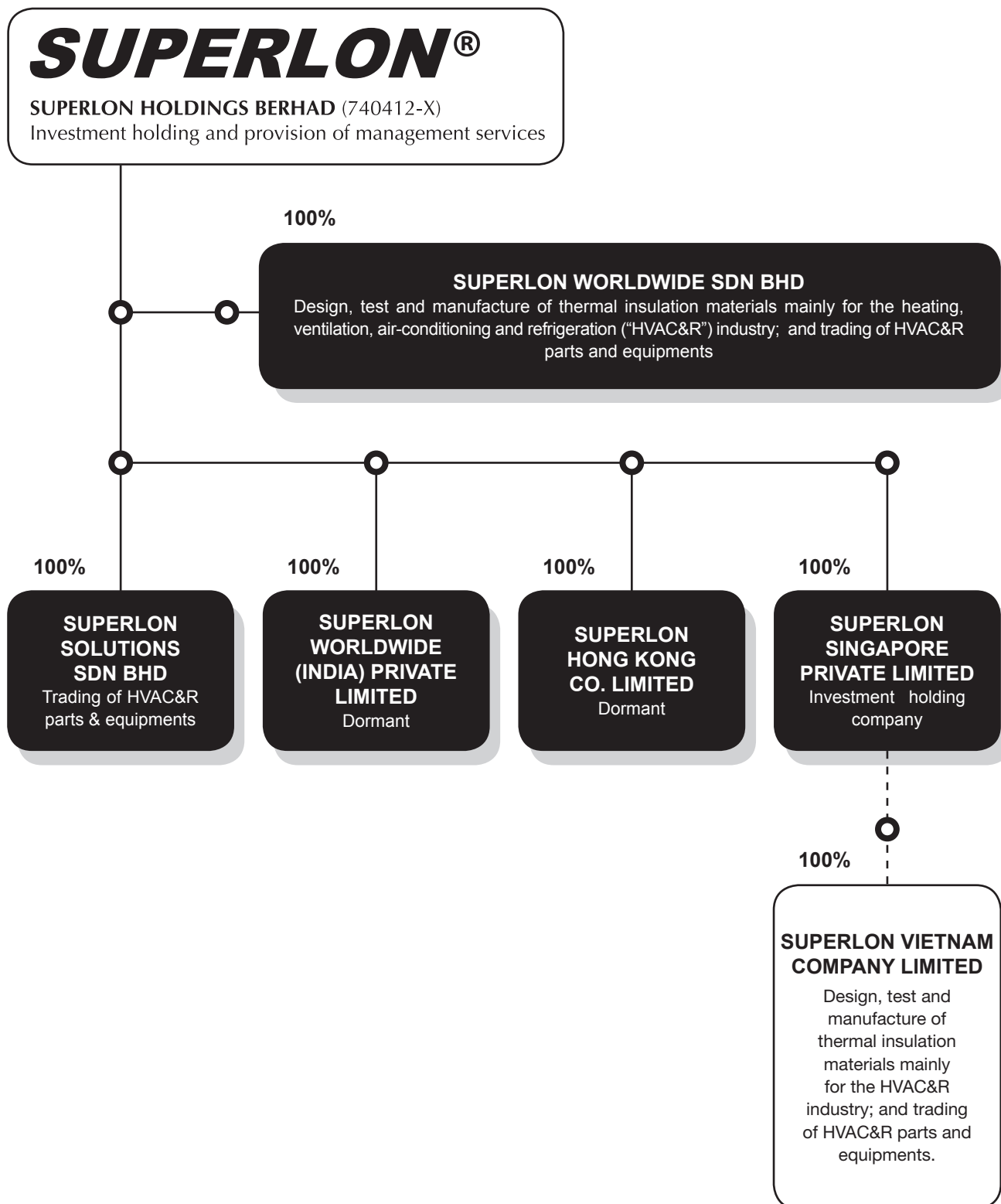
Shareholders, investors and members of the public are invited to access the Company's website at www.superlon.com.my or Bursa's website for announcements made at www.bursamalaysia.com for information on the Group's operations and latest developments. For further details, please contact the following via corporate@superlon.com.my at our principal place of business:-

Mr Liu Han-Chao
Executive Director

Mr Lin, Po-Chih
Independent Non-Executive Director

Group Structure

As At 30 April 2019

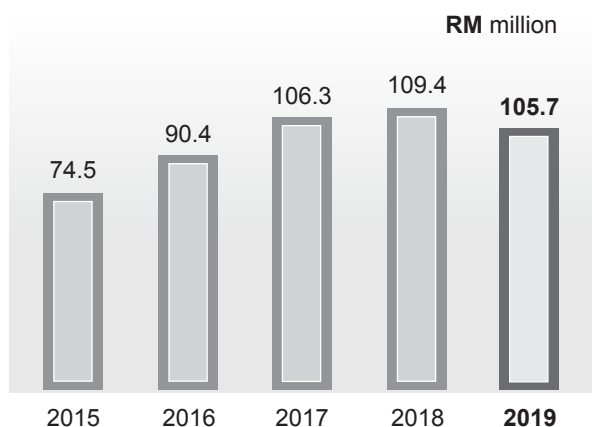


Financial Highlights

For the financial years ended 30 April 2015 to 2019

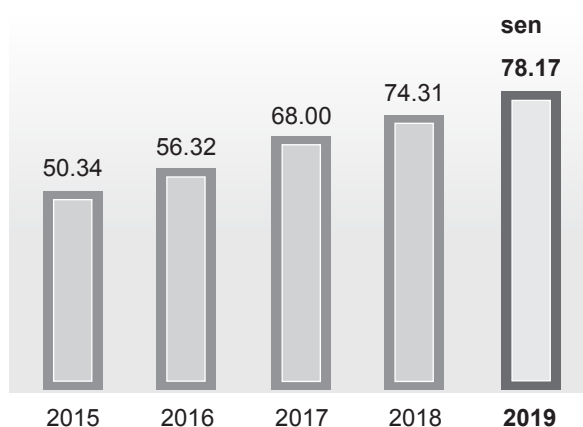
REVENUE

FROM CONTINUING OPERATIONS



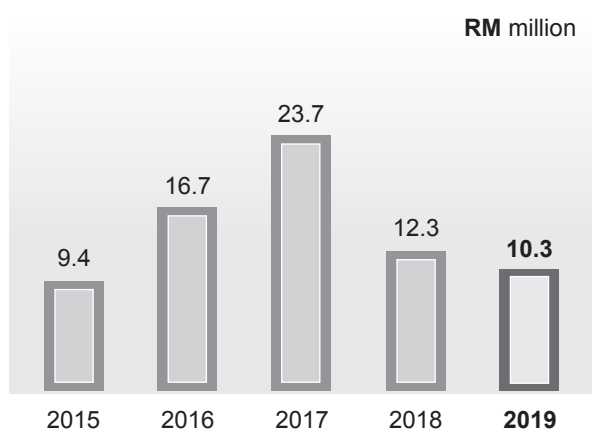
NET ASSETS

PER SHARE ^



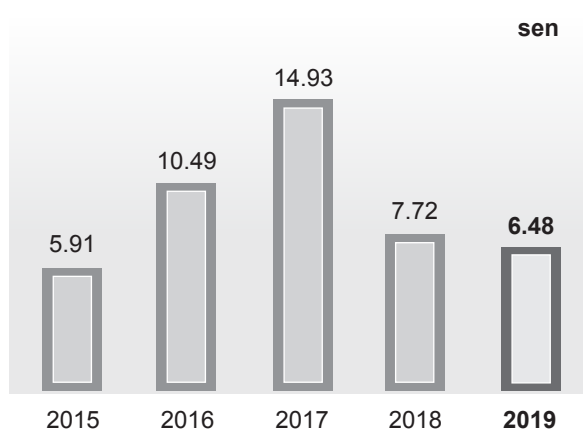
PROFIT ATTRIBUTABLE

TO OWNERS OF THE COMPANY



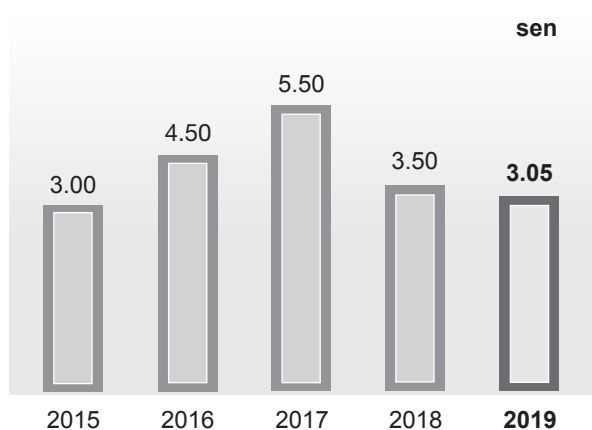
EARNINGS

PER SHARE #



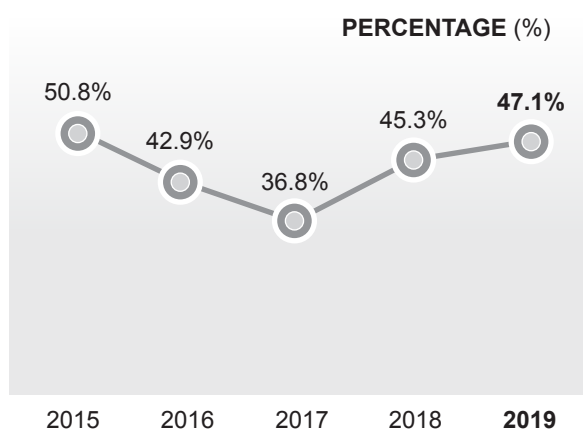
DIVIDEND

PER SHARE ^



DIVIDEND

PAYOUT RATIO



Notes:-

based on the weighted average of shares taking into consideration the Share Split implemented on 8 June 2017

^ based on the enlarged number of shares taking into consideration the Share Split implemented on 8 June 2017

Management Discussion and Analysis

1. GROUP'S OBJECTIVES AND STRATEGIES FOR SIGNIFICANT BUSINESSES AND OPERATIONS

1.1. Overview of Principal Activities

Superlon is a leading nitrile butadiene rubber ("NBR") foam insulation manufacturer with more than twenty (20) years of experience. We deliver to our customers quality products, prompt and reliable services via our factories located in Selangor of Malaysia and Binh Duong of Vietnam.

Our NBR foam products are used mainly to insulate heating, ventilation, air-conditioning and refrigeration ("HVAC&R") systems, reduce vibration and corrosion. We have applied our NBR foam technology to manufacture sports mats, grips and sound insulation products. Our insulation products are sold in countries in Asia, Oceania, Africa, the Americas as well as Europe.

Superlon trades in HVAC&R parts and equipment that complement our insulation products.

1.2. Focus and Strategies

Superlon aims:-

- To be recognised globally as a reliable and sustainable manufacturer of quality thermal insulators;
- To build a global brand name within the thermal insulation industry; and
- To continuously innovate the application of elastomeric acrylonitrile butadiene rubber across other industries.

Superlon's products are known globally as we have exported to more than seventy (70) countries. In line with our mission, continuous efforts are in place to penetrate new international markets and further expand our local market share by building on our position as the dominant player in the domestic market.

Our research and development have enabled us to stand shoulder-to-shoulder with well-established international manufacturers. The consistency and reliability of our products are globally recognised. In recognition of our management systems and product quality, Superlon has received many international certification including:-

- i) ISO 9001: 2015 – International Quality Management System Standard;
- ii) ISO 14001: 2015 – Environment Management System Standard;
- iii) FM Approvals Class : 4924;
- iv) TÜV SÜD PSB;
- v) Sirim QAS International;
- vi) Certificate of Material Approval from Jabatan Bomba and Penyelamat Malaysia;
- vii) License for holding controlled products issued by Ministry of Domestic Trade, Co-operatives and Consumerism;
- viii) Certificate of product conformity with 2017 Al Sa'fat Dubai Green Building Evaluation System; and
- ix) Certificate of membership issued by Singapore Green Building Council.

Our focus will continue to be on the following:-

- (a) research and development to further enhance our methods of production and product quality;
- (b) penetrate new markets and enhance our visibility as well as distribution network; and
- (c) provide our customers with faster response, better support and superior services to enhance the customer experience.

We believe that these focus areas will enable us to expand demand for our products.

Management Discussion and Analysis (Cont'd)

2. GROUP FINANCIAL PERFORMANCE

The financial performance of our Group in FYE 2019 as compared to FYE 2018 is summarised below:-

Group	FYE 2018 RM'000	FYE 2019 RM'000	Variance %
Financial Results			
Revenue	109,385	105,703	-3.4
Gross profit	33,419	30,263	-9.4
Other income	713	1,080	+51.5
Profit before tax	15,863	14,057	-11.4
Profit for the year	12,266	10,292	-16.1
Financial Position			
Property, plant and equipment	78,480	87,741	+11.8
Deposits, money market fund, cash and bank balances	20,297	22,979	+13.2
Loans and borrowings	10,579	14,992	+41.7
Equity attributable to shareholders	118,012	124,099	+5.2
Financial Ratios			
Gross profit margin (%)	31	29	-2
Net profit margin (%)	11	10	-1
Gearing ratio (times) ¹	–	–	–
Net assets per share (sen) ²	74.31	78.17	+5.2
Basic earnings per share (sen) ³	7.72	6.48	-16.1

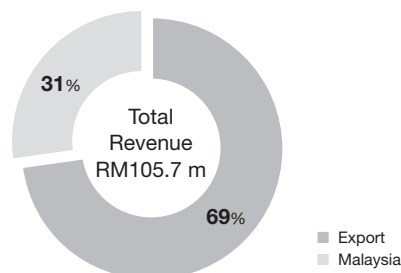
Notes:-

1. Being total group loans and borrowings (net of deposits, cash and bank balances)/ total group equity
2. Based on the enlarged number of shares after the Share Split implemented on 8 June 2017
3. Based on the weighted average number of shares, (i.e. 158,769,897 shares) after the Share Split implemented on 8 June 2017

2.1. Revenue

Our Group's revenue decreased by 3.4% to approximately RM105.7 million in FYE 2019 (FYE 2018: RM109.4 million) mainly due to a contraction in our export sales that was partially cushioned by strong growth in our local sales. Approximately 69% of our revenue is derived from export sales, which are predominantly in US Dollar ("USD").

RM'000	FYE 2018	FYE 2019	YoY %
Export	79,989	72,922	-8.8%
Malaysia	29,396	32,781	+11.5%



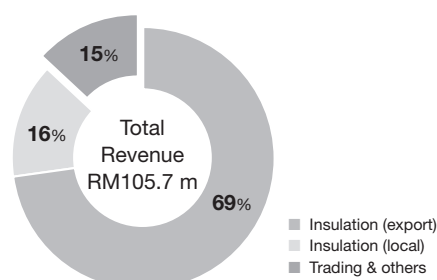
Local revenue accounts for the balance 31% with insulation sales making up 16% and sales from trading activities accounting for about 15%.

Management Discussion and Analysis (Cont'd)

2. GROUP FINANCIAL PERFORMANCE (CONT'D)

2.1. Revenue (Cont'd)

RM'000	FYE 2018	FYE 2019	YoY %
Insulation (export)	79,313	72,089	-9.1%
Insulation (local)	15,738	17,419	+10.7%
Trading & others	14,334	16,195	+13.0%



Export sales moderated to RM72.1 million due to lower export volume as a result of the completion of certain large overseas projects, softer global sentiment, competitive pricing environment and the strengthening of the Malaysian Ringgit against the US Dollar ("Exchange Rate") movement during the financial year. We recognise the importance of diversifying our geographical coverage for the export market so that our revenue is less reliant on any single country or market. Hence, our Group will continuously explore growth opportunities in new markets.

Contribution of Revenue in Malaysia RM'000	FYE 2018	FYE 2019	YoY %
Insulation	15,738	17,419	+10.7%
Trading & others	13,658	15,362	+12.5%
Total revenue	29,396	32,781	+11.5%

Revenue from Malaysia jumped to about RM32.8 million in FYE 2019 (FYE 2018: RM29.4 million) representing a growth of 11.5%. The growth was attributed to increased contribution from both insulation division and trading division. The insulation division revenue achieved RM17.4 million (FYE 2018: RM15.7 million) equating to an increase of 10.7%, mainly due to greater inroads into project sales, higher demand due to the hot weather and the supply to large local projects. Our trading division registered revenue of RM15.4 million (FYE 2018: RM13.7 million), a record growth of 12.5%, driven by the increase in copper products sales which has benefited from SIRIM certification obtained.

2.2. Profits

Our profit before tax ("Pre-tax Profit") decreased to RM14.1 million (FYE 2018: RM15.9 million) mainly due to a combination of a few factors including contraction of our group revenue and erosion of our Group's gross profit margin ("GP Margin").

Our GP Margin contracted to 29% (FYE 2018: 31%). Firstly, this was attributed to changes in our sales mix. Trading sales, which generate a lower margin relative to the insulation sales, contributed a larger percentage of our revenue. Secondly, preparatory, setup and commissioning cost attributed to the factory in Vietnam, which commenced initial production in fourth quarter of FYE 2019, weighed down on our margins. In addition, the factory had not reached its efficient utilisation capacity. Thirdly, the average financial year exchange rate environment was less favourable compared with the previous financial year. Lastly, our export revenue mix had a higher portion insulation sales to lower margin markets during the financial year have also weighed on the margins.

In FYE 2019, our other income increased by 51.5% to RM1.1 million (FYE 2018: RM0.7 million) mainly as a result of the foreign exchange gain of RM0.2 million (FYE 2018: nil) and higher gain on disposal of property, plant and equipment of RM0.4 million (FYE 2018: RM0.05 million).

Our selling and distribution expenses decreased by 1.1% to RM6.8 million (FYE 2018: RM6.9 million) mainly due to lower freight cost as well as marketing related travelling and accommodation expenses. Our administration expenses increase of 3.8% to RM9.5 million (FYE 2018: RM9.1 million) mainly due to higher staff, travelling and related expenses to support of our growth and expansion at the factory in Vietnam.

The Group's other expenses for FYE 2019 declined to RM0.4 million (FYE 2018: RM1.8 million) mainly due to the absence of realised foreign exchange losses (FYE 2018: RM1.5 million).

Management Discussion and Analysis (Cont'd)

3. REVIEW OF OPERATING ACTIVITIES

3.1. Insulation division

Manufacturing of insulation products

The revenue derived from the insulation division declined by 5.9% to RM89.5 million in FYE 2019 (FYE 2018: RM95.1 million), contributing 84.7% of the Group's total revenue. The decrease in our top line was mainly attributable to a contraction of 9.1% in export demand mainly due to the completion of certain large overseas projects, lower export volume contributed by Asian markets resulting from weaker market sentiment and less favourable average foreign exchange rate for the financial year. Local sales registered an increase of 10.7% as a result of supply to large local projects, escalating demand due to the hot weather and greater inroads into project sales.

On the back of a lower insulation revenue, the gross profit from our insulation division came in at RM29.6 million in FYE 2019 (FYE 2018: RM32.4 million), representing a decrease of 8.6% as compared to the last financial year. We recorded a gross profit margin of 31.9% (FYE 2018: 34.1%) for the insulation division mainly due to competitive business conditions for insulation products, changes in the sales mix that encompass a higher proportion of sales to lower margin markets and less favourable average exchange environment for the financial year. During FYE 2019 we experienced higher cost as a result of preparatory, setup and commissioning cost attributed to our factory in Vietnam. In addition, the factory had not reached an efficient utilisation capacity.

We believe the profitability of our insulation division will continue to be driven by volume growth, research and development as well as production efficiency.

Moving forward

Commissioning of the Vietnam Factory in the fourth quarter of FYE 2019 represents a key milestone for Superlon. Our Vietnam factory would enable us to increase our capacity, capabilities as well as support our customers. The factory is in the early stage of operations and is expect to achieve optimal production capacity over time when all necessary production systems and manpower come onstream.

Building on our successes, Superlon plans to increase our production capacity and capabilities by investing in replacement machinery, research and development equipment as well as new machinery to increase insulation production capacity by about 20% by FYE 2022.

ACOUSTEC BY SUPERLON MALAYSIA



Moving forward, Superlon plans to expand the use of our products to non-HVAC applications. In line with this vision, Superlon developed ACOUSTEC, an acoustic foamed rubber which is primarily designed for sound absorbing and vibration dampening. It can be used in HVAC and general industries including automotive applications. We received very encouraging responses from our launch in November 2018. Accordingly, we plan to invest more resources into research and development and production of Acoustec.

We move forward with cautious optimism as we are cognisant of the challenges faced by us, including volatile exchange rates, fluctuating raw material prices, trade tensions and geopolitical issues in Asia. The uncertainties emanating from the geopolitical issues encourage us to maintain a healthy financial position to weather economic changes and develop our local market and new markets outside Asia that would in the longer term enable us to diversify our revenue base.

Management Discussion and Analysis (Cont'd)

3. REVIEW OF OPERATING ACTIVITIES (CONT'D)

3.2. Trading division

Trading division primarily sells parts and equipment for the HVAC&R market and represents a focus area for Superlon to expand our topline.

Revenue derived from trading division increased by 13.0% to RM16.2 million in FYE 2019 (FYE 2018: RM14.3 million), amounting to 15% of the Group's total revenue. We registered gross profit of trading division of about RM1.0 million (FYE 2018: RM1.0 million). The growth in revenue was mainly attributable to higher copper tube sales, which received SIRIM certification.

4. FINANCIAL POSITION

4.1. Inventories

Our inventories increased to RM23.2 million (FYE 2018: RM21.5 million) representing an increase of 7.9% as compared to last financial year. The increase in inventories was mainly attributed to the increase in finished goods inventories in line with our plans to utilise our warehouse to enable us to respond to customer orders in a timelier manner with available stocks. Our trading stocks also increased to support our plans to expand our trading division.

4.2. Deposits, money market fund, cash and bank balances

Deposits, money market fund, cash and bank balances of our Group as at 30 April 2019 amounted to RM23.0 million (FYE 2018: RM20.3 million), representing a 13.2% increase as compared to last financial year. We continue to be prudent in maintaining sufficient cash balances for working capital requirement, funding committed credit facilities and dividend payout.

4.3. Loans and borrowings

Loans and borrowings of our Group increased to RM15.0 million (FYE 2018: RM10.6 million). During FYE 2019, loans and borrowings increased by about RM4.4 million mainly to support working capital requirements as internal funds were invested to set up the Vietnam Factory. Our financial position remains strong as the Group remains in a net cash position.

4.4. Dividends

The Board of Directors, having considered the plans and needs of the company, has in place a dividend policy targeting a payout ratio of at least 30% of its audited consolidated profit after taxation attributable to shareholders for each financial year, after excluding non-operating income that is capital in nature. Taking effect from the financial year ended 30 April 2018, it reflects the Board's intention to allow shareholders to participate in the profits of Superlon whilst retaining sufficient reserves for future growth.

