



SUPERLON[®]

SUPERLON HOLDINGS BERHAD

REGISTRATION NO. : 200601020659 (740412-X)

ANNUAL REPORT 2021

SUPERLON[®]

SUP

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.



SUPERLON INSULATION SHEETS & ROLLS

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



VISION STATEMENT

To contribute to the overall reduction of global energy consumption through the manufacturing of quality products, particularly in the area of thermal insulators.