The Company had in July 2018 paid a first interim tax-exempt single-tier dividend of 0.75 sen per share. A second interim tax-exempt single-tier dividend of 1.15 sen per ordinary share was paid in January 2019. In April 2019, the Company had further paid a third interim tax-exempt single-tier dividend of 1.15 sen per share for the FYE 2019.

The total single-tier dividend of 3.05 sen per ordinary share declared and paid for FYE 2019, although lower than last year's total dividend of 3.5 sen per ordinary share (taking into consideration the Share Split implemented on 8 June 2017), representing a total dividend payout ratio of approximately 47.1% (FYE 2018: 45.3%) of our Group's net profit.

The Company is not recommending any final dividend payment for FYE 2019.

Management Discussion and Analysis (Cont'd)

5. OUTLOOK AND PROSPECTS

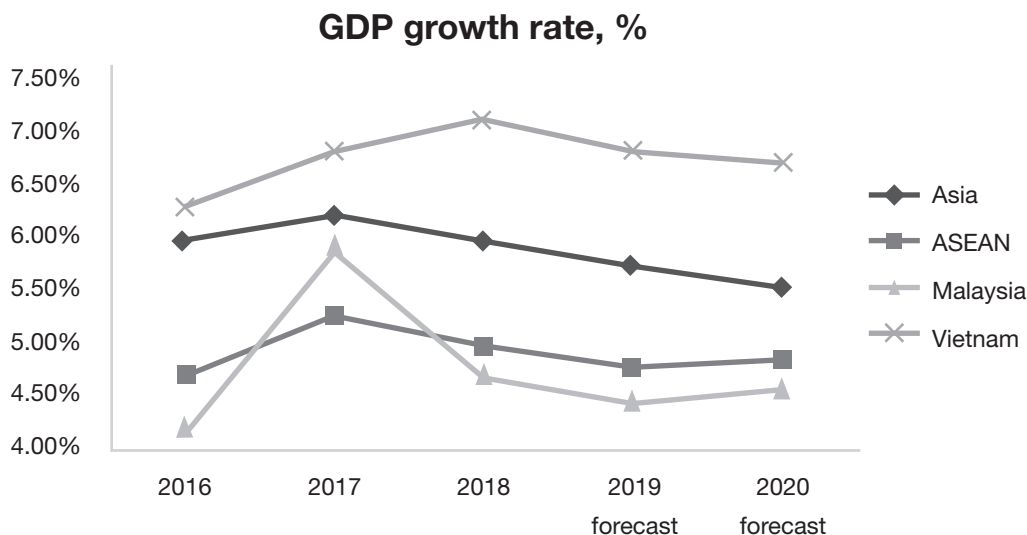
5.1. Global economy and industry trends

In October 2018, the International Monetary Fund revised global growth for 2018 downward from 3.9% to 3.7% as a result of the escalation of trade conflicts, renewed volatility in commodity prices and central banks in advanced economies recalibrated their monetary policies during the year. The Malaysian economy recorded a respectable growth of 4.7% in 2018, demonstrating considerable resilience in the face of multiple headwinds including major policy and political shifts arising partly from the global trade tensions, the historic change of government in Malaysia and the unanticipated supply disruptions in the commodity sectors. Bank Negara Malaysia projected that manufacturing sector in Malaysia to register a growth of 4.8% in 2019. (Source : Bank Negara Malaysia Annual Report 2018)

The Malaysian economy grew by 4.5% in the first quarter of 2019 (4Q 2018: 4.7%), driven mainly by the expansion in domestic demand. Growth in the manufacturing sector moderated, mainly driven by the slowdown in the electronics and electrical (E&E) and primary-related clusters. Natural rubber production improved as higher rubber prices spurred more tapping activities during the quarter. The construction sector registered lower growth reflecting slower activities in the non-residential, civil engineering and special trade subsectors. (Source : Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2019)

Foreign exchange rates movement during the financial year remains volatile with the USD to MYR trading between a low of RM3.92 to a high of RM4.20. Superlon retains sufficient amount of cash denominated in USD to meet our working capital requirements. The approach provides us a natural hedge whilst facilitating our import of raw materials, which are also USD-denominated.

5.2. Staying focused on Asian markets



Source : Asian Development Bank

Growth in Asia is envisaged softening to 5.7% in 2019 and 5.6% in 2020 on the ground that countries in Asia excluding those newly industrialised economies seem to be on a path of moderating growth due to the recovery in global trade and economic activity that began in 2017 loses steam. Nevertheless, financial conditions in Asia have been improving since the tightening in 2018 and the steady growth of Association of Southeast Asian Nations ("ASEAN") is expected to buck the trend of slowing growth in Asia. (Source : Asian Development Outlook 2019, Asian Development Bank). Superlon takes cognisance of the moderating growth in Asia and will continue to develop markets in other regions and seek out new applications for our products.

Management Discussion and Analysis (Cont'd)

5. OUTLOOK AND PROSPECTS (CONT'D)

5.2. Staying focused on Asian markets (Cont'd)

ASEAN is expected to maintain its growth rate of approximately 5% in both 2019 and 2020. Economic growth forecast for Malaysia of 4.5% in 2019 and 4.7% in 2020 reflect the fact that Malaysia's export-led growth model has succeeded in establishing a strong manufacturing base, and its investment climate will continue to be one of the most attractive in Asia. With an expected decline in the global economy growth and world trade, growth in Vietnam is projected to moderate but will remain strong at 6.8% in 2019 and 6.7% in 2020. Manufacturing and construction sectors will likely to maintain solid expansion in Vietnam despite an anticipated sectors slowdown. Underpinned by export-oriented manufacturing, foreign direct investment and sustainable domestic demand, GDP growth of Vietnam is projected to outperform Asia's GDP growth of 5.7% in 2019. (Source : Asian Development Outlook 2019, Asian Development Bank). With factories located in Malaysia and Vietnam, we are strategically placed to benefit from growth emanating from the ASEAN and Vietnam markets.

Profile of Directors

CHUN KWONG PONG

Non-Independent Non-Executive Chairman

Chun Kwong Pong, male, a Malaysian aged 47, was appointed to the Board on 24 October 2007 and was re-designated as Non-Independent Non-Executive Chairman on 12 July 2019.

He graduated from Monash University, Australia in 1993 with a Bachelor of Business (Accounting) and is a Chartered Accountant registered with the Malaysian Institute of Accountants and a Certified Practising Accountant under CPA Australia. He is currently a Director of cfSolutions Sdn Bhd, a corporate finance advisory company licensed under the Capital Market and Services Act, 2007.

He was formerly with a property development company listed on the Main Market of Bursa Malaysia Securities Berhad from 2000 to 2005 and last held the position of General Manager, Corporate Planning. From 1997 to 2000, he worked with AmlInvestment Bank Berhad's Corporate Finance Department where he handled flotations, restructurings, fund raising as well as mergers and acquisitions. Prior to that, he was with Ernst & Young where he has audited companies from a spectrum of industries.

Chun Kwong Pong does not hold any directorship in any other public companies.

He does not have any family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has not been convicted of any offences within the past 5 years and has not been imposed any publicly sanctions or penalty by the relevant regulatory bodies during the financial year. The interests of directors in the Company is disclosed in Directors' Shareholdings on page 118 of this Annual Report.

LIU LEE, HSIU-LIN @ JESSICA H. LIU

Managing Director and Chief Executive Officer

Jessica H. Liu, female, a Taiwanese & Australian aged 62, was appointed to the Board on 31 January 2007. She graduated from Ming Chuan Commercial and Management College, a local college in Taiwan with a Secretarial Science and Management degree qualification in 1978.

In 1983, she co-founded TransAsia Rubber Industrial Co Ltd, a Taiwanese company principally involved in the manufacturing of rubber thermal insulation products and she was a Director and shareholder of the company from 1983 to 1997. In 1992, she founded Villa Mutiara Sdn Bhd manufacturing rubber insulation and the company's name was subsequently changed to Superlon Worldwide Sdn Bhd.

Jessica H. Liu has more than 36 years' working experience in the rubber thermal insulation industry and has to date accumulated in-depth knowledge in management skills and the business of the thermal insulation industry.

She does not hold any directorships in any other public companies.

Apart from her sons Liu Han-Chao and Liu Jeremy, who are also the Executive Directors of the Company, she does not have any family relationship with any of the Directors and/or major shareholders of the Company. She is a major shareholder of the Company. She has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. She has not been convicted of any offences within the past 5 years and has not been imposed any publicly sanctions or penalty by the relevant regulatory bodies during the financial year. The interests of directors in the Company is disclosed in Directors' Shareholdings on page 118 of this Annual Report.

Profile of Directors (Cont'd)

LIU HAN-CHAO

Executive Director

Liu Han-Chao, male, an Australian aged 37, was appointed to the Board on 6 November 2007. He graduated with a Diploma in Business major in Marketing and a Bachelor of Business degree with double major in Management and Marketing from Queensland University of Technology, Australia in 2005. He joined the Superlon group in November 2005 as Sales and Marketing Manager of Superlon Worldwide Sdn Bhd. He was subsequently appointed to the position of Senior Manager in January 2007.

Currently, Liu Han-Chao is the head of the Marketing Department where he is responsible for formulating marketing and business strategies for new markets, implementing marketing and business strategies and developing marketing programmes to measure and forecast market demand within the Superlon group.

Liu Han-Chao does not hold any directorship in any other public companies.

Apart from his mother, Liu Lee, Hsiu-Lin @ Jessica H. Liu and his brother, Liu Jeremy, who are Directors and major shareholders of the Company, he does not have any other family relationship with any of the Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has not been convicted of any offences within the past 5 years and has not been imposed any publicly sanctions or penalty by the relevant regulatory bodies during the financial year. The interests of directors in the Company is disclosed in Directors' Shareholdings on page 118 of this Annual Report.

LIU JEREMY

Executive Director

Liu Jeremy, male, an Australian aged 33, was appointed to the Board on 15 December 2017. He graduated with a Bachelor of Business degree and a Master degree in Business from Queensland University of Technology, Australia in 2009.

After graduating in 2009, Liu Jeremy worked in the Group since February 2010 as Assistant Research and Development Manager. He was promoted to Production Development and Technical Manager to oversee the production development and technical areas in 2014. Since January 2015, he was appointed as the Division Director and now oversees the production development and technical matters, factory management as well as product research and development.

Liu Jeremy does not hold any directorship in any other public companies.

Apart from his mother, Liu Lee, Hsiu-Lin @ Jessica H. Liu and his brother, Liu Han-Chao who are Directors and major shareholders of the company, he does not have any other family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has not been convicted of any offences within the past 5 years and has not been imposed any publicly sanctions or penalty by the relevant regulatory bodies during the financial year. The interests of directors in the Company is disclosed in Directors' Shareholdings on page 118 of this Annual Report.

Profile of Directors (Cont'd)

ONGI CHENG SAN

Executive Director

Ongi Cheng San, male, a Malaysian aged 48, was appointed to the Board on 25 March 2010. He is a member of the Association of Chartered Certified Accountants, UK and a Chartered Accountant registered with the Malaysian Institute of Accountants.

Ongi Cheng San has over 26 years of working experience in finance and accounting. He was appointed as Accountant in Superlon Worldwide Sdn Bhd in June 2003 and prior to his appointment as Executive Director, he was the Chief Accountant who is responsible for corporate, finance, accounting, secretarial, taxation and audit matters of the Group.

Prior to joining the Group, he has been working for listed and unlisted companies involved in automotive parts, securities trading and construction.

Ongi Cheng San does not hold any other directorship in any public companies.

He does not have any family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has not been convicted of any offences within the past 5 years and has not been imposed any publicly sanctions or penalty by the relevant regulatory bodies during the financial year. The interests of directors in the Company is disclosed in Directors' Shareholdings on page 118 of this Annual Report.

LIM WAI LOONG

Independent Non-Executive Director

Lim Wai Loong, male, a Malaysian aged 43, was appointed to the Board on 15 December 2017. Lim Wai Loong graduated from Tunku Abdul Rahman University College, Malaysia in 2000 with an Advanced Diploma in Mechanical and Manufacturing Engineering. Subsequently, he graduated from University of Warwick, United Kingdom in 2002 with a MSc Degree in Manufacturing Systems Engineering. He is a Certified Financial Planner registered with the Malaysian Financial Planning Council.

Currently, he is a certified agency trainer at Prudential Assurance Malaysia Berhad and the Principal Consultant of QAS The Talent House, an insurance and financial planning advisory firm owned by him. He has more than 18 years of experience working in the insurance and financial planning sector. Prior to that, he worked as Business Development Manager at Lotus Engineering Malaysia from 2002 to 2006 and involved in international business development of automotive segment. Subsequently, he joined Frost & Sullivan Management Consultancy as Key Account Manager from 2006 to 2008 and handled the management of automotive business projects for international clients.

Lim Wai Loong does not hold any directorships in any other public companies.

He does not have any family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has not been convicted of any offences within the past 5 years and has not been imposed any publicly sanctions or penalty by the relevant regulatory bodies during the financial year. The interests of directors in the Company is disclosed in Directors' Shareholdings on page 118 of this Annual Report.

Profile of Directors (Cont'd)

LIN, PO-CHIH

Independent Non-Executive Director

Lin, Po-Chih, male, a Taiwanese aged 41, was appointed to the Board on 15 December 2017. Lin, Po-Chih graduated with a degree in Mass Communication and a Master degree in Mass Communication from University of Central Missouri, United States in 2003. Currently, he is a director of Hua Tien Propagation Technology Sdn Bhd and Chao Fu Marketing Sdn Bhd since 2008 and 2010 respectively.

He joined Malton Berhad from 2003 to 2008. He worked as Corporate Affairs Executive in 2003 and was subsequently appointed as Consultant for a company within the group of companies in 2005. After 5 years of employment with Malton Berhad, he was appointed as Vice President of Dazun Paper Industrial Co. Sdn Bhd in 2008 and was responsible for the business functions including accounting, finance, production, sales and information technology until 2017. In 2016, he took charge of the merger and acquisition undertaken by the company.

Lin, Po-Chih does not hold any directorship in any other public companies.

He does not have any family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has not been convicted of any offences within the past 5 years and has not been imposed any publicly sanctions or penalty by the relevant regulatory bodies during the financial year. The interests of directors in the Company is disclosed in Directors' Shareholdings on page 118 of this Annual Report.

CHEE CHUNG YEN

Independent Non-Executive Director

Chee Chung Yen, female, a Malaysian aged 45, was appointed to the Board on 12 July 2019. She is a Fellow of the Association of Chartered Certified Accountants, UK and a Chartered Accountant registered with the Malaysian Institute of Accountants. She graduated with a Bachelor of Arts in Accountancy and Finance degree from Heriot-Watt University, UK in 1993 and a Master degree in Business Administration from The University of Hull, UK in 2000.

Chee Chung Yen has more than 20 years of business experience including accounting, finance, human resources, marketing and operations. She joined Bacteria Free Water Filters (M) Sdn. Bhd. from 1994 to 1996, where she worked as an Accounts Officer. Ms Chee subsequently joined Ernst & Young from 1996 to 1998. During her tenure with Ernst & Young, she practiced in the areas of audit and accounting. She subsequently rejoined the Bacfree Group of Companies in November 1998. Ms Chee currently sits on the Board of Directors of the Bacfree Group of Companies and holds the position of General Manager.

Chee Chung Yen does not hold any directorship in any other public companies.

She does not have any family relationship with any of the other Directors and/or major shareholders of the Company. She has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. She has not been convicted of any offences within the past 5 years and has not been imposed any publicly sanctions or penalty by the relevant regulatory bodies during the financial year. The interests of directors in the Company is disclosed in Directors' Shareholdings on page 118 of this Annual Report.

Profile of Selected Key Management

Mr Liu Han-Chao, Mr Ongi Cheng San and Mr Liu Jeremy are also the key senior management of the Superlon Group. In addition, the profile of other key senior management during the FYE 2019 are as follows:-

JOANNA, CHUANG PI JU

Executive Assistant to Managing Director

Joanna Chuang Pi Ju, a female Taiwanese aged 41, is the Executive Assistant to Managing Director for Superlon Worldwide Sdn Bhd. She obtained a Master in Business Administration from University of Central Oklahoma in 2004.

Joanna worked for three years as Senior Financial Executive in another company before joining the Superlon Group as Logistics and Shipping Executive in February 2009. She was promoted to Marketing Manager to handle sales and export matters and maintaining customer relationship. In January 2015, she was appointed as the Executive Assistance to Managing Director. She now assists the Managing Director in overseeing the operations and handling human resources and administrative matters.

Joanna does not hold any directorship in any other public companies.

She does not have any family relationship with any of the other Directors and/or major shareholders of the Company. She has no material conflict of interest with the Group other than which has been disclosed to the Board of Directors. She has not been convicted of any offense within the past 5 years and has not been imposed any publicly sanctions or penalties by the relevant regulatory bodies during the financial year. She does not have any interest in the shares of the Company and its related corporations.

FU SHIH-KANG

Production Manager

Fu Shih-Kang, a male Taiwanese aged 39, is Production Manager for Superlon Worldwide Sdn Bhd. He holds a Bachelor's degree from Yuanpei University of Medical Technology.

Fu Shih-Kang worked in a chemical manufacturing company in Taiwan for three years until 2010 as Chemical Engineer & Formulation Manager. He joined the Superlon Group as Assistant Research & Development ("R&D") Manager. He was promoted to R&D Manager to oversee the production development and product research and development. In January 2015, he was appointed as Production Manager. He now oversees the factory management, production as well as product research and development.

Fu Shih-Kang does not hold any directorship in any other public companies.

He does not have any family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than which has been disclosed to the Board of Directors. He has not been convicted of any offense within the past 5 years and has not been imposed any publicly sanctions or penalties by the relevant regulatory bodies during the financial year. He does not have any interest in the shares of the Company and its related corporations.

Corporate Governance Overview Statement

INTRODUCTION

The Board upholds a high regard for good corporate governance in carrying its duty to oversee the management of the Company. This statement will provide an overview of the corporate governance practices of the Company under the guidance of the Board during the FYE 2019. The Audit Committee monitors the Company's compliance with the MCCG and notes that the Company has moved towards full compliance by another four (4) new compliances this year. Whilst full compliance is ideal, the Audit Committee takes cognisance in certain recommendations which may not be practicable for the Company. Further discussion on these are in the ensuing paragraphs.

This overview is made in compliance with Paragraph 15.25(1) of the LR with guidance drawn from Practice Note 9 of the LR and Malaysian Code on Corporate Governance (MCCG). It should be viewed with the CG Report 2019 that is available on Superlon's website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is committed to practising good corporate governance to steer the Superlon Group towards enhancing business value and long term value for its stakeholders as the underlying principle in discharging its responsibilities. The Board sets the strategic direction of the Group, establishes mission and visions for the management and continuously monitors its performance so as to protect and enhance shareholders' value. The Board is responsible for the preparation of the Company's and Group's financial statements in accordance with the provisions of the Act and the applicable approved accounting standards in Malaysia, overall strategic planning, risk management, system of internal controls, succession planning, investor relations programme as well as the corporate governance within the Group.

The Chairman of the Board sets the tone at the top, where he is mainly responsible for the overseeing and leadership of the Board in the effective discharge of its supervisory role of the Superlon Group. Mr Lim E @ Lim Hoon Nam was the Chairman of the Company until 12 July 2019. Following the review of credentials, qualification, experience, familiarity with the industry in which the Company is specialised as well as contribution of Mr Chun Kwong Pong, the Board approved to redesignate Mr Chun Kwong Pong as the Non-Independent Non-Executive Chairman of the Company. Mr Chun Kwong Pong was redesignated to the Chairman of the Company on 12 July 2019. There is a clear and distinction of roles and responsibilities between the Chairman and the Managing Director. The Board delegates some of its authorities and discretion to the Managing Director cum CEO, Executive Directors and management as well as the Board Committees.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Responsibilities (Cont'd)

Every Director is given an agenda with the relevant and timely information to be deliberated on five (5) business days prior to Board meetings. Minutes for every Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meeting. All Directors have unrestricted access to the advice of the company secretaries and external auditors in the furtherance of their duties. The Board evaluates and assesses the training needs of each Director and the Directors attended various relevant training programmes, seminars, trades shows organised by the relevant regulatory and professional bodies during the financial year to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment, as follows:-

Name of Directors	Course title/Organiser
Chun Kwong Pong	FinTech and Its Impact to Capital Markets; Deep Dive into CG Cases in Malaysia: "What Went Wrong" and "What Could Be Done Better"
Liu Lee, Hsiu-Lin @ Jessica H. Liu	HVACR Vietnam 2019; Automechanika KL 2019; China Refrigeration 2019
Liu Han-Chao	ARBS Australia 2018; KLCC REVAC 2018; KL International Motor Show 2018; Dubai Big 5 2018; India Acrex 2019; Automechanika KL 2019; Vietnam HVACR 2019
Liu Jeremy	KLCC REVAC 2018; Automechanika KL 2019
Ongi Cheng San	Effect of Changes in Foreign Exchange Rates and Consolidation of Foreign Subsidiaries; The Twelfth Corporate and Tax Summit
Lim Wai Loong	KL International Motor Show 2018; Anti Money Laundering; Anti Bribery and Corruption
Lin, Po-Chih	KL International Motor Show 2018
Chee Chung Yen (Appointed on 12.7.2019)	Not applicable. Ms Chee Chung Yen was appointed subsequent to FYE2019.
Lim E @ Lim Hoon Nam (Resigned on 12.7.2019)	2019 Budget Seminar; National Tax Conference 2018; Income Tax Amnesty for Undisclosed Income-The Special Voluntary Disclosure Programme; Biological Assets: Points of Interest (MFRS 141 and MPERS S34)
Lim Wee Keong (Resigned on 12.7.2019)	Archidex; International Greentech & Eco Products Exhibition; Metaltech; Singapore International Water Week

Board meetings are scheduled quarterly with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of five (5) times. The attendance of the Directors who held office during the financial year is set out below:-

Name of Directors	Attendance at meetings
Chun Kwong Pong	5/5
Liu Lee, Hsiu Lin @ Jessica H. Liu	5/5
Liu Han-Chao	5/5
Liu Jeremy	5/5
Ongi Cheng San	5/5
Lim Wai Loong	4/5
Lin, Po-Chih	5/5
Chee Chung Yen (appointed on 12.7.2019)	-
Lim E @ Lim Hoon Nam (resigned on 12.7.2019)	5/5
Lim Wee Keong (resigned on 12.7.2019)	5/5

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Responsibilities (Cont'd)

The Board Charter sets out the governance structure, authority and terms of reference of the Board and its committees and the management. The Board Charter is reviewed from time to time and can be found on the Company's website.

To assist the Board in fulfilling its roles, the board has three (3) committees, namely Audit Committee, Nomination Committee and Remuneration Committee, to support and assist in discharging its fiduciary duties and responsibilities. The respective functions and terms of reference and authority of the board committees have been defined by the Board. The committees report and make recommendations to the Board on matters delegated to them for deliberation. The ultimate responsibility for the final decisions on all matters lies with the Board. As and when necessary, the Board conducts a review of the delegation of responsibilities for the Company to adapt dynamically to the changing circumstances.

The Company Secretaries attend and ensure that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company. The Board relies on the Company Secretaries for advice on its roles and responsibilities, corporate disclosures, compliance on and updates on new regulations issued by the regulatory authorities, particularly on the Act, the LR and the MCGG.

The Code of Conduct is set by the Company to provide employees of Superlon with guidance on the standards of behaviour expected of them in performing their duties of employment and in their dealings with fellow employees, clients, suppliers and member of the community. A Feedback Channel guidance is detailed in the Code of Conduct, intended to be used for employees to raise serious and sensitive concerns, including those relating to financial reporting, unethical or illegal conduct.

2. Board Composition

Currently, three (3) out of eight (8) directors representing approximately 38% on our Board are Independent Directors. The Board has decided that there is a good balance of members who are executive, non-executive and independent directors such that no one individual or a small group of individuals can dominate the Board's decision-making process. Material audit, risk management, remuneration and nomination matters are tabled for the approval of pertinent Board Committees comprising all or majority of Independent Directors, which act as the first tier to consider those matters prior to making recommendation for Board's approval.

Currently, none of the Independent Directors have served the Board beyond nine (9) years. For the time being, the Board does not limit the tenure of the Independent Directors. In the event any Independent Directors are proposed by the Board to be retained after nine (9) years, the Board shall seek the shareholders' approval with justification to be provided. The Nomination Committee has assessed the independence of all Independent Non-Executive Directors during FYE 2019. The Nomination Committee and the Board are of the view that the Independent Directors have been discharging their responsibilities independently of management and major shareholders.

All new Director(s) duly appointed by the Board are subsequently recommended for re-election at the next AGM. All Directors retire from office at least once every three (3) years but are eligible for re-election. All new Directors attend the mandatory programme by Bursa Securities to familiarise themselves with the additional requirements for a listed company. The Company has a transparent and formal procedure for the appointment of new directors to the Board.

In view that Superlon consists of a lean management team and the principal activities are in a specialised industry, no pre-fixed criteria for recruitment is viewed necessary to be established. This creates flexibility for the Nomination Committee to seek different candidates who would have the skill matrix to support the long term strategic direction and needs of the Company. The Nomination Committee evaluates the qualification and experience of the candidates vis-a-vis the Company's requirements and where appropriate recommends to the Board for appointment. Due consideration is given to the Board mix, the experience, expertise and personal qualities of the candidates as well as the gender diversity policy. The Company practices equal employment opportunity, where there is no discrimination when it comes to employing suitable candidates to join the company.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

Part of the objectives and responsibilities of the Nomination Committee is to formulate the nomination, selection and succession policies for the members of the Board, Board Committees, Chairman of the Board and key management as may be required from time to time, taking into consideration the Gender Diversity Policy encouraged by Bursa Securities. The current Board consists of two (2) females, who are the Company's Managing Director and one (1) of our Independent Directors which amounts to 25% female representation. In addition, female participation of more than 50% is evidenced in the office workforce. The Nomination Committee will advocate the Company's policy in identifying and recruiting the best qualified candidates including women candidates via equal opportunities to serve on its Board and key management in the event of recruitment. The Nomination Committee is chaired by Mr Lin, Po-Chih. The Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom is independent.

The Nomination Committee evaluates the nominations by the members of the Board, management and various other sources. The Committee also makes recommendations to the Board on new candidates for appointment and re-election to the Board. In view of our specialised industry, the Board has in the past found suitable candidates for Executive Directorships from within the company. The Board currently does not utilise open advertisements and independent search firms in nominating candidates for directorships but will do so if necessary. If an Independent Director of the Board resigns, dies or for any other reason ceases to be a member of the Board with the result that less than 1/3 of the Board are Independent Directors, the Nomination Committee shall within three (3) months appoint such number of new Independent Directors as may be required to make up the shortfall.

The Nomination Committee has reviewed the performance of the Board based on performance evaluations conducted by the Board collectively during the financial year which assessed various areas including board composition, strategy, board meeting attendance, corporate/management reporting, human capital, risk management and investor relations, and was of the view that the Board and Board Committees have discharged their responsibilities effectively. The Nomination Committee had also discussed and recommended the changes in Board composition, the appointment of new Independent Directors, retiring Directors eligible for re-election, continuing independence of Independent Directors and continuing education programmes was undertaken.

Remuneration

The remuneration of the Executive Directors is recommended to the Board by the Remuneration Committee so as to attract, retain, motivate and incentivise Directors of the necessary calibre needed to lead the Superlon Group successfully.

For Executive Directors, the component parts of the remuneration are structured so as to incentivise the individual according to the performance of the Group. The Remuneration Committee is to recommend to the Board the framework and remuneration package for each Executive Director. The Remuneration Committee meets periodically to consider all aspects of the Executive Directors' performance for recommendation of remuneration, drawing external advice when necessary.

In the case of Non-Executive Directors, the level of remuneration is based on their level of responsibilities. The determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman, is decided by the Board as a whole.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Remuneration (Cont'd)

The respective Directors abstained from discussing and deliberating on their own remunerations and Directors' fees. Director's fees are subject to shareholders' approval at the AGM. The breakdown of the remuneration of each individual Director of the Company for the financial year under review is provided below:-

	SHB		SHB Group			
	Directors' salaries, bonuses and allowances RM	Directors' fees RM	Directors' salaries, bonuses and allowances RM	Employee Provident Fund RM	Directors' fees RM	Benefits in kind RM
<u>Executive Director</u>						
Liu Lee, Hsiu-Lin @ Jessica H. Liu	5,000	–	825,063	138,788	–	25,000
Liu Han-Chao	3,750	–	568,213	90,164	–	21,250
Liu Jeremy	3,750	–	529,813	82,866	–	5,000
Ongi Cheng San	3,750	–	457,813	69,187	–	2,500
<u>Non-Executive Director</u>						
Chun Kwong Pong	3,750	42,000	3,750	–	42,000	–
Lim Wai Loong	3,000	42,000	3,000	–	42,000	–
Lin, Po-Chih	3,750	42,000	3,750	–	42,000	–
Chee Chung Yen (Appointed on 12.7.2019)	–	–	–	–	–	–
Lim E @ Lim Hoon Nam (Resigned on 12.7.2019)	5,000	54,000	5,000	–	54,000	–
Lim Wee Keong (Resigned on 12.7.2019)	3,750	42,000	3,750	–	42,000	–

The aggregate remuneration of the top five (5) senior management of the Group is not disclosed on the Company's Annual Report taking into consideration the highly competitive industry in which the Group is operating. For purposes of shareholders' analysis, the total salaries in the Group analysed by category is disclosed in the Annual Audited Accounts. The disclosure of the employees' salaries of the Group in the audited accounts allows stakeholders to make an appreciable link between the remuneration and the performance of the Group. The Board believes that the disclosure contained in the Annual Audited Accounts would be sufficient to provide pertinent insights to shareholders on whether they are being remunerated responsibly.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Chairman of the Board is Mr Chun Kwong Pong while the Chairman of the Audit Committee is Ms Chee Chung Yen. The Audit Committee assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal controls of the Group. Audit Committee members have from time to time attended various relevant training programmes, seminars and trades shows organised by relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment.

The Terms of Reference of Audit Committee has incorporated a policy which requires former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. In addition, to date no former key audit partner has been appointed as a member of the Audit Committee and there are no impending plans to appoint former auditors as a Director of the company.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

1. Audit Committee (Cont'd)

The audit fees paid by the Group for the FYE 2019 are detailed in Note 25 in the Financial Statements. No non-audit fees were paid to the external auditors by the Group in respect of the FYE 2019 save for the fees of RM5,000 for the review of the Statement on Risk Management and Internal Control contained in the Annual Report 2018. The Audit Committee is satisfied that the provision of these services did not compromise the external auditors' independence and objectivity. The External Auditors have also provided a written confirmation confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

The Audit Committee has unrestricted access to any information pertaining to the Company and has direct communication channels with the external and internal auditors, when applicable and to the senior management of the Group.

The Audit Committee comprises of all Independent Non-Executive Directors. All members of the Committee possess a wide range of necessary skills to discharge its duties, and are financially literate to carry out their duties. The Chairman of the Audit Committee, Ms Chee Chung Yen is a member of the Malaysian Institute of Accountants or otherwise a person approved under Paragraph 15.09 (1)(c)(ii) or (iii) of the LR and Practice Note No 13 of the LR. Mr Lim Wai Loong, a member of the Audit Committee, is a Certified Financial Planner.

The duties and responsibilities of the Audit Committee pertinent to the suitability, objectivity and independence of the external auditors are as follows:-

- To consider and recommend the nomination and appointment of the external auditors, the audit fees, the query of resignation or dismissal and any other related matters;
- To oversee all matters pertaining to audit including the review of the audit plan and audit report with the external auditors;
- To review the financial statements of the Company/Group, and to discuss problems and reservations arising from the interim and final results, and any matters that the external auditors may wish to discuss (in the absence of the management, where necessary);
- The Chairman of the Audit Committee, to engage on a continuous basis with senior management, such as the Managing Director, the Finance Director, the external auditors as well as the internal auditors in order to be kept informed of matters affecting the Company.

2. Risk Management and Internal Control Framework

The Board regards risk management as an integral part of the business operations and has approved the framework adopted by the Group to manage its risks. The Group implements an on-going process of identifying, evaluating, monitoring and managing significant risks that may affect the Group in achieving its business objectives throughout the financial year under review. This process is periodically reviewed by the Internal Auditors and the Audit Committee and areas requiring improvement are highlighted for improvement where necessary.

The Board recognises that the system is designed to manage within an acceptable risk profile, rather than eliminate the risk of failure to achieve the business objectives of the Group. Therefore, the internal controls can only provide reasonable and not absolute assurance against the occurrence of any material loss or failure. The Group will continue to take appropriate measures to strengthen the internal control environment and processes through an optimal balance between control costs and benefits.

The Group has outsourced its internal audit function to an independent consulting firm, i.e. Matrix Corporate Consultancy Sdn Bhd which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The internal audit firm consists of one or more professional internal auditors. The internal audit personnel are free from any relationships or conflicts of interest, which could potentially impair their objectivity and independence. The Internal Audit practices adopted by the internal auditors conform with the International Standards for the Professional Practice of Internal Auditing.

The Board had received assurance from the Managing Director and the Finance Director that, to the best of their knowledge, the Group's risk management and internal control system is operating adequately and effectively in line with the Group's objectives, in all material aspects. The Risk Management overview is covered by the Audit Committee which comprises of Independent Directors.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

The Board acknowledges the importance of an effective, transparent and regular communication with its stakeholders. As a public listed company, the Company has put in place procedures to abide by the corporate disclosure requirements of material information as set out by Bursa Securities. The Board members are kept informed of material matters which require public disclosures and they approve the announcement of material matters prior to public disclosure. The Board is mindful that material information is to be announced timely and that confidential information should be sensitively handled to avoid leakages leading to improper use of such information. In such circumstance, the Company will also closely monitor the market activity of its securities during a period where information is withheld. Where it is believed that such information has inevitably been leaked, immediate announcement will be made.

Superlon's website consists of the relevant corporation information including the board charter, annual report, etc. Shareholders and investors are also kept informed of all major developments within the Group by way of announcements via the BURSA LINK. The Company also engages with fund managers and analysts from time to time.

2. Conduct of General Meetings

The notice for the upcoming AGM of the Group in 2019 was distributed to the shareholders together with the Annual Report on 22 August 2019, giving at least 28 days' notice prior to the AGM. All Directors were present at the last AGM to engage directly with and be accountable to the shareholders for their stewardship of the Company. The Directors, all other committee members, and external auditors were in attendance to respond to the shareholders' queries. The AGM (and any other general meetings) also serves as a forum for the Board to engage with the shareholders personally to obtain their views and feedback.

The Group held its General Meetings in Klang, Selangor where the location is accessible. Shareholders who drive have access to free parking as well. Shareholders who are unable to attend the AGM in person can authorise another person as their proxy/proxies to cast votes on his/her behalf.

This Corporate Governance Overview Statement was approved by the Board on 9 August 2019.

ADDITIONAL COMPLIANCE INFORMATION

Disclosure of related party transactions

The Group has taken all necessary steps to ensure that transactions which were deemed to be related party transactions were appropriately disclosed in accordance with the LR and good corporate governance.

Utilisation of proceeds

No fundraising was made from the equity market in the financial year under review.

Variation in results

No profit forecast was made for the financial year under review.

Profit guarantee

No profit guarantee was given for the financial year.

Material contracts and Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

Save as disclosed in Note 33 of the financial statements for the financial year under review, there were no contracts or RRPT involving the interest of the Directors and/or major shareholders of the Company.

Audit Committee Statement

1. OBJECTIVE

The objective of the Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to the internal control, corporate accounting and reporting practices of the Superlon Group. The Audit Committee will endeavour to maintain appropriate standards of responsibility, integrity and accountability to the stakeholders of the Company.

2. COMPOSITION

The Audit Committee is appointed by the Board from amongst its Directors and consists of not fewer than three (3) Directors, all of whom are Non-Executive and Independent Directors. The Audit Committee members are:-

Name	Directorship	Designation in Audit Committee
Chee Chung Yen (<i>Appointed on 12.7.2019</i>)	Independent	Chairman
Lim Wai Loong	Independent	Member
Lin, Po-Chih	Independent	Member
Lim Wee Keong (<i>Resigned on 12.7.2019</i>)	Independent	Chairman
Lim E @ Lim Hoon Nam (<i>Resigned on 12.7.2019</i>)	Independent	Member

The Chairman of the Audit Committee, Ms Chee Chung Yen, is a graduate from Heriot-Watt University, UK with a Bachelor of Arts in Accountancy and Finance degree and a graduate from The University of Hull, UK with a Master degree in Business Administration. She is also a Fellow of the Association of Chartered Certified Accountants, UK and a Chartered Accountant registered with the Malaysian Institute of Accountants. Mr Lim Wai Loong, a member of the Audit Committee is a Certified Financial Planner. Mr Lin, Po-Chih is experienced in accounting and finance.

If a member of the committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months appoint such number of new members as may be required to make up the shortfall. Where a former key external audit partner is to be appointed as a member of the Audit Committee, a cooling-off period of at least two years is to be observed prior thereto.

Each and every member of the Audit Committee including the Chairman shall hold office until otherwise determined by the Board or unless they cease to be a director of the Company.

3. MEETINGS AND MINUTES

Meetings of the Audit Committee are held at least four (4) times a year without the presence of the Executive Directors and management, except when their attendance is requested by the Audit Committee. Further meetings may be called at any time at the request of any committee member, the Company's Managing Director, the external auditors or the internal auditors.

The Audit Committee has direct communication channels with the external auditors as it convenes meetings with them without the presence of the other Directors and employees of the Company, at least twice a year and whenever necessary.

For the financial year under review, the Audit Committee met with the External Auditors in June 2018, August 2018 and March 2019. Matters discussed included the audit review matters in relation to their annual audit as well as auditor's independence. The Internal Auditors met with the Audit Committee quarterly in June, September, December 2018 and March 2019 to present their reports highlighting any weaknesses and deficiencies in internal controls.

Audit Committee Statement (Cont'd)

3. MEETINGS AND MINUTES (CONT'D)

Minutes of each meeting are prepared and kept by the company secretaries and are distributed to all members of the Board after the tabling for confirmation at the next meeting. During the FYE 2019, five (5) Audit Committee meetings were held. The record of attendance of its members during their membership is as follows:-

Name	Total
Lim Wee Keong	5/5*
Lim E @ Lim Hoon Nam	5/5*
Lim Wai Loong	4/5

* prior to his resignation

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

During the FYE 2019, the main activities undertaken by the Audit Committee were as follows:-

- Assessed and reviewed the Internal Audit function for its adequacy and independency;
- Discussed the Internal Audit Reports tabled by the Internal Auditors and recommended the same for the Board's notation;
- Discussed and recommended the Audit Planning Memorandum for the FYE 2019 for the Board's notation;
- Reviewed and assessed the independence and performance of the External Auditors;
- Reviewed and discussed the Audit Review Memorandum for the FYE 2018 and recommend the same for the Board's notation;
- Reviewed the Group's unaudited consolidated quarterly results and recommended to the Board for approval;
- Reviewed the Audited Financial Statements of the Company for the FYE 2018 and to recommend for the Board's approval;
- Discussed and recommended the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion into the Annual Report 2018 for the Board's approval;
- Reviewed and recommended the proposed renewal of share buy-back authority for the Board's approval; and
- Reviewed and recommended the Statement in relation to the Renewal of Share Buyback Authority for the Board's approval.

5. INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to an external consultant firm which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The principal role of the internal audit includes:-

- Assisting the Board in the review of the adequacy, integrity and effectiveness of the system of internal controls of the Group to enable the Board to prepare the Statement on Risk Management and Internal Control in the Annual Report;
- Performing risk assessment of the Group to identify and evaluate the principal risk factors and ensuring the implementation of appropriate internal control processes and procedures to mitigate these risks;
- Allocating adequate audit resources, in accordance with the internal audit plan reviewed by the Audit Committee, to carry out internal audits on key operations of the Group so as to provide the Board with effective and efficient audit coverage; and
- Providing independent and objective reports on the state of internal controls of the various operating units within the Group to the Audit Committee so that remedial actions and continuous improvements can be taken in relation to any weaknesses noted in the systems and controls of the respective operating units.

The key audit areas for FYE 2019 were marketing and distribution systems, manufacturing and production process, accounts receivable, credit control and collection as well as inventory management and storage. The total fees charged by the external consultant firm for the internal audit services amounted to RM27,800 in FYE 2019.

Statement of Risk Management and Internal Control

1. INTRODUCTION

The Board is committed to maintain a sound system of risk management and internal controls to safeguard the assets of Superlon and shareholders' investments as stipulated by the Malaysian Code of Corporate Governance and guided by the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers.

2. BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for the system of internal control of the Group and for reviewing its effectiveness, adequacy and integrity. This include:-

- Identifying and evaluating principal risks of the Group;
- implementation of appropriate risk management framework to provide reasonable assurance; and
- reviewing the adequacy and integrity of the company's internal controls on the financial, operational and compliance systems.

The Board recognises that the system is designed to manage within an acceptable risk profile and does not eliminate the risk of failure to achieve the Group's business objective. Therefore, the internal controls can only provide reasonable and not absolute assurance against the occurrence of any material loss or failure.

The Group regularly reviews and takes appropriate measures to strengthen the internal control environment and processes through an optimal balance between control costs and benefits. Audit matters and action taken by the Management to address the matters tabled by the Internal Auditors were deliberated on during the Audit Committee meetings. The deliberations are also presented to the Board.

The Board had received assurance from the Managing Director and the Finance Director that, to the best of their knowledge, the Group's risk management and internal control system is operating adequately and effectively in line with the Group's objectives, in all material aspects.

3. RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the business operations and has approved the framework adopted by the Group to manage its risks. The Group implements an on-going process of identifying, evaluating, monitoring and managing significant risks that may affect the Group in achieving its business objectives throughout the financial year under review. This process is periodically reviewed by the Internal Auditors and the Audit Committee and areas requiring improvement are highlighted for improvement where necessary.

The following factors were considered in the risk assessment:-

- The nature of risks facing the Group;
- The extent of risks which it regards as acceptable for the Group to bear;
- The likelihood of the risks concerned materializing; and
- The Group's ability to reduce the incidence of risks that may materialise and their impact on the business.

The Head of each business unit participates in the identification as part of the management's risk management initiatives. Any new significant risks identified and the corresponding internal controls implemented are discussed during periodic management meetings. These are brought to the attention of the Executive Directors, Audit Committee and/or the Board at their scheduled meetings. The Group's key risk profile is updated periodically wherein risks identified are prioritised in terms of possibility of occurrence and the potential impact to the Group's operation should the risks materialise.

Statement of Risk Management and Internal Control (Cont'd)

4. INTERNAL AUDIT

Superlon's Internal Audit functions are outsourced to and carried out by an independent professional services firm to review the effectiveness and adequacy of the internal controls system and to address the weaknesses identified, if any. The Internal Audit team independently reviews the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were directly reported to the Audit Committee together with management responses. The Management is then to implement the rectification action plans with due follow-up by the Internal Auditors and updates to the Audit Committee.

The Audit Committee reviews the Internal Audit programme annually and the results of the Internal Audit process quarterly. Periodically, the Audit Committee will conduct an assessment covering the Internal Audit function including the adequacy of scope, functions, competency and resources and whether appropriate action is taken on the recommendations of the Internal Audit function.

The Audit Committee has obtained formal feedback from the independent Internal Auditors that based on the scope and coverage of their reviews during the year, the risk management and internal controls are adequate and effective. The Board and Management, in consultation with the External and Internal Auditors via their reports, noted that there were no material or significant losses arising as a result of weaknesses in internal controls during the financial year under review.

Having reviewed the Internal Auditors' reports and discussed with the Internal Auditors, the Board is pleased to report that there were no significant internal control deficiencies for areas that have been reviewed. Certain practical recommendations of the Internal Auditors have been taken as remedial action to improve and enhance the existing internal controls.

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the system of internal control of the Group are as follows:-

- The Group has an appropriate organisational structure which enables adequate monitoring of the activities and ensures effective flow of information across the Group with clearly defined lines of responsibility and authority levels.
- Key processes of the Group are governed by written policies and procedures.
- The manufacturing activities of the Group's main subsidiary, Superlon Worldwide Sdn Bhd are accredited with ISO 9001: 2015 international quality management system standard and such quality management system provides the Group with improved control of key processes and a foundation for improving quality and customer satisfaction.
- In addition, Superlon Worldwide Sdn Bhd complies with ISO 14001:2015 Environmental Management Systems Standard reflecting the Group's emphasis on reducing pollution, improving environmental performance and supporting due care of the environment.
- The Managing Director and Executive Directors actively participate in the day-to-day running of the operations of the Group. This enables material issues to be effectively resolved on a timely basis.
- The management monitors the performance of the Group through key performance indicators and prepares quarterly management reports.
- The risk management framework is embedded in the Group's management system and is every employee's responsibility.
- The Board receives and reviews information of the Company's financial status and performance on a quarterly basis.
- The Audit Committee meets at least once every quarter and reviews the adequacy, integrity and effectiveness of the system of internal control of the Group. The Audit Committee receives and reviews quarterly financial results and internal auditors' report before they are tabled for Board approval.
- Annually, the Company reviews the insurance coverage on major assets to ensure adequate coverage is in place against any mishap that could result in material loss.
- The Company continued its focus on increasing the strength of its local network and internet security and has implemented several preventive measures and controls, including firewalls, to increase cyber security.

*Statement of Risk Management and Internal Control
(Cont'd)*

6. SUMMARY

The Board is satisfied that the existing systems of risk management and internal control are effective in providing reasonable assurance and there were no material internal control failure during the financial year that could have resulted in material loss or contingencies that would require disclosure in the Annual Report.

The External Auditors have reviewed this statement pursuant to paragraph 15.23 of the LR and have reported that nothing has come to their attention that causes them to believe that the contents of this Statement intended to be included in the annual report are not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate.

Sustainability Statement

In recognising the economic, environment and social (“EES”) impacts of our business operation, our Group is committed to enhancing long-term value to stakeholder and achieving a sustainable growth by embedding the sustainability management into our daily operation and decision making process. In compliance with the LR, this Sustainability Statement is prepared in accordance with the Sustainability Reporting Guide and Toolkits issued by Bursa Securities.

This Sustainability Statement underlines our Group’s governance, commitment and efforts in managing the EES aspects of the business operation over a period from 1 May 2018 to 30 April 2019. The scope of sustainability reporting of this Sustainability Statement covers the nitrile butadiene rubber (“NBR”) insulation manufacturing division. Over 80% of the Group’s revenue was contributed by the NBR insulation division and manufacturing activities are primarily carried out in Malaysia for the FYE 2019.

1. GOVERNANCE STRUCTURE

The Group has been considering the sustainability aspect of the operation as one of the Group’s priorities and key factors in achieving long-term success. We believe that the long-term sustainability could be achieved with a balance between business profitability and the EES management. The Board is satisfied that an adequate enterprise risk management and internal control framework is in place to identify, assess and manage the sustainability risks. The ultimate accountability for sustainability-related strategy and performance are at the highest level which is the Board. The roles played by our Board and the key management in embedding consideration in relation to the sustainability issues into the business strategy determination and the stewardship are set out in the figure below:-



2. IDENTIFYING AND PRIORITISING MATERIAL SUSTAINABILITY MATTERS

We focused the assessment of Group’s exposures to sustainability risks to the NBR insulation manufacturing division in Malaysia for FYE 2019. The Group strives to manage the key material sustainability risk identified as we recognise that the cost of managing all sustainability risk identified regardless of its materiality will outweigh the benefits gained from sustainability management.

Sustainability risks were considered material if they had significant EES impacts or influence the assessment and decisions of stakeholders of the Group. The process of identifying and prioritising the material sustainability matters entailed the following:-

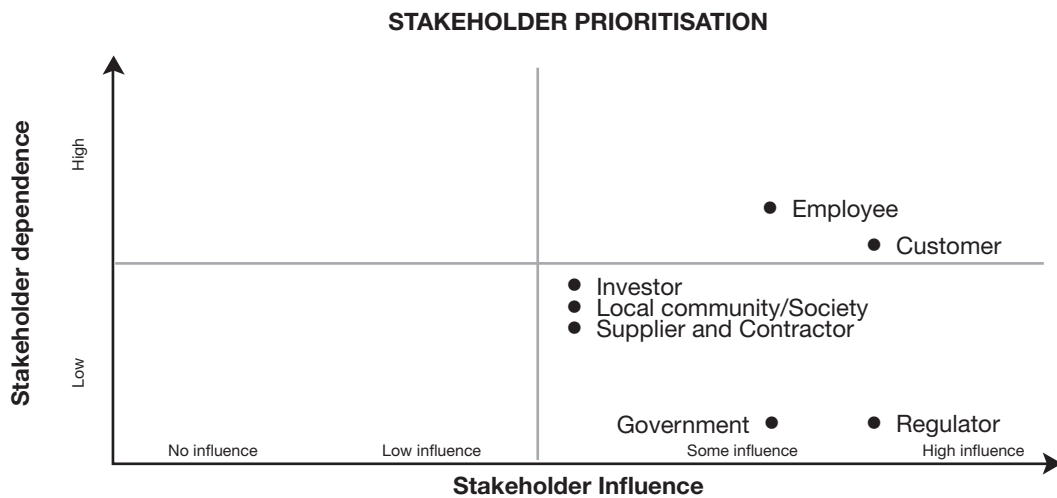
- Stakeholder prioritisation
- Key stakeholder engagement
- Materiality assessment of sustainability matters

Sustainability Statement (Cont'd)

2. IDENTIFYING AND PRIORITISING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

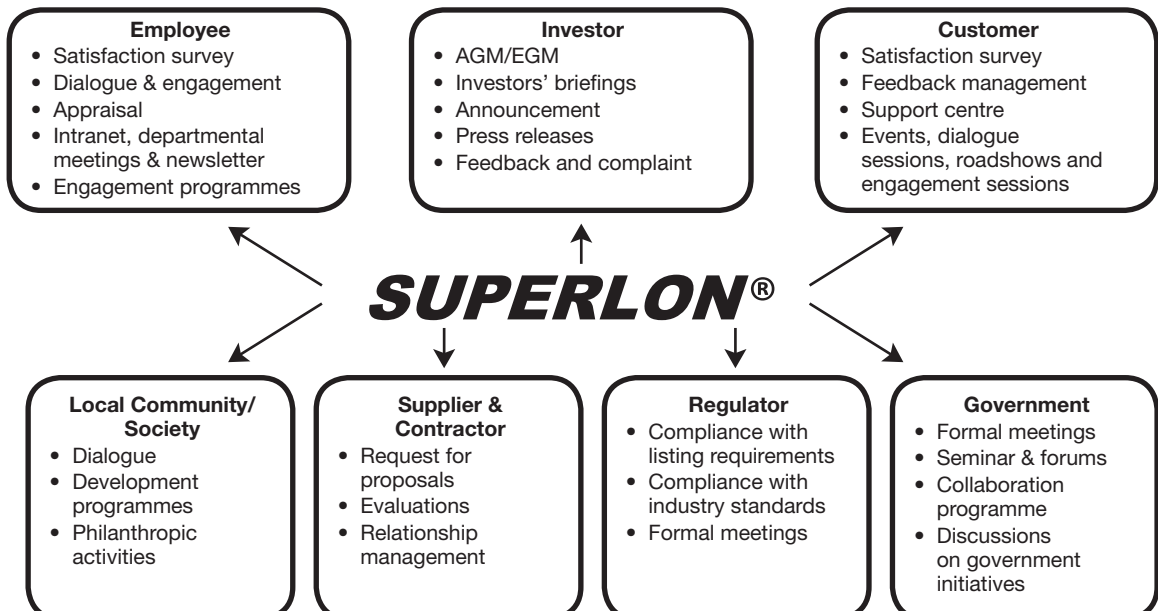
2.1. Stakeholder prioritisation

Stakeholders of the Group were prioritised based on their ability to exercise influence over as well as their financial and non-financial dependence on the Group. The key stakeholder groups identified from the stakeholder prioritisation process which have above-average influence over and dependence on the Group are set out in the matrix below:-



2.2. Key stakeholder engagement

We believe that investing into the engagement processes with key stakeholder groups followed by addressing their sustainability concerns with appropriate solutions are essential because the sustainability issues encountered by them could comprehend our understanding of Group's EES exposures and improve current sustainability strategy formulation of the Group, thereby creating the value that stakeholders would appreciate. The engagement approaches taken by the Group in identifying sustainability concerns of respective key stakeholder group are as follows:-

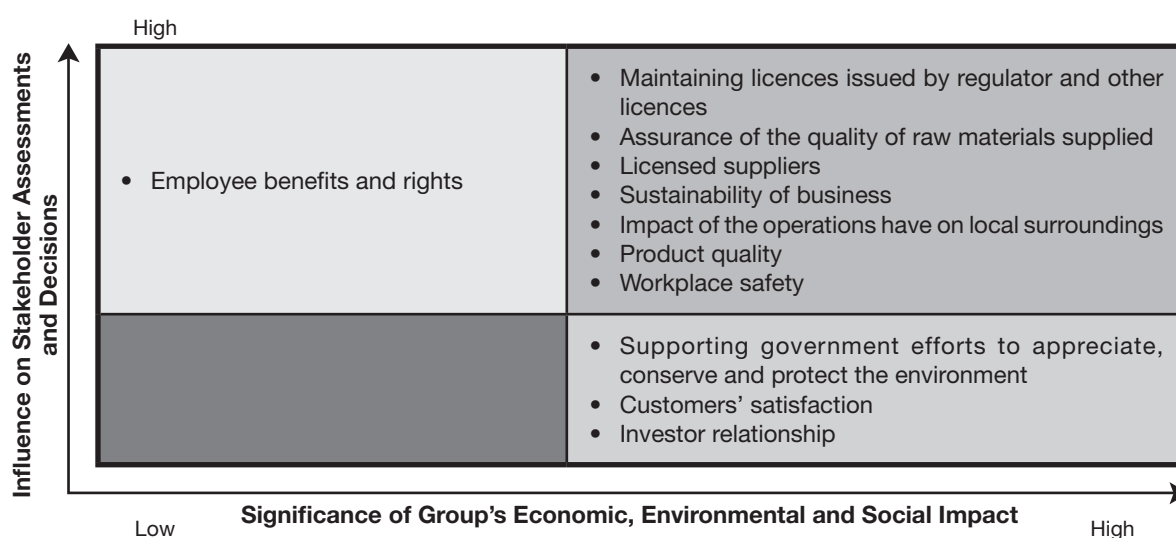


Sustainability Statement (Cont'd)

2. IDENTIFYING AND PRIORITISING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

2.3. Materiality assessment of sustainability matters

We employed the materiality matrix in tandem with the guidance from Sustainability Reporting Guide and Toolkits to assess the materiality of the sustainability matters identified through the engagement with key stakeholder groups. The material sustainability matters had been determined by taking into account the significance of the group's EES impact and influence of the sustainability matters on stakeholder assessments and decisions:-



3. MANAGING MATERIAL SUSTAINABILITY MATTERS

3.1. Responsible sourcing

Our Group practices responsible sourcing as we recognise that corporate value could be created through evaluating the EES impacts beyond our own operations and maintaining a socially responsible supply chain. Ultimately, long-term competitive advantage could be achieved by aligning our success with responsible sourcing.

3.1.1. Product quality

The research and development team of our Group is well-trained and responsible for the Production, Planning and Control ("PPC") of the raw materials at the manufacturing facilities. Prior to engaging a supplier, sample and chemical testing will be conducted to ensure the quality of raw material.

3.1.2. Licensed suppliers

Our Group is committed to sourcing chemicals only from suppliers which are approved by the Department of Environment Malaysia ("DOE") as a measure to prioritise the safety of our products. We will periodically review supplier's DOE certification to ensure adherence to our sustainable policies.

3.1.3. Assurance of the quality of raw materials supplied

We have implemented a supplier rating system to rate the suppliers, track and rectify the issues associated with the suppliers.

Sustainability Statement (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.2. Customers' expectation

As the Group exports to various countries, it is exposed to the volatility of currency exchange rate. Raw material pricing and geopolitical issues have influence over our product pricing as well. Despite these factors, we still manage to practise competitive pricing. Besides that, integrating EES considerations such as effects on customer's health and safety into product design as well as obtaining green certification help us to adhere to legislation and attract the interest of customers seeking to purchase the green products.

3.2.1. Customers' satisfaction

Competitive practice

We recognise that there are several players in the local and international markets where our Group is in. As a result, our Group continuously seeks improvement in competitive pricing strategies based on the feedback received from customers while maintaining a positive profit margin. We believe that a competitive environment could shape us into a market leader with increasing market share and customer loyalty within the NBR manufacturing industry.

Resolving grievance of customers

Customers are provided various channels to provide feedback on products and services offered, including verbal communication or in writing to any company within our Group. The processes of resolving and handling customers' complaints are documented so that it can be served as an alert to the supervisors to avoid any repeating mistakes and a reminder to constantly monitor the prevention action implemented. We will actively follow up with the customers in terms of their satisfaction.

Transparency of product information

Meaningful and readily understandable product information including specification, characteristics and application, coupled with the pictures of products, are available on the company website for existing and prospective clients to make informed purchasing decisions. Material safety data sheets detailing the information of the supplier, product description and composition, hazardous constituents, way of handling and storing the products and other necessary considerations and installation manuals are provided to customers upon the purchase of products.

Besides that, seminars are held regularly to educate the consumers about the product knowledge and provide guidance on the proper installation and the safety use of the products by taking into consideration of the substances that can potentially cause environmental or social impact. Our Group takes initiative to educate the social and environmental benefits of the products during the seminars to address sustainability concerns of the consumers and drive their interest in buying green.

3.3. Compliance

Our Group is operating in a regulated industry where compliance to rules, laws and regulations as well as maintaining certificates and licences issued by regulator are important. Therefore, it is crucial for having proper management in place to ensure that the Group is compliant with the regulatory requirements at all times. Besides that, in response to government efforts to appreciate, conserve and protect the environment, our thermal insulation products aim to reduce the energy consumption in households and allow a longer lifespan of the air-conditioning systems.

Sustainability Statement (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.3. Compliance (Cont'd)

3.3.1. Maintaining licences issued by regulator and other licences

Our Group aims to create long-term value to stakeholders by maintaining the licenses to operate. In addition to being licensed by Majlis Bandaraya Klang to operate, our Group has received many international certifications including:-

- (a) ISO 9001: 2015 – International Quality Management System Standard;
- (b) ISO 14001: 2015 – Environmental Management System Standard;
- (c) FM Approvals Class : 4924;
- (d) TÜV SÜD PSB;
- (e) Sirim QAS International;
- (f) Certificate of Material Approval from Jabatan Bomba and Penyelamat Malaysia;
- (g) License for holding controlled products issued by Ministry of Domestic Trade, Co-operatives and Consumerism;
- (h) Certificate of product conformity with 2017 Al Sa'fat Dubai Green Building Evaluation System;
- (i) Certificate of membership issued by Singapore Green Building Council; and
- (j) Other certifications.

3.3.2. Supporting government efforts to appreciate, conserve and protect the environment

Monitoring of noise and gas emission

Our Group strictly complies the Environmental Quality Act in line with supporting government efforts to promote environmentally sound and sustainable development. An Environmental Impact Assessment ("EIA") report detailing the likely impacts on the environment of its operation is lodged with DOE annually. Recent EIA report highlights that we will have to put more attention to the likely impact of the noise and hazardous gas emission by our factories to the surrounding due to the daily manufacture of rubber thermal insulation. Therefore, our Group is putting the procedures in place as the noise and hazardous gas emission control mechanism.

Our factories are situated in designated industrial zones. The noise emission is mainly contributed by the factories' daily operation and the moving vehicles passing the road along the factories. Ambient noise level will be examined on an ad-hoc basis whenever there are concerns raised within either the operation or the community. Our Group engages an accredited consultant annually to measure the noise level within the boundary of our factories and a compliance report is prepared for each factory showing that the noise level examined does not exceed 60 dBA during night time and 70 dBA during day time as required by DOE. Based on the latest annual noise level compliance monitoring conducted in November 2018, the noise emission of both factories is compliant with the DOE noise limit.

Our Group is committed to refraining from conducting open combustion by installing the filtering and exhausting system at each of the factories to remove solid particles prior to discharging the smoke arose from production to the outside atmosphere. Our factories schedule monthly maintenance of the combustion systems to ensure that the systems are able to function optimally at all times and to lower the chance of occurring accidental leakages and fugitive emission.

We engage an accredited laboratory consultant annually and a compliance report on air emission of each factory in operation is submitted to the DOE as an evidence of compliance. The dark smoke, particulate matter and gaseous substances emitted from every factory in operation during FYE 2019 were within the limits set by the Environmental Quality (Clean Air) Regulations 2014.

Reduction and treatment of waste

Our Group undertook an initiative to reduce packaging costs and wastage by implementing a truck racking system allowing for materials to be delivered without packaging locally. The disposal of non-hazardous waste is handled by licensed disposal companies while hazardous waste is disposed off using contractors licensed by DOE. Besides that, e-waste is disposed off for recycling via vendors accredited by the DOE.

Sustainability Statement (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.4. Corporate social responsibility

We consider the Group as a responsible business entity that not only focuses on the business performance but also strives to fulfil its corporate social responsibility to the local communities, especially the community at the Group's significant location of operation. We support the local economy by purchasing from the local suppliers and support the standard of living of the immediate communities.

3.4.1. Impact of the operations have on local surroundings

Hire locals in the neighbourhood

We strive to develop the skills of the local labour force whenever possible. Generally, our Group advocates the hiring of local workforce, where possible. Our local hire of the factory workers and the office staff constitute 28.6% of the total hires as at the financial year end. About 91.2% of the local staff stay within 10 km radius from Superlon.

In addition to providing job opportunity to local community, our Group benefits from the reduction in costs associated with recruitment and higher retention rate. We believe these efforts enhance the attractiveness of our Group as an employer because we had successfully retained 74.8% of factory workers (both locals and foreigners) and 80.5% of office staffs for the financial year.

Being supportive of local suppliers

By implementing a procurement practice of partnering with qualified and licensed local suppliers which are located closer to our operations, we support the growth of the local businesses while reducing the environmental impact and associated cost during transporting raw materials. Our Group prefers to source materials from the suppliers within Klang Valley without being overly dependent on any supplier. Currently, approximately 79% of the local purchases are from a large number of the suppliers within Klang Valley. We imported about 51% of the raw materials as they are not widely available locally during FYE 2019.

Community investment

Various monetary contributions had been made by our Group during FYE 2019 to various charitable organisations, schools and others. The charitable contributions include donations to various schools, community organisations and others. Apart from that, we provide opportunities for practical training for undergraduates from local universities to expose them to hands-on experience in the industry every year. Also, we seek to increase the involvement of employees in societal causes through community engagement programme such as monthly visits to old folk's home, handicapped and disabled children's care center and orphanages. Employees are given opportunities to voluntarily serve the community.

Sustainability Statement (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

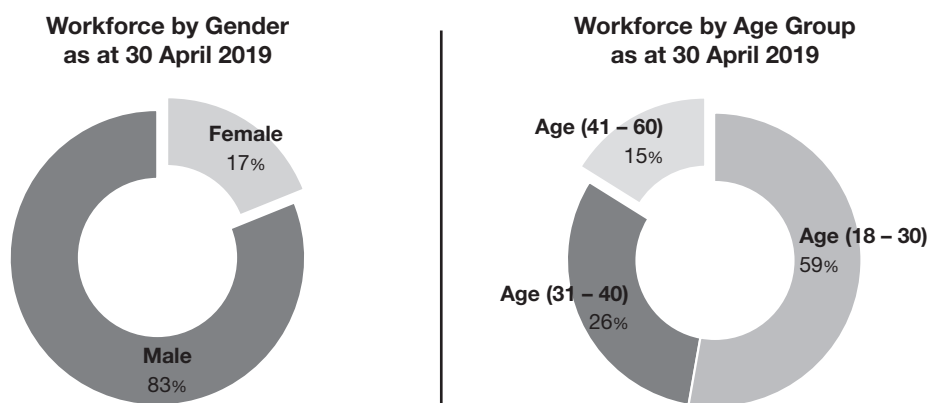
3.5. Employee Interest

Our Group operates in manufacturing industry, and therefore it is important for the employees to work under a safe, conducive and comfortable environment as well as to receive fair and equitable treatment and rights. We have proper occupational health and safety procedures in place as well as provide internal and external training programmes to the employees because we recognise that wellbeing of the employees should be emphasised.

3.5.1. Employee benefits and rights

Workforce diversity

We value employees as they are the backbone of the Group. Our Group does not discriminate against the race, gender or age of a person when employing from the workforce as we prioritise the competency and reliability of the potential candidate.



While the Group appreciates diverse opinions and perspectives contributed by women and different age groups, women and elder groups are less willing to be employed as factory workers due to the nature of the work. As such male and younger workers account for a larger segment of the workforce. Nevertheless, women made up 56% of the workforce at management office and we wish to maintain an optimal gender balance in office hires. Our Group does not practise gender discrimination and is committed to hiring workers to fill a job opening as long as they are competent and qualified.

Well-being

By recognising the importance of talent retention, we are committed to providing employee benefits in order to ensure the welfare and incentivise the contribution of the employees. Employee benefits provided include:-

- (a) Award and incentive
 - (i) Annual evaluation is conducted to review the performance of the employees. Bonus, salary increment and promotion are determined based on Key Performance Indicators and the consensus between respective head of department and Managing Director;
 - (ii) An employee who performs overtime as and when requested by the Group is entitled to overtime wages;
 - (iii) Award and incentive are given to two best factory workers selected monthly with strict compliance to Health, Safety and Environment (HSE) rules;
 - (iv) Award and incentive are given to employee with best attendance throughout the year; and
 - (v) Long Service Awards and incentive are given to employees who have worked with the company for durations of 10, 15 and 20 years.

Sustainability Statement (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.5. Employee Interest (Cont'd)

3.5.1. Employee benefits and rights (Cont'd)

Well-being (Cont'd)

By recognising the importance of talent retention, we are committed to providing employee benefits in order to ensure the welfare and incentivise the contribution of the employees. Employee benefits provided include:- (Cont'd)

(b) Medical care

- (i) An employee is entitled to the disbursement of the medical expenses in respect of the sick leave taken; and
- (ii) An employee is entitled to the disbursement of the specialist treatment but subject to limitation.

(c) Insurance

- (i) All confirmed employees are covered by the Group's hospitalisation and surgical insurance policy, save for foreign workers who are covered under the foreign worker compensation and hospitalisation scheme; and
- (ii) Personal accident insurance coverage is provided to eligible employees.

Employee safeguarding

Our Group complies with labour laws and adheres to the code of practices in relation to employment practices strictly. All employees are treated fairly and based on employment contracts which stipulate the terms of employment and compensation. Notices regarding the change in human rights policy are issued to all employees for their acknowledgements before implementing the change. All new employees will receive briefing on human rights and the actions taken by our Group to respect employee rights during the on-boarding session. Guidance and grievance procedures are provided in the employee's handbook.

3.5.2. Workplace safety

Prohibition of child and forced labour

We are committed to eliminating the labour practices of using child and forced labour. The Group does not employ any teenagers below the legal age of eighteen years old as defined by the labour law and does not use forced or compulsory labour. We only place the factory workers in jobs if they possess the necessary capabilities.

Training

On-the-job training are provided upfront to equip the factory workers with adequate capabilities and skills in carrying out their responsibilities and subsequent trainings are provided to workers every 6 months to keep pace with change and refresh their memory. The workers will perform their duties according to the scheduled shift rotation to prevent any incident of injuries if mass production is necessary to cope with increasing demand.

Sustainability Statement (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.5. Employee Interest (Cont'd)

3.5.2. Workplace safety (Cont'd)

Safe working environment

Safety issues will always be the agenda of the staff meetings and the key performance indicator in performance evaluation of the employees. It is stated in the employee handbook that all employees are required to attend the periodic training and meetings pertaining to safety and health. On-the-job safety trainings are provided to employees upon hiring and every 6 months upon employment. Other safety trainings conducted for factory workers during FYE 2019 is as follows:-

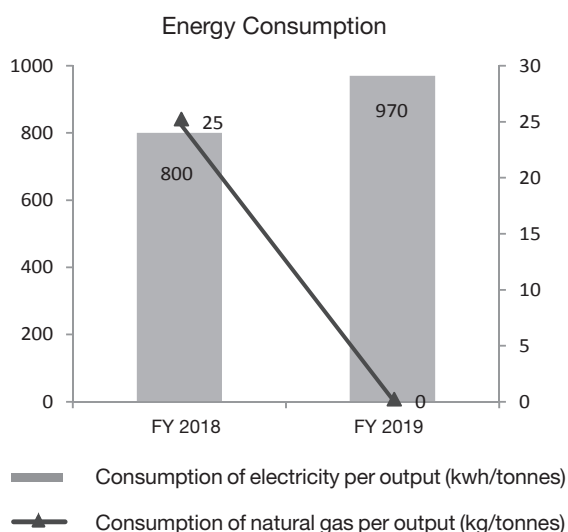
Safety Training	Hours
(a) Fire and workplace safety	5
(b) Production practices	13
(c) PPC practices	65
(d) Maintenance practices	3

Employees are required to wear safety gear such as safety goggles, gloves, boots and face masks when entering into the factory compound in order to prevent the occurrence of accident. Supervisors at the factory have to monitor the work practices performed by the employees to ensure that they properly follow the safety procedures in accordance with the safety manuals. Medical surveillance is performed on randomly selected employees to monitor the health of employees who are exposed to the raw materials yearly.

3.6. Other matters

3.6.1. Sustainability of business

Energy consumption



Over the past few years, a substantial portion of energy consumed at our manufacturing facilities was contributed by consumption of electricity and natural gas. It was observed that approximately 970 kwh (FYE 2018 : 800 kwh) of electricity and approximately 0 kg (FYE 2018 : 25 kg) of natural gas were consumed for every tonne of output produced in FYE 2019. The consumption of gas per output declined while the consumption of electricity per output increased in FYE 2019 due to replacement of gas-consuming machineries by electricity-consuming machineries in order to enhance production efficiency. However, the total cost incurred by energy consumption did not vary materially.

Our Group strives to look for opportunities to increase usage of green energy and/or reduce energy consumption such as implementation of smart LED lighting system.

Sustainability Statement (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.6. Other matters (Cont'd)

3.6.2. Investor relationship efforts

We strive to strengthen our relationship with shareholders and investors by maintaining effective and periodic communication with them and assign key contact persons to handle issues and concerns raised. Investor relations section which is available on the Company's website consisting of the relevant corporation information including the board charter, annual report, and announcements made to Bursa Securities, etc. to keep investors informed of all major developments within the Group.

The Group's senior management is committed to engaging with analyst briefings and meetings with investors held on a regular basis to convey the performance, strategy and future plans of the Group. During the AGM, any queries posed by minority shareholder watchdog group are made transparent in the presence of the shareholders and the queries are adequately addressed.



Financial Statements

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	10,292,488	14,527,539

DIVIDENDS

Dividends paid or declared by the Company since 30 April 2018 are as follows:-

- (a) An interim dividend of 0.75 sen per ordinary share on 158,779,842 ordinary shares, amounting to RM 1,190,849 in respect of the financial year ended 30 April 2019 was declared on 21 June 2018 and subsequently paid on 26 July 2018. The payment was made to shareholders whose names appeared in the Company's Record of Depositors on 9 July 2018.
- (b) A second interim dividend of 1.15 sen per ordinary share on 158,759,842 ordinary shares amounting to RM 1,825,735 in respect of the financial year ended 30 April 2019 was declared on 12 December 2018 and subsequently paid on 25 January 2019. The payment was made to shareholders whose names appeared in the Company's Record of Depositors on 4 January 2019.
- (c) A third interim dividend of 1.15 sen per ordinary share on 158,749,842 ordinary shares amounting to RM 1,825,620 in respect of the financial year ended 30 April 2019 was declared on 22 March 2019 and subsequently paid on 26 April 2019. The payment was made to shareholders whose names appeared in the Company's Record of Depositors on 5 April 2019.

The directors do not recommend the payment of any final dividend in respect of the financial year ended 30 April 2019.

On 25 June 2019, the Company declared an interim dividend of 0.75 sen per ordinary share on 158,749,842 ordinary shares, amounting to RM1,190,624 in respect of the financial year ending 30 April 2020. This dividend is subsequently paid on 24 July 2019 to shareholders whose names appeared in the Company's Record of Depositors on 10 July 2019. This dividend shall be accounted for in equity as an appropriation of retained profits for the financial year ending 30 April 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

Directors' Report (Cont'd)

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 50,000 of its issued ordinary shares from the open market at average price of approximately RM1.18 per share. The total consideration paid for the purchase was RM 58,985 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 30 April 2019, the Company held as treasury shares a total of 1,250,158 of its 160,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM 398,317. The details on the treasury shares are disclosed in Note 17 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, 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 which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report (Cont'd)

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person ; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than disclosed in Note 24 to the financial statements.

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, in the opinion of the directors, 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.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Liu Lee, Hsiu-Lin @ Jessica H. Liu	
Liu Han-Chao	
Liu Jeremy	
Ongi Cheng San	
Chun Kwong Pong	
Lin, Po-Chih	
Lim Wai Loong	
Chee Chung Yen	(Appointed on 12.07.2019)
Lim E @ Lim Hoon Nam	(Resigned on 12.07.2019)
Lim Wee Keong	(Resigned on 12.07.2019)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Thashy Chacko Mohan
Liu Pau-Line

Directors' Report (Cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

The Company

		Number of Ordinary Shares		
		At 01.05.2018	Bought	Sold
				At 30.04.2019
Liu Lee, Hsiu-Lin	- Direct	35,860,548	—	—
@ Jessica H. Liu	- Indirect ⁽¹⁾	14,280,000	—	—
Liu Han-Chao	- Direct	7,140,000	—	—
	- Indirect ⁽²⁾	35,860,548	—	—
Liu Jeremy	- Direct	7,140,000	—	—
	- Indirect ⁽²⁾	35,860,548	—	—
Ongi Cheng San	- Direct	60,204	—	—
Lin, Po-Chih	- Direct	330,000	—	—

Notes :-

- (1) Deemed interest by virtue of her sons, Liu Han-Chao's and Liu Jeremy's direct interest in the Company.
- (2) Deemed interest by virtue of their mother, Liu Lee, Hsiu-Lin @ Jessica H. Liu's direct interest in the Company.

By virtue of their shareholdings in the Company, Mdm. Liu Lee, Hsiu-Lin @ Jessica H. Liu, Mr. Liu Han-Chao and Mr. Liu Jeremy are deemed to have an interest in the shares in all of its subsidiaries during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefits included in the aggregate amount of remuneration received or due and receivables by the directors shown in the financial statements or the fixed salaries of a full-time employees of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 33 to the financial statements.

Neither during nor at the end of the financial year was the Group or 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' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 32 to the financial statements.

Directors' Report
(Cont'd)

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 25 to the financial statements.

Signed in accordance with a resolution of the directors dated 9 August 2019.

Liu Lee, Hsiu-Lin @ Jessica H. Liu

Liu Han-Chao

Statement By Directors

Pursuant To Section 251(2) of The Companies Act 2016

We, Liu Lee, Hsiu-Lin @ Jessica H. Liu and Liu Han-Chao, being two of the directors of Superlon Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 52 to 116 are drawn up in accordance with 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 financial position of the Group and of the Company as of 30 April 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 9 August 2019

Liu Lee, Hsiu-Lin @ Jessica H. Liu

Liu Han-Chao

Statutory Declaration

Pursuant To Section 251(1)(b) of The Companies Act 2016

I, Ongi Cheng San, MIA membership number : 30665, being the director primarily responsible for the financial management of Superlon Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 116 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by	}
the abovementioned Ongi Cheng San,	}
NRIC Number: 701217-10-6001	}
at Kuala Lumpur in the Federal Territory	}
on this 9 August 2019	}

Before me
NG KA BIANG (W701)
 Commissioner for Oaths

Ongi Cheng San
 MIA 30665
 Chartered Accountant

Independent Auditors' Report

To The Members of Superlon Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Superlon Holdings Berhad, which comprise the statements of financial position as at 30 April 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 116.

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

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

We have determined the matters described below to be the key audit matter to be communicated in our report.

Carrying value of inventories

Refer to Note 10 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group held inventories with carrying amount of RM 23,220,515 as at 30 April 2019.</p> <p>The carrying value of inventories is stated at the lower of cost and net realisable value.</p> <p>According to the Group's inventory write-down policy, the Group determines the amount of write-down for slow moving or obsolete inventories based upon the age of the slow moving inventories.</p>	<p>Our procedures included, amongst others :</p> <ul style="list-style-type: none"> Comparing the net realisable value to the cost of inventories at the end of the reporting period to assess the reasonableness of inventories write-down. Performing ageing test on the inventory ageing report by checking to the date of the inventories purchased to ensure inventories were grouped into appropriate age bracket. Reviewing the accuracy of the write-down of the inventories made by the management by checking the age profile of the inventories.

*Independent Auditors' Report
To The Members of Superlon Holdings Berhad
(Cont'd)*

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, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the 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 of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

*Independent Auditors' Report
To The Members of Superlon Holdings Berhad
(Cont'd)*

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 and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

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

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

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

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

*Independent Auditors' Report
To The Members of Superlon Holdings Berhad
(Cont'd)*

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirement of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Ng Kim Kiat
02074/10/2020 J
Chartered Accountant

Muar, Johor Darul Takzim
Date : 9 August 2019

Statements of Financial Position

As at 30 April 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	57,996,280	45,303,680
Property, plant and equipment	6	87,741,085	78,480,397	–	–
Prepaid lease payment	7	2,077,450	2,035,617	–	–
Intangible assets	8	1,293,675	1,413,123	–	–
Other investment	9	46,667	46,667	–	–
Deferred tax assets	20	194,273	310,401	–	–
		91,353,150	82,286,205	57,996,280	45,303,680
CURRENT ASSETS					
Inventories	10	23,220,515	21,506,474	–	–
Trade receivables	11	14,284,354	15,162,474	–	–
Other receivables, deposits and prepayments	12	3,217,634	4,814,011	1,000	1,000
Amount owing by subsidiaries	13	–	–	2,074,841	2,117,843
Current tax assets		2,393,880	1,689,021	2,102	–
Deposits with licensed bank	14	9,260,412	14,079,209	200,000	3,062,880
Short term investment	15	6,558,753	–	–	–
Cash and bank balances		7,159,730	6,217,481	74,458	184,885
		66,095,278	63,468,670	2,352,401	5,366,608
TOTAL ASSETS		157,448,428	145,754,875	60,348,681	50,670,288
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	16	41,433,182	40,000,000	41,433,182	40,000,000
Treasury shares	17	(398,317)	(339,332)	(398,317)	(339,332)
Reserves	18	83,064,452	78,351,156	19,044,955	10,792,802
TOTAL EQUITY		124,099,317	118,011,824	60,079,820	50,453,470
NON-CURRENT LIABILITIES					
Loans and borrowings	19	7,952,031	6,530,973	–	–
Deferred tax liabilities	20	5,828,364	5,673,771	–	–
		13,780,395	12,204,744	–	–
CURRENT LIABILITIES					
Trade payables	21	6,861,470	5,789,764	–	–
Other payables and accruals	22	5,667,080	5,698,920	268,861	215,587
Loans and borrowings	19	7,040,166	4,048,392	–	–
Current tax liabilities		–	1,231	–	1,231
		19,568,716	15,538,307	268,861	216,818
TOTAL LIABILITIES		33,349,111	27,743,051	268,861	216,818
TOTAL EQUITY AND LIABILITIES		157,448,428	145,754,875	60,348,681	50,670,288

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

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 April 2019

	Note	The Group 2019 RM	2018 RM (Restated)	The Company 2019 RM	2018 RM
REVENUE	23	105,703,412	109,384,912	14,626,000	13,296,000
COST OF SALES		(75,440,240)	(75,966,188)	–	–
GROSS PROFIT		30,263,172	33,418,724	14,626,000	13,296,000
OTHER INCOME		1,080,107	712,516	747,655	58,280
SELLING AND DISTRIBUTION EXPENSES		(6,826,922)	(6,903,819)	–	–
ADMINISTRATIVE EXPENSES		(9,482,650)	(9,132,773)	(738,260)	(785,223)
OTHER EXPENSES		(375,194)	(1,840,014)	–	(494,834)
FINANCE COSTS		(592,731)	(407,483)	–	(1,235)
NET IMPAIRMENT (LOSSES)/ GAIN ON FINANCIAL ASSETS	24	(8,747)	15,731	–	–
PROFIT BEFORE TAXATION	25	14,057,035	15,862,882	14,635,395	12,072,988
INCOME TAX EXPENSE	27	(3,764,547)	(3,596,399)	(107,856)	(101,707)
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		10,292,488	12,266,483	14,527,539	11,971,281
OTHER COMPREHENSIVE INCOME	28				
<u>Items that Will Not be Reclassified</u> <u>Subsequently to Profit or Loss</u>					
Revaluation of property, plant and equipment		–	3,751,240	–	–
<u>Items that May be Reclassified</u> <u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		696,194	(436,074)	–	–
TOTAL OTHER COMPREHENSIVE INCOME		696,194	3,315,166	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		10,988,682	15,581,649	14,527,539	11,971,281

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

*Statements of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 30 April 2019
(Cont'd)*

	Note	The Group 2019 RM	2018 RM (Restated)	The Company 2019 RM	2018 RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		10,292,488	12,266,483	14,527,539	11,971,281
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		10,988,682	15,581,649	14,527,539	11,971,281
EARNINGS PER SHARE (SEN)					
- Basic	29	6.48	7.72		

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

Statements of Changes in Equity

As at 30 April 2019

The Group

	Note	Attributable to Owners of the Company					Total Equity RM
		Non-Distributable			Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	
		Share Capital RM	Treasury Shares RM	Share Premium RM	Revaluation Reserve RM		
Balance at 1 May 2018		40,000,000	(339,332)	1,433,182	24,528,053	(453,731)	118,011,824
Profit after taxation for the financial year		-	-	-	-	-	10,292,488
Other comprehensive income for the financial year:							
- Foreign currency translation differences for foreign operations		-	-	-	-	696,194	696,194
Total comprehensive income for the financial year		-	-	-	-	696,194	10,988,682
Contributions by and distributions to owners of the Company:							
- Purchase of treasury shares	17	-	(58,985)	-	-	-	(58,985)
- Dividends to owners of the Company	30	-	-	-	-	(4,842,204)	(4,842,204)
Total transactions with owners		-	(58,985)	-	-	(4,842,204)	(4,901,189)
Transfer of share premium in accordance with Section 618(2) of the Companies Act 2016		1,433,182	-	(1,433,182)	-	-	-
Amortisation of revaluation reserve		-	-	-	(126,170)	126,170	-
Balance at 30 April 2019		41,433,182	(398,317)	-	24,401,883	242,463	124,099,317

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

*Statements of Changes in Equity
For the Financial Year Ended 30 April 2019
(Cont'd)*

The Group

	Note	Attributable to Owners of the Company						
		Non-Distributable			Distributable			
		Share Capital RM	Treasury Shares RM	Share Premium RM	Revaluation Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Total Equity RM
Balance at 1 May 2017		40,000,000	(339,332)	1,433,182	21,019,633	(17,657)	45,892,343	107,988,169
Profit after taxation for the financial year		-	-	-	-	-	12,266,483	12,266,483
Other comprehensive income for the financial year :								
- Foreign currency translation differences for foreign operations		-	-	-	-	(436,074)	-	(436,074)
- Revaluation of property, plant and equipment		-	-	-	3,751,240	-	-	3,751,240
Total comprehensive income for the financial year		-	-	-	3,751,240	(436,074)	12,266,483	15,581,649
Contributions by and distributions to owners of the Company :								
- Dividends to owners of the Company	30	-	-	-	-	-	(5,557,994)	(5,557,994)
Total transactions with owners		-	-	-	-	-	(5,557,994)	(5,557,994)
Amortisation of revaluation reserve		-	-	-	(242,820)	-	242,820	-
Balance at 30 April 2018		40,000,000	(339,332)	1,433,182	24,528,053	(453,731)	52,843,652	118,011,824

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

*Statements of Changes in Equity
For the Financial Year Ended 30 April 2019
(Cont'd)*

The Company

	Note	Attributable to Owners of The Company				Total Equity RM
		Share Capital RM	Non-Distributable		Distributable Retained Profits RM	
			Treasury Shares RM	Share Premium RM		
Balance at 1 May 2017		40,000,000	(339,332)	1,433,182	2,946,333	44,040,183
Profit after taxation and total comprehensive income for the financial year		-	-	-	11,971,281	11,971,281
Contributions by and distributions to owners of the Company :						
- Dividends to owners of the Company	30	-	-	-	(5,557,994)	(5,557,994)
Balance at 30 April 2018 / 1 May 2018		40,000,000	(339,332)	1,433,182	9,359,620	50,453,470
Profit after taxation and total comprehensive income for the financial year		-	-	-	14,527,539	14,527,539
Contributions by and distributions to owners of the Company :						
- Purchase of treasury shares	17	-	(58,985)	-	-	(58,985)
- Dividends to owners of the Company	30	-	-	-	(4,842,204)	(4,842,204)
Total transaction with owners						
Transfer of share premium in accordance with Section 618(2) of the Companies Act 2016		1,433,182	-	(1,433,182)	-	-
Balance at 30 April 2019		41,433,182	(398,317)	-	19,044,955	60,079,820

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

Statements of Cash Flows

For the Financial Year Ended 30 April 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM/(FOR)					
OPERATING ACTIVITIES					
Profit before taxation		14,057,035	15,862,882	14,635,395	12,072,988
Adjustments for :					
Amortisation of product development expenditure		119,448	199,472	–	–
Amortisation of prepaid lease payment		53,808	54,566	–	–
Depreciation		3,754,602	3,908,710	–	–
Dividend income		–	–	(14,230,000)	(12,900,000)
Gain on disposal of property, plant and equipment		(354,199)	(49,475)	–	–
Impairment loss on trade receivables		8,747	3,128	–	–
Property, plant and equipment written off		–	6,367	–	–
Reversal of impairment loss on other receivables		–	(18,859)	–	–
Reversal of inventories previously written down		(19,314)	(33,861)	–	–
Inventories written down		31,707	–	–	–
Unrealised loss/(gain) on foreign exchange		291,040	257,268	(682,238)	480,390
Interest expense		592,731	407,483	–	1,235
Interest income		(421,855)	(652,189)	(65,417)	(58,280)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES					
Inventories		18,113,750	19,945,492	(342,260)	(403,667)
Trade and other receivables, deposits and prepayments		(1,726,434)	(1,676,206)	–	–
Trade and other payables and accruals		2,516,794	(3,602,928)	–	16,273
		1,545,800	(3,406,399)	53,274	21,007
CASH GENERATED FROM/(FOR) OPERATIONS					
Interest paid		20,449,910	11,259,959	(288,986)	(366,387)
Interest received		–	(1,235)	–	(1,235)
Tax refund		421,855	652,189	65,417	58,280
Tax paid		4,420	–	–	–
		(4,204,176)	(6,505,869)	(111,189)	(111,141)
NET CASH FROM/(FOR) OPERATING ACTIVITIES					
		16,672,009	5,405,044	(334,758)	(420,483)
FORWARD					
		16,672,009	5,405,044	(334,758)	(420,483)

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

Statements of Cash Flows
For the Financial Year Ended 30 April 2019
(Cont'd)

	Note	The Group 2019 RM	2018 RM	The Company 2019 RM	2018 RM
FORWARD		16,672,009	5,405,044	(334,758)	(420,483)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Dividend received		–	–	14,230,000	12,900,000
Investment in subsidiaries		–	–	–	(64,725)
Net (placement) of fixed deposits with maturity period more than three months		(4,583)	(1,504,460)	–	–
Proceeds from disposal of property, plant and equipment		512,800	49,494	–	–
Product development expenditure		–	(268,742)	–	–
Purchases of property, plant and equipment	31(a)	(12,994,915)	(6,154,276)	–	–
Repayment from subsidiaries		–	–	43,002	4,500,711
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(12,486,698)	(7,877,984)	14,273,002	17,335,986
CASH FLOWS (FOR) FINANCING ACTIVITIES					
Contribution to a subsidiary		–	–	(12,010,400)	(8,934,162)
Dividend paid		(4,842,204)	(10,321,989)	(4,842,204)	(10,321,989)
Drawdown of multi currency trade loans	31(b)	29,880,316	14,608,801	–	–
Drawdown of term loans	31(b)	1,950,462	657,413	–	–
Interest paid	31(b)	(592,731)	(406,248)	–	–
Purchase of treasury shares		(58,985)	–	(58,985)	–
Repayment of hire purchase payables	31(b)	(155,590)	(276,497)	–	–
Repayment of multi currency trade loans	31(b)	(27,541,766)	(14,135,539)	–	–
Repayment of term loans	31(b)	(639,042)	(642,479)	–	–
NET CASH (FOR) FINANCING ACTIVITIES		(1,999,540)	(10,516,538)	(16,911,589)	(19,256,151)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		2,185,771	(12,989,478)	(2,973,345)	(2,340,648)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		491,851	(611,657)	38	(91,828)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		18,048,361	31,649,496	3,247,765	5,680,241
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31(c)	20,725,983	18,048,361	274,458	3,247,765

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

Notes to The Financial Statements

For the Financial Year Ended 30 April 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	3-2, 3rd Mile Square No. 151, Jalan Kelang Lama Batu 3 ½ 58100 Kuala Lumpur
Principal place of business	:	Lot 2567, Jalan Sungai Jati 41200 Klang Selangor Darul Ehsan

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 9 August 2019.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9	:	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	:	Revenue from Contracts with Customers
IC Interpretation 22	:	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	:	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	:	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15	:	Effective Date of MFRS 15
Amendments to MFRS 15	:	Clarifications to MFRS 15 'Revenue from Contracts with Customers'
Amendments to MFRS 140	:	Transfers of Investment Property
Annual Improvements to MFRS Standards 2014 – 2016 Cycles :		
• Amendments to MFRS 1	:	Deletion of Short-term Exemptions for First-time Adopters
• Amendments to MFRS 128	:	Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have material impact on the Group's financial statements other than the new classification of financial assets under MFRS 9 which is disclosed in Note 37.3 to the financial statements. This is because the measurement of financial assets under MFRS 9 and the timing and amount of revenue recognised under MFRS 15 are consistent to the Group's current practice.

Notes to The Financial Statements (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (including the Consequential Amendments)			Effective date
MFRS 16	:	Leases	1 January 2019
MFRS 17	:	Insurance Contracts	1 January 2021
IC Interpretation 23	:	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3	:	Definition of a Business	1 January 2020
Amendments to MFRS 9	:	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108	:	Definition of Material	1 January 2020
Amendments to MFRS 119	:	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	:	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards			1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles			1 January 2019

The adoption of the above accounting standards and/or interpretation (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 16: Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical accounting estimates and judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical accounting estimates and judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Amortisation of development expenditure

The estimate for the residual value, useful lives and related amortisation charges for the development expenditures are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its development expenditures will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amount of development expenditure measured at revaluation as at the reporting date is disclosed in Note 8 to the financial statements.

(c) Property, plant and equipment under revaluation

Certain properties of the Group are reported at revalued amounts which are based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, size and market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amount of property, plant and equipment measured at revaluation as at the reporting date is disclosed in Note 6 to the financial statements.

(d) Impairment of trademark

Trademark is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which trademark is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margin, growth rates estimated and discount rate used. If the expectations is different from the estimation, such differences will impact the carrying value of trademark. The carrying amount of trademark as at the reporting date is disclosed in Note 8 to the financial statements.

(e) Impairment of property, plant and equipment

The Group determines whether its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(f) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical accounting estimates and judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(g) Impairment of trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 11 to the financial statements.

(h) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that future taxable profits would be available against which the unused tax losses could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 20 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (Cont'd)

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(c) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary ; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2018 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to The Financial Statements
(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Functional and foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rate at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity, attributed to the owners of the Company.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes off only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair value through other comprehensive income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair value through profit or loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (Cont'd)

(b) Financial liabilities

(i) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

When treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or 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.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (Cont'd)

(e) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharged of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

Accounting Policies Applied Until 30 April 2018

The Group has applied MFRS 9 retrospectively but elected not to restate the comparative information of its financial instrument. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.
- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

4.5 Investment in subsidiaries

Investments in subsidiaries including the fair value adjustments on inter-company loans at inception date are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of revaluation.

Freehold land and buildings are revalued periodically, at least once in every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are :

Factory buildings and staff quarters	2% - 20%
Plant, machinery, tools and equipment	7% - 10%
Motor vehicles	10% - 14%
Office equipment, renovation, furniture and fittings	10% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used by the Group. In such case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

During the financial year, the Group changed the depreciation rate for factory buildings from 3% per annum to 2% per annum.

The change in the depreciation rate arose from a review of the useful lives of the assets concerned. The effect of the change in the depreciation rates increased the profit before taxation of the Group by RM 909,998 for the current financial year.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Trademark

Expenditure incurred on the acquisition of trademark is capitalised as non-current asset. The useful lives of trademark is estimated to be indefinite because based on the current market share of the trademark, management believes there is no foreseeable limit to the period over which the trademark is expected to generate net cash flows to the Group. Trademark is stated at cost less any impairment losses. The carrying amount of trademark is reviewed annually and adjusted for impairment where it is considered necessary.

4.8 Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following: -

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its intention to complete and the ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful lives and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.9 Impairment

(a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Impairment (Cont'd)

(a) Impairment of financial assets (Cont'd)

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Accounting Policy Applied Until 30 April 2018

The Group has applied MFRS 9 retrospectively but elected not to restate the comparative information of its financial instrument. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(b) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 : Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the assets' fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Leased assets

(a) Finance lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(b) Operating lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

The lump sum upfront lease payments made in respect of leasehold land which in substance is an operating lease is classified as prepaid lease payments. The prepaid lease payments are stated at cost less accumulated amortisation. The amortisation is charged to profit or loss in equal instalments over the lease period.

4.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overhead based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Employee benefits

(a) Short-term benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.14 Income taxes

(a) Current tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax related to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Operating segments

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

4.16 Earnings per ordinary share

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.17 Borrowing costs

Borrowing costs that are directly attributed to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.18 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Notes to The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when it transfers control over a product or service to customer. An asset is transferred when the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

Sale of thermal insulation materials, parts and equipment

Revenue from sale of thermal insulation materials products, parts and equipment are recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.20 Revenue from other sources and other operating income

(a) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive dividend payment is established.

(b) Management fee income

Management fee income from subsidiaries is recognised on accrual basis upon services rendered.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight-line method over the lease term.

Notes to The Financial Statements
(Cont'd)

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019	2018
	RM	RM
Unquoted shares, at cost		
At 1 May	39,508,080	39,443,355
Additions	–	64,725
	39,508,080	39,508,080
Less : Accumulated Impairment Loss		
At 1 May / 30 April	(2,750,000)	(2,750,000)
At 30 April	36,758,080	36,758,080
Contribution to a subsidiary		
At 1 May	8,545,600	–
Additions	12,692,600	8,545,600
At 30 April	21,238,200	8,545,600
	57,996,280	45,303,680

Contribution to a subsidiary represent advances of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts, in substance, form part of the Company's net investment in the subsidiary. The contributions are stated at cost less accumulated impairment losses, if any.

*Notes to The Financial Statements
(Cont'd)*

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of subsidiaries are as follows:-

<u>Name of Subsidiaries</u>	<u>Principal Activities</u>	<u>Principal Place of Business/ Country of Incorporation</u>	<u>Percentage of Issued Share Capital Held by Parent</u>	
			2019	2018
Subsidiaries of the Company				
Superlon Worldwide Sdn. Bhd. ("SWSB")	Design, test and manufacture of thermal insulation materials mainly for the heating, ventilation, air-conditioning and refrigeration ("HVAC&R") industry ; and trading of HVAC&R parts and equipments.	Malaysia	100%	100%
Superlon Solutions Sdn. Bhd. ("SSOL")	Trading of HVAC&R parts and equipments.	Malaysia	100%	100%
Superlon Hong Kong Co. Limited ("SHK") *	Dormant.	Hong Kong, SAR	100%	100%
Superlon Worldwide (India) Private Limited ("SWI") ^	Dormant.	India	100%	100%
Superlon Singapore Private Limited ("SSGP") ^	Investment holding company.	Singapore	100%	100%
Subsidiary of SSGP				
Superlon Vietnam Company Limited ("SVN") ^	Design, test and manufacture of thermal insulation materials mainly for the heating, ventilation, air-conditioning and refrigeration ("HVAC&R") industry ; and trading of HVAC&R parts and equipments.	Vietnam	100%	100%

Note :

* *Not a legal requirement to be audited and therefore consolidated based on unaudited management accounts.*

^ *These subsidiaries were audited by other firms of chartered accountants.*

During the previous financial year, the following transaction occurred:-

On 18 July 2017, the Company increased its investment in a wholly-owned subsidiary, namely Superlon Worldwide (India) Private Limited ("SWI") for a total cash consideration of USD 15,000 (equivalent to RM 64,725). The transaction was completed on 11 September 2017.

*Notes to The Financial Statements
(Cont'd)*

6. PROPERTY, PLANT AND EQUIPMENT

The Group - At 30 April 2019

	Freehold land RM	Factory buildings and staff quarters RM	Plant, machinery, tools and equipment RM	Motor vehicles RM	Office equipment, renovation, furniture and fittings RM	Capital work-in- progress RM	Total RM
At Cost / Valuation							
At 1 May 2018	32,750,000	26,130,967	50,996,358	2,939,041	2,905,160	1,689,560	117,411,086
Additions	-	405,725	5,708,476	1,152,094	519,193	5,230,171	13,015,659
Disposal	-	-	(1,052,132)	(915,000)	-	-	(1,967,132)
Reclassification	-	6,459,785	-	-	-	(6,459,785)	-
Write-off	-	-	(220,884)	-	-	-	(220,884)
Foreign currency translation differences	-	48,753	37,484	760	2,786	66,490	156,273
At 30 April 2019	32,750,000	33,045,230	55,469,302	3,176,895	3,427,139	526,436	128,395,002
Less : Accumulated Depreciation							
At 1 May 2018	-	593,681	35,242,955	1,615,849	1,478,204	-	38,930,689
Charge for the financial year	-	664,888	2,375,026	442,156	272,532	-	3,754,602
Disposal	-	-	(1,052,131)	(756,400)	-	-	(1,808,531)
Write-off	-	-	(220,884)	-	-	-	(220,884)
Foreign currency translation differences	-	(469)	(1,365)	(29)	(96)	-	(1,959)
At 30 April 2019	-	1,258,100	36,343,601	1,301,576	1,750,640	-	40,653,917
Carrying Amount							
At 30 April 2019	32,750,000	31,787,130	19,125,701	1,875,319	1,676,499	526,436	87,741,085
Carrying Amount							
At 30 April 2019	-	9,483,463	19,125,701	1,875,319	1,676,499	526,436	32,687,418
- At cost	-	22,303,667	-	-	-	-	55,053,667
- At valuation	32,750,000	-	-	-	-	-	-
At 30 April 2019	32,750,000	31,787,130	19,125,701	1,875,319	1,676,499	526,436	87,741,085

*Notes to The Financial Statements
(Cont'd)*

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

The Group - At 30 April 2018

	Freehold land RM	Factory buildings and staff quarters RM	Plant, machinery, tools and equipment RM	Motor vehicles RM	Office equipment, renovation, furniture and fittings RM	Capital work-in-progress RM	Total RM
At Cost / Valuation							
At 1 May 2017	31,070,000	26,376,818	48,622,215	2,846,255	2,611,444	-	111,526,732
Revaluation surplus	1,680,000	670,000	-	-	-	-	2,350,000
Additions	-	25,737	4,087,525	257,272	299,901	1,689,560	6,359,995
Disposal	-	-	-	(164,486)	(2,209)	-	(166,695)
Reclassification	-	(941,588)	941,588	-	-	-	-
Write-off	-	-	(2,654,970)	-	(3,976)	-	(2,658,946)
At 30 April 2018	32,750,000	26,130,967	50,996,358	2,939,041	2,905,160	1,689,560	117,411,086
Less : Accumulated Depreciation							
At 1 May 2017	-	1,545,725	35,853,617	1,362,174	1,245,560	-	40,007,076
Charge for the financial year	-	1,284,965	1,969,844	418,161	235,740	-	3,908,710
Disposal	-	-	-	(164,486)	(2,190)	-	(166,676)
Reclassification	-	(71,167)	71,167	-	-	-	-
Revaluation	-	(2,165,842)	-	-	-	-	(2,165,842)
Write-off	-	-	(2,651,673)	-	(906)	-	(2,652,579)
At 30 April 2018	-	593,681	35,242,955	1,615,849	1,478,204	-	38,930,689
Carrying Amount							
At 30 April 2018	32,750,000	25,537,286	15,753,403	1,323,192	1,426,956	1,689,560	78,480,397
Carrying Amount							
At 30 April 2018	-	2,906,473	15,753,403	1,323,192	1,426,956	1,689,560	23,099,584
- At cost	-	22,630,813	-	-	-	-	55,380,813
- At valuation	32,750,000	25,537,286	15,753,403	1,323,192	1,426,956	1,689,560	78,480,397

*Notes to The Financial Statements
(Cont'd)*

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

- (a) The following property, plant and equipment are charged against banking facilities (Note 19):-

	The Group 2019 RM	2018 RM
Carrying Amount		
Freehold land	32,750,000	32,750,000
Factory buildings	25,362,031	25,537,286
	58,112,031	58,287,286

- (b) The following property, plant and equipment are subject to finance lease instalments plans (Note 19):-

	The Group 2019 RM	2018 RM
Carrying Amount		
Motor vehicles	999,951	440,166

- (c) On 30 April 2018, the Group's freehold land and factory buildings were revalued by an independent professional valuer. The surpluses arising from the revaluations, net of deferred tax, have been credited to other comprehensive income as disclosed in Note 28 to the financial statements and accumulated in equity under the revaluation reserve.

- (d) The details of the Group's freehold land and factory buildings carried at fair value are analysed as follows:-

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
The Group				
2019				
Freehold land	–	32,750,000	–	32,750,000
Factory buildings	–	22,303,667	–	22,303,667
	–	55,053,667	–	55,053,667
2018				
Freehold land	–	32,750,000	–	32,750,000
Factory buildings	–	22,630,813	–	22,630,813
	–	55,380,813	–	55,380,813

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties and cost approach as a check to ascertain the value of the properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1, level 2 and level 3 during the financial year.

The fair value measurements of the freehold land and factory buildings are based on the highest and best use which does not differ from their actual use.

Notes to The Financial Statements
(Cont'd)

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

- (e) If the freehold land and factory buildings were measured using the cost model, the carrying amount would be as follows:-

	2019 RM	The Group 2018 RM
Carrying Amount		
Freehold land	12,614,180	12,614,180
Factory buildings	15,466,232	15,629,799
	28,080,412	28,243,979

- (f) There is no property, plant and equipment in the Company throughout the current and previous financial years.

7. PREPAID LEASE PAYMENT

	2019 RM	The Group 2018 RM
At Cost		
At 1 May	2,089,298	2,347,439
Foreign currency translation differences	98,320	(258,141)
At 30 April	2,187,618	2,089,298
Less: Accumulated amortisation		
At 1 May	53,681	2,463
Charge for the financial year	53,808	54,566
Foreign currency translation differences	2,679	(3,348)
At 30 April	110,168	53,681
Carrying Amount	2,077,450	2,035,617

The prepaid lease payment represents the land lease in Vietnam with lease period of 40.5 years from 18 April 2017.

Notes to The Financial Statements
(Cont'd)

8. INTANGIBLE ASSETS

	2019 RM	The Group 2018 RM
Trademark (Note a)	1,000,000	1,000,000
Product development expenditure (Note b)	293,675	413,123
	1,293,675	1,413,123
<hr/>		
(a) Trademark		
Cost		
At 1 May/30 April	1,000,000	1,000,000
<hr/>		
(b) Product development expenditure		
Cost		
At 1 May	2,114,799	1,846,057
Additions	–	268,742
	2,114,799	2,114,799
<hr/>		
Less: Accumulated Amortisation		
At 1 May	1,701,676	1,502,204
Amortisation	119,448	199,472
	1,821,124	1,701,676
<hr/>		
Carrying Amount	293,675	413,123
<hr/>		

Trademark

The trademark “Superlon” is registered in Malaysia and acquired for a cash consideration of RM 1.0 million in August 2000 and considered by management to have indefinite useful lives based on the fact that they are established international brands with global potential.

Trademark with indefinite useful lives is not amortised but is reviewed for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the cash-generating unit (“CGU”) based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGU based on the following assumptions:-

- Cash flows are projected based on the management’s five-year business plan.
- Discount rates used for cash flows discounting purpose are the management’s estimate of cost of capital plus a reasonable risk premium at the date of assessment of the CGU. The discount rate applied for cash flow projections is 15.56% (2018 : 6.97%).
- Growth rate for the CGU is determined based on the management’s estimate of the industry trends and past performances of the CGU.
- Profit margins are projected based on the industry trends and historical profit margin achieved.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

Notes to The Financial Statements (Cont'd)

8. INTANGIBLE ASSETS (CONT'D)

Product development expenditure

The Group has a continuous program of product development initiatives to obtain various code listing for its insulation materials, and to develop special new products for overseas market according to specific requirements of each respective country or region. The code listings, once obtained, will increase selling opportunities for its insulation materials by making it easier for designers, architects and specifies of heating, ventilation, air-conditioning and refrigeration systems to incorporate these products in their plans. Deferred product development expenditure are amortised over a five (5) years period which commensurate with the availability of the sales of the developed products.

The Group's policy for product development expenditure requires the periodic review of the carrying values to determine if there has been impairment in value-based expected future cash flows. If it is determined that the carrying value exceeds the recoverable amount, the carrying value of the asset is written down to the recoverable amount.

9. OTHER INVESTMENT

	The Group 2019 RM	2018 RM
Golf club membership	46,667	46,667

On 1 May 2018, the Group redesignate its investment in transferable golf club membership to be measured at fair value through profit or loss because the Group intends to hold for long-term strategic purposes. Up to the end of previous financial year, this investment has been classified as available-for-sale financial assets and measured at cost.

There was no disposal of this investment carried at fair value through profit or loss during the financial year.

10. INVENTORIES

	The Group 2019 RM	2018 RM
At Cost		
Raw materials	11,670,111	13,920,849
Work-in-progress	1,525,308	1,413,989
Finished goods	5,366,374	3,608,965
Trading stock	4,658,722	2,562,671
	23,220,515	21,506,474
Recognised in Profit or Loss:-		
Inventories recognised as cost of sales	75,440,240	75,966,188
Inventories written down	31,707	-
Reversal of inventories previously written down	(19,314)	(33,861)

Notes to The Financial Statements
(Cont'd)

11. TRADE RECEIVABLES

	The Group 2019 RM	2018 RM
Trade receivables	16,002,425	16,871,798
Less: Allowance for impairment losses	(1,718,071)	(1,709,324)
	14,284,354	15,162,474
Allowance for impairment losses:-		
At 1 May	1,709,324	1,706,196
Additions during the financial year (Note 24)	8,747	3,128
At 30 April	1,718,071	1,709,324

The Group's normal trade terms range from cash against documents to 90 days credit (2018 : cash against documents to 90 days credit) from the date of invoices.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group 2019 RM	2018 RM	The Company 2019 RM	2018 RM
Sundry receivables	178,706	161,123	-	-
Less : Allowance for impairment losses	(113,034)	(113,034)	-	-
	65,672	48,089	-	-
Deposits to suppliers	132,627	2,011,759	-	-
Goods and services tax recoverable	1,992,342	1,587,456	-	-
	2,190,641	3,647,304	-	-
Deposits	282,842	421,057	1,000	1,000
Prepayments	744,151	745,650	-	-
	3,217,634	4,814,011	1,000	1,000
Allowance for impairment losses:-				
At 1 May	113,034	131,893	-	-
Reversal	-	(18,859)	-	-
At 30 April	113,034	113,034	-	-

Notes to The Financial Statements
(Cont'd)

13. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2019	2018
	RM	RM
Current		
Non-trade balances	4,033,724	4,076,726
Less : Allowance for impairment losses	(1,958,883)	(1,958,883)
	2,074,841	2,117,843
Allowance for impairment losses:-		
At 1 May/ 30 April	1,958,883	1,958,883

The non-trade balances (current) represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand.

14. DEPOSITS WITH LICENSED BANK

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Fixed deposits placed with a licensed bank	7,560,412	9,129,209	–	2,112,880
Short-term deposits placed with a licensed bank	1,700,000	4,950,000	200,000	950,000
	9,260,412	14,079,209	200,000	3,062,880

- (a) The effective interest rates for all deposits placed with a licensed bank of the Group and of the Company at the end of reporting period are 2.2% - 4.8% (2018 : 1.4% - 4.6%) per annum and 2.9% - 3.2% (2018 : 1.4% - 3.3%) per annum respectively.
- (b) The maturity periods for fixed deposits and short-term deposits placed with a licensed bank of the Group and of the Company as at the end of reporting period are 10 to 365 days (2018 : 7 to 365 days) and 14 to 30 days (2018 : 7 to 30 days) respectively.

15. SHORT TERM INVESTMENT

	The Group			
	2019		2018	
	Carrying amount	Market value	Carrying amount	Market value
	RM	RM	RM	RM
Money market fund, at fair value (Note 31(c))	6,558,753	6,558,753	–	–

Notes to The Financial Statements
(Cont'd)

16. SHARE CAPITAL

	The Group/ The Company			
	2019		2018	
	Number of shares	RM	Number of shares	RM
Issued and Fully Paid-Up:-				
Ordinary shares				
At 1 May	160,000,000	40,000,000	80,000,000	40,000,000
Share split	–	–	80,000,000	–
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	–	1,433,182	–	–
At 30 April	160,000,000	41,433,182	160,000,000	40,000,000

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share at meetings of the Company. The ordinary shares have no par value.

17. TREASURY SHARES

	The Group/ The Company			
	2019		2018	
	Number of shares	RM	Number of shares	RM
At 1 May	1,200,158	339,332	600,079	339,332
Share split	–	–	600,079	–
Addition	50,000	58,985	–	–
At 30 April	1,250,158	398,317	1,200,158	339,332

During the financial year, the Company repurchased its issued ordinary shares from the open market as follows:-

	Number of shares	Cost RM	Highest RM	Lowest RM	Average purchase price per share RM
June 2018	20,000	21,988	1.10	1.08	1.10
September 2018	20,000	25,761	1.28	1.28	1.29
March 2019	10,000	11,236	1.12	1.11	1.12
	50,000	58,985			

The transactions of shares buy-back were financed by internally generated funds. The shares bought back are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016. None of the treasury shares held was cancelled during the financial year ended 30 April 2019.

Notes to The Financial Statements
(Cont'd)

18. RESERVES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-Distributable				
Share premium	–	1,433,182	–	1,433,182
Revaluation reserve	24,401,883	24,528,053	–	–
Foreign exchange translation reserve	242,463	(453,731)	–	–
	24,644,346	25,507,504	–	1,433,182
Distributable				
Retained profits	58,420,106	52,843,652	19,044,955	9,359,620
	83,064,452	78,351,156	19,044,955	10,792,802

(a) Revaluation Reserve

The revaluation reserve represent the increase in the fair value of freehold land and factory buildings of the Group (net of deferred tax, where applicable) present under property, plant and equipment.

(b) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries.

19. LOANS AND BORROWINGS

		The Group	
		2019 RM	2018 RM
Current			
Secured -	Multi currency trade loans	6,228,503	3,571,501
	Term loans	636,588	393,493
	Hire purchase payables	175,075	83,398
		7,040,166	4,048,392
Non-Current			
Secured -	Term loans	7,454,877	6,386,552
	Hire purchase payables	497,154	144,421
		7,952,031	6,530,973
		14,992,197	10,579,365
Total Borrowings			
Secured -	Multi currency trade loans	6,228,503	3,571,501
	Term loans	8,091,465	6,780,045
	Hire purchase payables	672,229	227,819
		14,992,197	10,579,365

*Notes to The Financial Statements
(Cont'd)*

19. LOANS AND BORROWINGS (CONT'D)

Bank borrowings

- (a) The bank borrowings are secured by the following:-
- (i) A registered first party charge over the Group's freehold land and factory buildings (Note 6) ; and
 - (ii) Corporate guarantee by the Company.
- (b) The interest rates (per annum) profile of bank borrowings are summarised below:-

	2019 %	2018 %	The Group 2019 RM	2018 RM
Fixed rate borrowings	3.7 - 8.6	3.1 - 3.8	6,228,503	3,571,501
Floating rate borrowings	4.8 - 5.0	4.8 - 5.0	8,091,465	6,780,045

Hire purchase payables

- (a) Future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows:-

	2019 RM	The Group 2018 RM
Minimum hire purchase payments:-		
Not later than one year	201,480	92,027
Later than one year and not later than two years	201,480	67,740
Later than two years and not later than five years	328,995	84,675
	731,955	244,442
Less : Future finance charges	(59,726)	(16,623)
Present value of hire purchase payables	672,229	227,819
Analysed by:-		
Current liabilities	175,075	83,398
Non-current liabilities	497,154	144,421
	672,229	227,819

- (b) The hire purchase payables of the Group bear interests at 4.4% - 4.9% (2018 : 4.6% - 4.9%) per annum.
- (c) The hire purchase payables of the Group are secured by the Group's property, plant and equipment as disclosed in Note 6(b) to the financial statements. The hire purchase arrangements are expiring in years 2022 - 2024 (2018 : 2019 - 2022).
- (d) The hire purchase payables of the Group amounting to RM NIL (2018 : RM 24,159) is guaranteed by the Company.
- (e) The hire purchase payables of the Group amounting to RM 627,229 (2018 : RM 203,660) is guaranteed by one of the directors of the Group.

Notes to The Financial Statements
(Cont'd)

20. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group	
	2019 RM	2018 RM
At 1 May	5,363,370	4,541,852
Recognised in profit or loss (Note 27)	236,254	269,653
Recognised in other comprehensive income (Note 28)	–	764,602
Under/(over)provision on deferred tax expense in prior years	34,628	(212,789)
Foreign exchange translation differences	(161)	52
At 30 April	5,634,091	5,363,370
Presented after appropriate offsetting as follows:-		
Deferred tax (assets)	(194,273)	(310,401)
Deferred tax liabilities	5,828,364	5,673,771
At 30 April	5,634,091	5,363,370

The components and movement of deferred tax assets and liabilities of the Group during the financial year are as follows:-

(i) Deferred tax assets

	Unused tax losses RM	Total RM
At 1 May 2017	491,454	491,454
Recognised in profit or loss (Note 27)	(181,206)	(181,206)
Underprovision of deferred tax income in prior years	205	205
Foreign exchange translation differences	(52)	(52)
At 30 April 2018 / 1 May 2018	310,401	310,401
Recognised in profit or loss (Note 27)	(114,761)	(114,761)
(Over)provision of deferred tax income in prior years	(1,367)	(1,367)
At 30 April 2019	194,273	194,273

Notes to The Financial Statements
(Cont'd)

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

The components and movement of deferred tax assets and liabilities of the Group during the financial year are as follows:- (Cont'd)

(ii) Deferred tax liabilities

	Excess of capital allowances over depreciation RM	Other temporary differences RM	Total RM
At 1 May 2017	4,987,588	45,718	5,033,306
Recognised in profit or loss (Note 27)	129,172	(40,725)	88,447
Recognised in other comprehensive income (Note 28)	764,602	–	764,602
(Over)provision on deferred tax expense in prior years	(212,584)	–	(212,584)
At 30 April 2018 / 1 May 2018	5,668,778	4,993	5,673,771
Recognised in profit or loss (Note 27)	168,715	(47,222)	121,493
Underprovision on deferred tax expense in prior years	33,261	–	33,261
Foreign exchange translation differences	(161)	–	(161)
At 30 April 2019	5,870,593	(42,229)	5,828,364

21. TRADE PAYABLES

The normal trade terms granted to the Group range from cash against documents to 60 days credit (2018 : cash against documents to 60 days credit) from the date of invoices.

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deposits from customers	246,339	366,774	–	–
Accruals	2,765,911	2,614,886	222,000	176,256
Sales tax payable	262,790	–	–	–
Sundry payables	2,392,040	2,717,260	46,861	39,331
	5,667,080	5,698,920	268,861	215,587

- (a) Sundry payables are non-interest bearing and are repayable on demand.
- (b) Included in sundry payables of the Group is an amount of RM 1,429,887 (2018 : RM 2,009,143) payable for purchases of property, plant and equipment.

*Notes to The Financial Statements
(Cont'd)*

23. REVENUE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Revenue recognised at a point in time</u>				
Dividend income	–	–	14,230,000	12,900,000
Management fee income	–	–	396,000	396,000
Sales of thermal insulation materials products, parts and equipment	105,703,412	109,384,912	–	–
	105,703,412	109,384,912	14,626,000	13,296,000

24. NET IMPAIRMENT (LOSSES)/GAIN ON FINANCIAL ASSETS

	The Group		The Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Impairment losses during the financial year:-				
- Individually impaired under MFRS 139 (Note 11)	–	(3,128)	–	–
- Addition under MFRS 9 (Note 11)	(8,747)	–	–	–
- Reversal of impairment losses (Note 12)	–	18,859	–	–
	(8,747)	15,731	–	–

25. PROFIT BEFORE TAXATION

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation is arrived at after charging:-				
Amortisation of product development expenditure	119,448	199,472	–	–
Amortisation of prepaid lease payment	53,808	54,566	–	–
Auditors' remuneration of auditors of the Company	85,000	82,000	37,000	35,000
Auditors' remuneration of other auditors	37,371	26,812	–	–
Depreciation	3,754,602	3,908,710	–	–
Interest on :				
- bank overdrafts	–	1,235	–	1,235
- hire purchase payables	25,597	17,512	–	–
- multi currency trade loans	207,605	73,101	–	–
- term loans	359,529	315,635	–	–
Inventory written down	31,707	–	–	–

Notes to The Financial Statements
(Cont'd)

25. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Profit before taxation is arrived at after charging:- (Cont'd)				
Loss on foreign exchange :				
- realised	—	1,462,918	—	14,444
- unrealised	291,040	257,268	—	480,390
Property, plant and equipment written off	—	6,367	—	—
Rental of :				
- factory	578,000	567,000	—	—
- factory equipment	6,210	8,760	—	—
- hostel	81,084	141,295	—	—
- office equipment	9,026	7,990	—	—
- premises	93,393	108,037	—	—
And Crediting:-				
Gain on disposal of property, plant and equipment	(354,199)	(49,475)	—	—
Gain on foreign exchange :				
- realised	(242,048)	—	—	—
- unrealised	—	—	(682,238)	—
Interest income	(421,855)	(652,189)	(65,417)	(58,280)
Rental income	(2,100)	(3,300)	—	—
Reversal of inventories previously written down	(19,314)	(33,861)	—	—

26. STAFF COSTS

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Executive Directors' Remuneration (excluding benefits-in-kind) (Note 32)	2,761,907	2,648,589	16,250	12,500
Other Staff Costs				
Short-term employee benefits	8,967,313	7,827,988	—	—
Defined contribution plan (EPF)	282,147	276,335	—	—
Other staff related expenses	896,124	936,984	—	—
	10,145,584	9,041,307	—	—
Total Staff Costs	12,907,491	11,689,896	16,250	12,500

Notes to The Financial Statements
(Cont'd)

27. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax:-				
- Current tax expense	3,528,193	3,227,408	107,898	106,231
- Over provision in previous financial year	(34,528)	312,127	(42)	(4,524)
	3,493,665	3,539,535	107,856	101,707
Deferred tax:-				
- Origination of temporary differences (Note 20)	236,254	269,653	-	-
- Underprovision in previous financial year	34,628	(212,789)	-	-
	270,882	56,864	-	-
	3,764,547	3,596,399	107,856	101,707

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation	14,057,035	15,862,882	14,635,395	12,072,988
Tax at statutory income tax rate of 24%	3,373,688	3,807,091	3,512,495	2,897,517
Tax effect of different tax rate in other countries	36,628	-	-	-
Tax effect of non-deductible expenses	587,227	475,701	196,331	304,714
Tax effect of non-taxable income	(241,621)	-	(3,600,928)	(3,096,000)
Tax saving arising from double deduction expenses	(163,856)	(206,775)	-	-
Deferred tax asset not recognised during the financial year	172,381	-	-	-
Utilisation of reinvestment allowances	-	(578,956)	-	-
Under/(Over)provision in prior year:-				
- current tax expense	(34,528)	312,127	(42)	(4,524)
- deferred tax expense	34,628	(212,789)	-	-
	3,764,547	3,596,399	107,856	101,707

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

Notes to The Financial Statements
(Cont'd)

28. OTHER COMPREHENSIVE INCOME

	The Group	
	2019 RM	2018 RM
Items that will not be reclassified subsequently to profit or loss		
Revaluation of property, plant and equipment (Note 6)	–	4,515,842
Less: Deferred tax (Note 20)	–	(764,602)
	–	3,751,240
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences:		
- changes during the financial year	696,194	(436,074)
	696,194	3,315,166

29. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	The Group	
	2019 RM	2018 RM
Profit after taxation attributable to owners of the Company	10,292,488	12,266,483
	Units	Units
Weighted average number of ordinary shares in issue	158,769,897	158,799,842
Basic earnings per ordinary share (sen)	6.48	7.72

(b) Diluted earnings per ordinary share

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

Notes to The Financial Statements
(Cont'd)

30. DIVIDENDS

	The Group	
	2019	2018
	RM	RM
An interim dividend of 0.75 (2018: 1.50) sen per ordinary share on 158,779,842 (2018: 158,799,842) ordinary shares in respect of current financial year	1,190,849	2,381,998
A second interim dividend of 1.15 (2018: 1.00) sen per ordinary share on 158,759,842 (2018 : 158,799,842) ordinary shares in respect of current financial year	1,825,735	1,587,998
A third interm dividend of 1.15 (2018: 1.00) sen per ordinary share on 158,749,842 (2018 : 158,799,842) ordinary shares in respect of current financial year	1,825,620	1,587,998
	4,842,204	5,557,994

The Company declared an interim dividend of 0.75 sen per ordinary share on 158,749,842 ordinary shares, amounting to RM 1,190,624 in respect of the financial year ending 30 April 2020. This dividend is subsequently paid on 24 July 2019 to shareholders whose names appeared in the Company's Record of Depositors on 10 July 2019. This dividend shall be accounted for in equity as an appropriation of retained profits for the financial year ending 30 April 2020.

31. CASH FLOW INFORMATION

(a) The cash disbursed for the purchases of property, plant and equipment is as follows:-

	The Group	
	2019	2018
	RM	RM
Cost of property, plant and equipment purchased (Note 6)	13,015,659	6,359,995
Amount financed through hire purchase	(600,000)	–
Unpaid balance included in sundry payables	(1,178,816)	(1,138,836)
Cash paid in respect of acquisition in previous financial year	1,758,072	933,117
Cash disbursed for purchases of property, plant and equipment	12,994,915	6,154,276

*Notes to The Financial Statements
(Cont'd)*

31. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term loans RM	Hire purchase payables RM	Multi currency trade loans RM	Total RM
2019				
At 1 May	6,780,045	227,819	3,571,501	10,579,365
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	1,950,462	–	29,880,316	31,830,778
Repayment of borrowing principal	(639,042)	(155,590)	(27,541,766)	(28,336,398)
Repayment of borrowing interests	(359,529)	(25,597)	(207,605)	(592,731)
	7,731,936	46,632	5,702,446	13,481,014
<u>Non-cash Changes</u>				
New hire purchase (Note (a) above)	–	600,000	–	600,000
Foreign exchange adjustment	–	–	318,452	318,452
Finance charges recognised in profit or loss	359,529	25,597	207,605	592,731
At 30 April	8,091,465	672,229	6,228,503	14,992,197
2018				
At 1 May	6,765,111	504,316	3,098,239	10,367,666
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	657,413	–	14,608,801	15,266,214
Repayment of borrowing principal	(642,479)	(276,497)	(14,135,539)	(15,054,515)
Repayment of borrowing interests	(315,635)	(17,512)	(73,101)	(406,248)
	6,464,410	210,307	3,498,400	10,173,117
<u>Non-cash Changes</u>				
Finance charges recognised in profit or loss	315,635	17,512	73,101	406,248
At 30 April	6,780,045	227,819	3,571,501	10,579,365

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deposits with licensed bank	9,260,412	14,079,209	200,000	3,062,880
Money market fund (Note 15)	6,558,753	–	–	–
Cash and bank balances	7,159,730	6,217,481	74,458	184,885
	22,978,895	20,296,690	274,458	3,247,765
Less : Fixed deposits with original maturity of more than 3 months	(2,252,912)	(2,248,329)	–	–
	20,725,983	18,048,361	274,458	3,247,765

Notes to The Financial Statements
(Cont'd)

32. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of key management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(a) Directors				
<u>Directors of the Company</u>				
<u>Executive Directors:-</u>				
Short-term employee benefits	2,380,902	2,296,090	16,250	12,500
Defined contribution benefits (EPF)	381,005	352,499	–	–
	2,761,907	2,648,589	16,250	12,500
<u>Non-Executive Directors:-</u>				
Short-term employee benefits :				
- fees	222,000	196,032	222,000	196,032
- other benefits	19,250	16,250	19,250	16,250
	241,250	212,282	241,250	212,282
<u>Directors of the Subsidiaries</u>				
Non-Executive Directors:-				
Short-term employee benefits				
- salaries, bonuses and other benefits	20,728	21,303	–	–
	20,728	21,303	–	–
Total directors' remuneration	3,023,885	2,882,174	257,500	224,782
<u>Estimated monetary value of benefits-in-kind</u>				
Executive directors of the company	53,750	53,750	–	–
(b) Other key management personnel				
Short-term employee benefits	1,177,610	1,942,903	–	–
Defined contribution benefits (EPF)	131,389	233,729	–	–
Total compensation for other key management personnel	1,308,999	2,176,632	–	–

Notes to The Financial Statements (Cont'd)

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant related party transactions and balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Subsidiaries				
- Advance to a subsidiary	-	-	4,000,000	2,000,000
- Contribution to a subsidiary	-	-	12,692,600	8,545,600
- Dividend income	-	-	(14,230,000)	(12,900,000)
- Management fee income	-	-	(396,000)	(396,000)
- Refund of payment on behalf of subsidiary	-	-	-	(51,977)
- Settlement of advance by subsidiaries	-	-	(4,043,002)	(6,448,734)
Transactions with companies in which certain directors have direct or indirect substantial financial interests				
- Professional fees	217,000	260,000	217,000	260,000
- Purchase of tools	-	85,626	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

34. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to access their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group comprises the following main business segments as follows:-

Business segments	Business activities
Insulation materials	Manufacturing of thermal insulation materials mainly for the heating, ventilation, air-conditioning and refrigeration ("HVAC&R") industry.
HVAC&R parts and equipment	Trading of HVAC&R parts and equipment.

Notes to The Financial Statements
(Cont'd)

34. OPERATING SEGMENTS (CONT'D)

(a) Business segments

	Insulation materials RM	HVAC&R parts and equipment RM	Investment holdings RM	Eliminations RM	Consolidated RM
2019					
Revenue					
- Investment income	–	–	14,230,000	(14,230,000)	–
- External sales	92,735,071	16,195,480	–	(3,227,139)	105,703,412
- Management fees income	–	–	396,000	(396,000)	–
Total revenue	92,735,071	16,195,480	14,626,000	(17,853,139)	105,703,412
Cost of sales	(63,172,782)	(15,181,515)	–	2,914,057	(75,440,240)
Gross profit	29,562,289	1,013,965	14,626,000	(14,939,082)	30,263,172
Other income					1,080,107
Unallocated corporate expenses					(16,693,513)
Profit from operation					14,649,766
Finance costs					(592,731)
Profit before taxation					14,057,035
Income tax expense					(3,764,547)
Profit after taxation					10,292,488
2018					
Revenue					
- Investment income	–	–	12,900,000	(12,900,000)	–
- External sales	95,050,570	14,334,342	–	–	109,384,912
- Management fees income	–	–	396,000	(396,000)	–
Total revenue	95,050,570	14,334,342	13,296,000	(13,296,000)	109,384,912
Cost of sales	(62,639,391)	(13,327,617)	–	820	(75,966,188)
Gross profit	32,411,179	1,006,725	13,296,000	(13,295,180)	33,418,724
Other income					712,516
Unallocated corporate expenses					(17,860,875)
Profit from operation					16,270,365
Finance costs					(407,483)
Profit before taxation					15,862,882
Income tax expense					(3,596,399)
Profit after taxation					12,266,483

Notes to The Financial Statements (Cont'd)

34. OPERATING SEGMENTS (CONT'D)

(b) Geographical information

Revenue is based on the country in which the customer are located.

Non-current assets are determined according to the country where these asset are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue At A Point in Time		Non-current Assets	
	2019 RM	2018 RM	2019 RM	2018 RM
Africa, America and Europe	10,007,370	9,084,085	—	—
Asia (excluding Malaysia) and Oceania	62,915,025	70,905,113	13,746,077	3,725,176
Malaysia	32,781,017	29,395,714	77,366,133	78,203,961
	105,703,412	109,384,912	91,112,210	81,929,137

Major customer

Revenue derived from a major customer, which accounted for not less than 10% of Group revenue, amounts to RM 23,539,086 (2018 : RM 13,921,827) arising from sales by insulation materials.

Segment assets and segment liabilities were not disclosed as they were not regularly provided to the chief operating decision maker for their day-to-day operation decision making.

35. CAPITAL COMMITMENTS

	The Group	
	2019 RM	2018 RM
Purchase of property, plant and equipment	1,274,733	4,437,285

36. OPERATING LEASE COMMITMENTS

The Group incurred Estate Management fees on the lease land under non-cancellable operating leases. The lease periods is 40.5 years from 18 April 2017. Estate Management fees are increased every 2 years to reflect market rentals and none of the leases includes contingent rentals.

The future minimum Estate Management fees under the non-cancellable operating lease are as follows:-

	The Group	
	2019 RM	2018 RM
Not more than 1 year	29,674	28,674
Later than two years and not later than five years	118,698	114,697
Later than five years	1,008,932	989,022
	1,157,304	1,132,393

Notes to The Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

37.1 Financial risk management policies

The policies in respect of the major areas of treasury activity are as follows:-

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign exchange contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign currency exposure

	USD RM	SGD RM	Others RM	RM RM	Total RM
The Group 2019					
Financial Assets					
Trade receivables	8,663,189	72,023	44,671	5,504,471	14,284,354
Other receivables	—	—	6,230	59,442	65,672
Deposits with licensed bank	3,506,500	—	801,000	4,952,912	9,260,412
Short term investment	—	—	—	6,558,753	6,558,753
Cash and bank balances	2,533,090	163,626	863,134	3,599,880	7,159,730
	14,702,779	235,649	1,715,035	20,675,458	37,328,921
Financial Liabilities					
Trade payables	(2,760,635)	—	(120,819)	(3,980,016)	(6,861,470)
Other payables and accruals	(512,433)	(33,831)	(1,215,943)	(3,395,744)	(5,157,951)
Loans and borrowings	(6,228,503)	—	—	(8,763,694)	(14,992,197)
	(9,501,571)	(33,831)	(1,336,762)	(16,139,454)	(27,011,618)
Net financial assets	5,201,208	201,818	378,273	4,536,004	10,317,303
Less : Net financial assets denominated in the respective entities functional currencies	(2,537,901)	—	(335,422)	(4,536,004)	(7,409,327)
Currency exposure	2,663,307	201,818	42,851	—	2,907,976

*Notes to The Financial Statements
(Cont'd)*

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

	USD RM	SGD RM	Others RM	RM RM	Total RM
The Group 2018					
Financial Assets					
Trade receivables	11,110,412	67,545	–	3,984,517	15,162,474
Other receivables	–	–	4	48,085	48,089
Deposits with licensed bank	2,700,880	–	680,000	10,698,329	14,079,209
Cash and bank balances	3,202,586	190,310	249,696	2,574,889	6,217,481
	17,013,878	257,855	929,700	17,305,820	35,507,253
Financial Liabilities					
Trade payables	(2,153,767)	–	–	(3,635,997)	(5,789,764)
Other payables and accruals	(400,533)	(31,076)	(602,223)	(4,298,314)	(5,332,146)
Loans and borrowings	(3,571,500)	–	–	(7,007,865)	(10,579,365)
	(6,125,800)	(31,076)	(602,223)	(14,942,176)	(21,701,275)
Net financial assets	10,888,078	226,779	327,477	2,363,644	13,805,978
Less : Net financial assets denominated in the respective entities functional currencies	(614,782)	–	(296,771)	(2,363,644)	(3,275,197)
Currency exposure	10,273,296	226,779	30,706	–	10,530,781

*Notes to The Financial Statements
(Cont'd)*

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

	USD RM	RM RM	Total RM
The Company 2019			
Financial Assets			
Amount owing by subsidiaries	–	2,074,841	2,074,841
Deposits with licensed bank	–	200,000	200,000
Cash and bank balances	720	73,738	74,458
	720	2,348,579	2,349,299
Financial Liabilities			
Other payables and accruals	–	(268,861)	(268,861)
	–	(268,861)	(268,861)
Net financial assets	720	2,079,718	2,080,438
Less : Net financial assets denominated in the Company's functional currency	–	(2,079,718)	(2,079,718)
Currency exposure	720	–	720
2018			
Financial Assets			
Amount owing by subsidiaries	–	2,117,843	2,117,843
Deposits with licensed bank	2,112,880	950,000	3,062,880
Cash and bank balances	7,474	177,411	184,885
	2,120,354	3,245,254	5,365,608
Financial Liabilities			
Other payables and accruals	–	(215,587)	(215,587)
	–	(215,587)	(215,587)
Net financial assets	2,120,354	3,029,667	5,150,021
Less : Net financial assets denominated in the Company's functional currency	–	(3,029,667)	(3,029,667)
Currency exposure	2,120,354	–	2,120,354

Notes to The Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Effects on profit after taxation				
USD				
- strengthened by 5%	101,206	390,385	27	80,573
- weakened by 5%	(101,206)	(390,385)	(27)	(80,573)
SGD				
- strengthened by 5%	7,669	8,618	—	—
- weakened by 5%	(7,669)	(8,618)	—	—
Other				
- strengthened by 5%	1,628	1,167	—	—
- weakened by 5%	(1,628)	(1,167)	—	—

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither they carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 19 to the financial statements.

Interest rate risk sensitivity analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

Notes to The Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies (Cont'd)

(b) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balance), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by 1 (2018 : 1) customer which constituted approximately 21% (2018 : 18%) of its trade receivables (including related parties) at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group			
	RM	2019 % of total	RM	2018 % of total
By country:-				
Africa, America and Europe	1,640,184	11.5	1,484,435	9.8
Asia (excluding Malaysia) and Oceania	7,025,661	49.2	9,578,851	63.2
Malaysia	5,618,509	39.3	4,099,188	27.0
	14,284,354	100.0	15,162,474	100.0

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

Notes to The Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(iii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The measure of the expected losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulties or with significant balance outstanding is deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 3 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables is summarised below:-

	Gross amount RM	Lifetime loss allowance RM	Carrying value RM
The Group			
2019			
Current (not past due)	5,419,951	–	5,419,951
1 to 30 days past due	5,911,807	–	5,911,807
31 to 60 days past due	2,171,390	–	2,171,390
61 to 90 days past due	770,008	–	770,008
	14,273,156	–	14,273,156
Credit impaired:-			
more than 90 days past due	11,198	–	11,198
– individually impaired	1,718,071	(1,718,071)	–
	16,002,425	(1,718,071)	14,284,354

Notes to The Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

Trade receivables (Cont'd)

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables (including amount owing by related parties) is as follows:-

	Gross amount RM	Individual impairment RM	Carrying value RM
The Group 2018			
Not past due	7,118,646	–	7,118,646
Past due:-			
- 0 to 30 days	4,177,211	–	4,177,211
- 31 to 60 days	3,192,217	–	3,192,217
- 61 to 90 days	437,887	–	437,887
- over 91 days	1,945,837	(1,709,324)	236,513
	16,871,798	(1,709,324)	15,162,474

The movement in the loss allowances in respect of trade receivables is disclosed in Note 11 to the financial statements.

Other receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Deposits with a licensed banks, cash and bank balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Notes to The Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

Amount owing by subsidiaries (Non-trade balances)

The Company applies the general approach in measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

	Gross amount RM	Lifetime loss allowance RM	Carrying value RM
The Company			
2019			
Low credit risk	4,033,724	(1,958,883)	2,074,841

No expected credit risk is recognised on amount owing by subsidiaries as it is negligible.

In the last financial year, the loss allowance on amount owing by subsidiaries was calculated under MFRS 139.

The movements in the loss allowances are disclosed in Note 13 to the financial statements.

Financial guarantee contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

Notes to The Financial Statements
(Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies (Cont'd)

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted average effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
The Group						
2019						
Non-derivative financial liabilities						
Trade payables	-	6,861,470	6,861,470	6,861,470	-	-
Other payables and accruals	-	5,157,951	5,157,951	5,157,951	-	-
Loans and borrowings:-						
- Multi currency trade loans	3.7 - 8.6	6,228,503	6,228,503	6,228,503	-	-
- Term loans	4.8 - 5.0	8,091,465	11,626,922	1,009,920	2,877,285	7,739,717
- Hire purchase payables	4.4 - 4.9	672,229	731,955	201,480	530,475	-
		27,011,618	30,606,801	19,459,324	3,407,760	7,739,717

Notes to The Financial Statements
(Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies (Cont'd)

(c) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Weighted average effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
The Group						
2018						
Non-derivative financial liabilities						
Trade payables	-	5,789,764	5,789,764	5,789,764	-	-
Other payables and accruals	-	5,332,146	5,332,146	5,332,146	-	-
Loans and Borrowings:-						
- Multi currency trade loans	3.1 - 3.8	3,571,501	3,571,501	3,571,501	-	-
- Term loans	4.8 - 5.0	6,780,045	9,508,426	706,807	2,481,600	6,320,019
- Hire purchase payables	4.6 - 4.9	227,819	244,442	92,027	152,415	-
		21,701,275	24,446,279	15,492,245	2,634,015	6,320,019

Notes to The Financial Statements
(Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies (Cont'd)

(c) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Weighted average effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
The Company						
2019						
Other payables and accruals	-	268,861	268,861	268,861	-	-
Financial guarantee contract in relation to corporate guarantee to certain subsidiaries *	-	14,319,968	17,855,425	7,238,423	2,877,285	7,739,717
		14,588,829	18,124,286	7,507,284	2,877,285	7,739,717
2018						
Other payables and accruals	-	215,587	215,587	215,587	-	-
Financial guarantee contract in relation to corporate guarantee to certain subsidiaries *	-	10,375,705	13,292,833	4,370,335	2,634,015	6,288,483
		10,591,292	13,508,420	4,585,922	2,634,015	6,288,483

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Notes to The Financial Statements (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

There was no change in the Group's approach to capital management during the financial year.

37.3 Classification of financial instruments

	2019 The Group RM	The Company RM
Financial Assets		
<u>Designed at fair value through profit or loss</u>		
Other investment	46,667	–
<u>Fair value through profit or loss</u>		
Short term investment	6,558,753	–
<u>Amortised cost</u>		
Trade receivables	14,284,354	–
Other receivables	65,672	–
Amount owing by subsidiaries	–	2,074,841
Deposits with licensed bank	9,260,412	200,000
Cash and bank balances	7,159,730	74,458
	30,770,168	2,349,299
Financial Liabilities		
<u>Amortised cost</u>		
Trade payables	6,861,470	–
Other payables and accruals	5,157,951	268,861
Loans and borrowings	14,992,197	–
	27,011,618	268,861

*Notes to The Financial Statements
(Cont'd)*

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 Classification of financial instruments (Cont'd)

	2018 The Group RM	The Company RM
Financial Assets		
<u>Available-for-sale financial assets</u>		
Other investment	46,667	–
<u>Loans and receivables</u>		
Trade receivables	15,162,474	–
Other receivables	48,089	–
Amount owing by subsidiaries	–	2,117,843
Deposits with licensed bank	14,079,209	3,062,880
Cash and bank balances	6,217,481	184,885
	35,507,253	5,365,608
Financial Liabilities		
<u>Other financial liabilities</u>		
Trade payables	5,789,764	–
Other payables and accruals	5,332,146	215,587
Loans and borrowings	10,579,365	–
	21,701,275	215,587

*Notes to The Financial Statements
(Cont'd)*

37. FINANCIAL INSTRUMENTS (CONT'D)

37.4 Gains or losses arising from financial instruments

	2019	
	The Group RM	The Company RM
Financial Assets		
<u>Fair value through profit or loss</u>		
Net gain recognised in profit or loss	73,667	–
<u>Amortised cost</u>		
Net gains recognised in profit or loss	448,921	747,655
Financial Liabilities		
<u>Amortised cost</u>		
Net losses recognised in profit or loss	(984,504)	–
	2018	
	The Group RM	The Company RM
Financial Assets		
<u>Loans and receivables</u>		
Net gains/(loss) recognised in profit or loss	303,286	(422,110)
Financial Liabilities		
<u>Other financial liabilities</u>		
Net loss recognised in profit or loss	(315,848)	(1,235)

*Notes to The Financial Statements
(Cont'd)*

*Notes to The Financial Statements
(Cont'd)*

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 Fair value information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following tables sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
The Group								
2019								
Financial Assets								
Other investment *	-	23,000	-	-	-	-	23,000	46,667
Short term investment	-	6,558,753	-	-	-	-	6,558,753	6,558,753
Financial Liabilities								
Hire purchase payables	-	-	-	-	(640,494)	-	(640,494)	(672,229)
Term loans	-	-	-	-	(8,091,465)	-	(8,091,465)	(8,091,465)
2018								
Financial Liabilities								
Hire purchase payables	-	-	-	-	(228,829)	-	(228,829)	(227,819)
Term loans	-	-	-	-	(6,780,045)	-	(6,780,045)	(6,780,045)

* In the last financial year, the fair value of other investment of golf club membership with carrying amount of RM 46,667 was not presented due to lack of marketability where the fair value cannot be reliably measured.

Notes to The Financial Statements
(Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 Fair value information (Cont'd)

(a) Fair value of financial instrument carried at fair value

- (i) The fair value of other investment is determined by reference to market value provided by respective golf club.
- (ii) The fair value of money market fund is determined by reference to statements provided by the financial institutions, with which the instruments were entered into.

(b) Fair value of financial instruments not carried at fair value

- (i) The fair value of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates (per annum) used to discount the estimated cash flows are as follows:-

	The Group	
	2019	2018
	%	%
Hire purchase payables	6.2	4.4 - 4.7

- (ii) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

List of Properties

Property / Title Details	Type (Existing Use)	Date of Acquisition/ Revaluation	Approximate Age of Buildings/ Tenure	Net Book Value (RM'000)	Land Area/ Built-up Area (square feet)
Factory 1					
Lot 2567, Jalan Sungai Jati, Kampung Jawa, 41200 Klang, Selangor/ GM 3947, Lot 2567, Tempat Sungei Jaty, Mukim Klang, Daerah Klang, Selangor	Land and Building (Factory and Office)	30/03/1996/ 30/04/2018	23 years/ Freehold	20,083	126,127/ 81,630
Lot 2568, Jalan Sungai Jati, Taman Klang Jaya, 41200 Klang, Selangor/ GM 20928, Lot 174634, Mukim Klang, Daerah Klang, Selangor	Land and Building (Warehouse)	08/01/2009/ 30/04/2018	3 years/ Freehold	19,538	117,122/ 63,375
Factory 2					
Lot 2736, Jalan Raja Nong, Kampung Jawa, 41200 Klang, Selangor/ GM 19478, Lot 128651, Tempat Sungei Jaty, Mukim Klang, Daerah Klang, Selangor	Land and Building (Factory and Office)	13/10/2004/ 30/04/2018	14 years/ Freehold	18,492	120,620/ 69,174
VIETNAM					
Land Lot No. 18-6, Street 3B, Protrade International Tech Park, An Tay Ward, Ben Cat Town, Binh Duong Province, Vietnam	Building (Factory and Office)	18/04/2017	6 months / Long lease up to 28 October 2057	6,425	- / 70,219

Analysis of Shareholdings

As at 31 July 2019

Issued Share Capital	:	RM41,433,182.00
Total Number of Issued Shares	:	160,000,000
Class of Shares	:	Ordinary shares

Size of shareholdings	No. of shareholders	%	No. of shares	%
Less than 100	48	1.12	1,503	0.00
100 – 1,000	1,004	23.55	481,960	0.30
1,001 – 10,000	2,253	52.85	10,907,657	6.87
10,001 – 100,000	846	19.85	24,087,834	15.17
100,001 – less than 5%	110	2.58	75,145,840	47.34
5% and above	2	0.05	48,125,048	30.32
TOTAL	4,263	100.00	158,749,842*	100.00

* Excluding the 1,250,158 shares held in treasury

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Liu Lee, Hsiu-Lin @ Jessica H. Liu	35,860,548	22.59	14,280,000*	9.00
Kumpulan Wang Persaraan (Diperbadankan)	12,264,500	7.73	440,000	0.28
Liu Han-Chao	7,140,000	4.50	35,860,548 ^α	22.59
Liu Jeremy	7,140,000	4.50	35,860,548 ^α	22.59

* Deemed interested via her children, Mr Liu Han-Chao's and Jeremy Liu's shareholdings

^α Deemed interested via his mother, Madam Liu Lee, Hsiu-Lin's shareholdings

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Chun Kwong Pong	–	–	–	–
Liu Lee, Hsiu-Lin @ Jessica H. Liu	35,860,548	22.59	14,280,000*	9.00
Liu Han-Chao	7,140,000	4.50	35,860,548 ^α	22.59
Liu Jeremy	7,140,000	4.50	35,860,548 ^α	22.59
Ongi Cheng San	60,204	0.04	–	–
Lim Wai Loong	–	–	–	–
Lin, Po-Chih	330,000	0.21	–	–
Chee Chung Yen	–	–	–	–

* Deemed interested via her children, Mr Liu Han-Chao's and Jeremy Liu's shareholdings

^α Deemed interested via his mother, Madam Liu Lee, Hsiu-Lin's shareholdings

*Analysis Of Shareholdings
As at 31 July 2019
(Cont'd)*

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Name	No. of shares	%
1	LIU LEE, HSIU-LIN	35,308,320	22.24
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	12,264,500	7.73
3	JEREMY LIU	7,140,000	4.50
4	LIU HAN-CHAO	7,140,000	4.50
5	YAYASAN GURU TUN HUSSEIN ONN	6,013,000	3.79
6	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR MAYBANK KIM ENG SECURITIES PTE LTD</i>	5,569,200	3.51
7	CHAN KENG CHUNG	5,425,100	3.42
8	COVINGTON PACIFIC LTD	4,078,700	2.57
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)</i>	3,120,700	1.97
10	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR FONG SILING</i>	3,000,000	1.89
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	2,148,000	1.35
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (PHEIM)</i>	1,675,300	1.06
13	HLIB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIU, MAN-TIEN</i>	1,643,716	1.04
14	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD <i>CIMB ISLAMIC TRUSTEE BHD FOR BIMB I DIVIDEND FUND</i>	1,501,500	0.95
15	HLIB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HUANG, HSIN-YUEH</i>	1,355,000	0.85
16	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN</i>	1,133,000	0.71
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR BIMB I GROWTH FUND</i>	934,800	0.59
18	FANG, PEI-CHING	922,000	0.58
19	LIEW CHEE MING	720,000	0.45
20	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD-MAYBANK SMALLCAP TRUST FUND</i>	690,600	0.44

*Analysis Of Shareholdings
As at 31 July 2019
(Cont'd)*

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

	Name	No. of shares	%
21	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TANG CHONG HEE</i>	683,800	0.43
22	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	655,200	0.41
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PAULINE SEAH SEOW GEIK</i>	616,800	0.39
24	FANG, MEI-LING	611,000	0.38
25	ANDREW LIM CHEONG SENG	600,000	0.38
26	LIU LEE, HSIU-LIN	552,228	0.35
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAU HOW SIONG</i>	508,400	0.32
28	HLIB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TINA YU-CHEN LEE</i>	505,548	0.32
29	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC EMERGING OPPORTUNITIES FUND</i>	500,000	0.31
30	CITIGROUP NOMINEES (ASING) SDN BHD <i>CEP FOR PHEIM SICAV-SIF</i>	498,800	0.31

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth ("13th") Annual General Meeting of SUPERLON HOLDINGS BERHAD ("Superlon" or "the Company") will be held at Botanic Room, Botanic Resort Club, No.1, Jalan Ambang Botanic, Bandar Botanic, 41200 Klang, Selangor Darul Ehsan on Thursday, 26 September 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2019 together with the Reports of Directors and Auditors thereon.
2. To approve the following payments to Directors:
 - (1) Directors' fees of up to RM230,000.00 for the financial year ending 30 April 2020 payable monthly in arrears after each month of completed service of the Directors during the subject financial year. **(Ordinary Resolution 1)**
 - (2) Meeting attendance allowances of up to RM43,500.00 for the period from the date of the forthcoming Annual General Meeting to 31 October 2020. **(Ordinary Resolution 2)**
3. To re-elect the following Directors who retire in accordance with Article 96 of the Constitution of the Company:-
 - (1) Madam Liu Lee, Hsiu-Lin @ Jessica H. Liu **(Ordinary Resolution 3)**
 - (2) Mr Ongi Cheng San **(Ordinary Resolution 4)**
4. To re-elect Ms Chee Chung Yen the Director who retires in accordance with Article 103 of the Constitution of the Company. **(Ordinary Resolution 5)**
5. To approve the re-appointment of retiring Auditors, Messrs Crowe Malaysia PLT (converted from Crowe Malaysia which was formerly known as Crowe Horwath) as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without any modifications:

6. **Authority for Directors to allot and issue shares pursuant to Section 75 of the Companies Act 2016 ("the Act")** **(Ordinary Resolution 7)**

"THAT, subject always to the Act, the Constitution (formerly known as Memorandum and Articles of Association) of the Company and approval and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors be hereby empowered pursuant to Section 75 of the Act to allot and issue new ordinary shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued shares for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Annual General Meeting (Cont'd)

7. Proposed renewal of authority for the Company to purchase its own shares

(Ordinary Resolution 8)

“THAT, subject to the Companies Act 2016 (“the Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution (formerly known as Memorandum and Articles of Association) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authority, the Company be hereby given full authority, to seek shareholders’ approval for the renewal of authority for the Company to purchase and/or such amount of ordinary shares in the Company (“Shares”) through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

- (i) the aggregate number of Shares so purchased and/or held pursuant to this ordinary resolution (“Purchased Shares”) does not exceed ten percent (10%) of the total issued shares of the Company; and
- (ii) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits of the Company.

THAT the Directors be hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 127 of the Act) and/ or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares and/or cancel the remainder and to deal with the Purchased Shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT such approval and authorisation shall only continue to be in force until:

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

whichever occurs first;

AND FURTHER THAT the Directors of the Company be hereby authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate.”

8. Proposed Adoption of New Constitution

(Special Resolution 1)

“THAT approval be hereby given to the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new constitution of the Company be hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be hereby authorised to assent to any modifications, variations and/ or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

Notice of Annual General Meeting (Cont'd)

9. To transact any other ordinary business of which due notice shall have been given in accordance with the Act.

By order of the Board

NG MEI WAN (MIA 28862)

R. MALATHI A/P RAJAGOPAL (MAICSA 7054884)

Company Secretaries

Kuala Lumpur

22 August 2019

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 17 September 2019 shall be regarded as members and be entitled to attend, participate, speak and vote at the 13th Annual General Meeting.
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
3. 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.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
5. Any alterations in the Proxy Form must be initialed by the member.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 13th Annual General Meeting to vote by poll.

EXPLANATORY NOTES TO THE AGENDA

8. Item 1 of the Agenda – Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

9. Item 2 of the Agenda - Ordinary Resolutions no. 1 & 2

Approval of Directors' fees for the financial year ending 30 April 2020 and meeting attendance allowances from the date of the forthcoming Annual General Meeting to 31 October 2020

Directors' fees approved for the financial year ended 30 April 2019 was RM230,000 and the meeting attendance allowances of up to RM43,500 for the period from 18 September 2018 to 31 October 2019. The Directors' fees and meeting attendance allowances proposed are calculated based on the anticipated number of scheduled Board and Committee Meetings for 2019/2020 and assuming that all the Non-Executive Directors will hold office until the conclusion of the next Annual General Meeting.

This resolution is to facilitate payment of Directors' fees and meeting attendance allowances on current financial year basis. In the event the Directors' fees and meeting attendance allowances proposed are insufficient (e.g. due to more meetings), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

Notice of Annual General Meeting (Cont'd)

10. **Item 6 of the Agenda - Ordinary Resolution no. 7**

Authority to Allot and Issue Shares pursuant to Section 75 of the Act

- (a) The proposed resolution, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the 13th Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding in total of ten percent (10%) of the issued shares of the Company (excluding treasury shares, if any) for the time being for such purposes as they may think fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.
- (b) The General Mandate is a renewal from the previous mandate obtained at the last Annual General Meeting held on 18 September 2018 which will expire at the conclusion of the 13th Annual General Meeting of the Company.
- (c) As at the date of this Notice, the Company did not issue any new shares based on the previous mandate obtained at the last Annual General Meeting.
- (d) The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for purpose of funding current and/or future investment project(s), working capital and/or payment of bank borrowings and acquisition.

11. **Item 7 of the Agenda - Ordinary Resolution no. 8**

Proposed renewal of authority for the Company to purchase its own shares

The proposed resolution, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.

Further details are set out in the Statement to Shareholders dated 22 August 2019.

12. **Items 8 of the Agenda - Special Resolution no. 1**

Proposed Adoption of New Constitution

The proposed Special Resolution 1, if passed, will align the Constitution of the Company with the Act which came into force on 31 January 2017, the updated provisions of the Listing Requirements of Bursa Securities and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that may arise from the Act and the Listing Requirements.

Please refer to Part B of the Circular to Shareholders dated 22 August 2019 for further information.

Statement Accompanying Notice Of Annual General Meeting (Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS DIRECTOR

No individual is seeking for election as a Director at the 13th Annual General Meeting of the Company.

PROXY FORM

SUPERLON®

SUPERLON HOLDINGS BERHAD

(Company No.740412-X)
(Incorporated in Malaysia)

Total No. of shares held CDS Account No.

I/We,
(Please use Block Letters)

of
(Full Address)

being (a) member(s) of **Superlon Holdings Berhad** hereby appoint(s).....

of

or failing him / her,

of

or else, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the THIRTEENTH (13th) ANNUAL GENERAL MEETING of the Company to be held at Botanic Room, Botanic Resort Club, No.1, Jalan Ambang Botanic, Bandar Botanic, 41200 Klang, Selangor Darul Ehsan on Thursday, 26 September 2019 at 10.00 a.m. and at any adjournment thereof for the following purposes:

No.	Ordinary Resolutions	For	Against
1.	Payment of Directors' fees of up to RM230,000.00 for the financial year ending 30 April 2020		
2.	Payment of Directors' meeting attendance allowances of up to RM43,500.00 up to 31 October 2020		
3.	Re-election of Madam Liu Lee, Hsiu-Lin @ Jessica H. Liu as Director		
4.	Re-election of Mr Ongi Cheng San as Director		
5.	Re-election of Ms Chee Chung Yen as Director		
6.	Re-appointment of Messrs Crowe Malaysia PLT (converted from Crowe Malaysia which was formerly known as Crowe Horwath) as Auditors		
7.	Renewal of authority for Directors to issue shares pursuant to Section 75 of the Companies Act 2016		
8.	Renewal of authority for the Company to purchase its own shares		
No.	Special Resolution	For	Against
1.	Adoption of New Constitution		

Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/ her discretion.

For appointment of two proxies, the percentage of shareholdings to be represented by each proxy is as follows:

Dated this day of2019

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Signature of Shareholder(s) or Common Seal

Number of Shares Held	
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NOTES:

- Only depositors whose names appear in the Record of Depositors as at 17 September 2019 shall be regarded as members and be entitled to attend, participate, speak and vote at the 13th Annual General Meeting.
- A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
- 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.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/ her shareholdings to be represented by each proxy.
- Any alterations in the Proxy Form must be initialed by the member.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 13th Annual General Meeting to vote by poll.



Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 13th Annual General Meeting and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"),
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**AFFIX
STAMP
HERE**

To: Company Secretaries

SUPERLON HOLDINGS BERHAD (740412-X)
3-2, 3rd Mile Square
No. 151 Jalan Kelang Lama
Batu 3½
58100 Kuala Lumpur

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SUPERLON HVAC&R PARTS

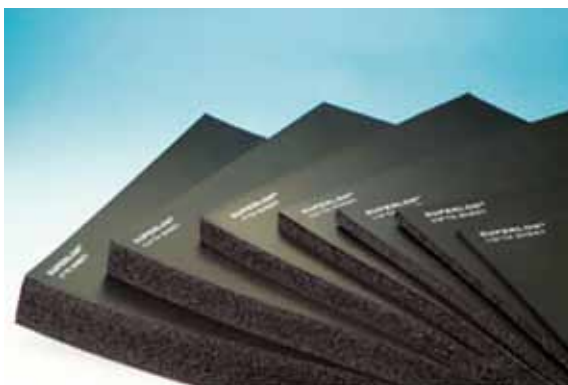
In addition to the manufacturing of thermal insulation materials, **SUPERLON** is also involved in trading of HVAC&R parts and equipment. The existing product range for our trading business include the following:-

- 1) Copper Tubes, Fittings and Driers
- 2) Refrigerant Gas
- 3) Refrigerator Compressor, Vacuum Pump and Motor Fan
- 4) Temperature Controller, Digital Thermometer and Refrigerator Gauge.



SUPERLON INSULATION SHEETS & ROLLS

SUPERLON sheets are available in pre-cut sizes or in rolls.





HVAC Tools



Copper tube (coil)



Rotary Compressor



Refrigerant Gas



Vacuum Pump



Fan Motor



Temperature Controller, Digital Thermometer,
Halogen Leak Detector



SUPERLON®

SUPERLON HOLDINGS BERHAD (740412-X)

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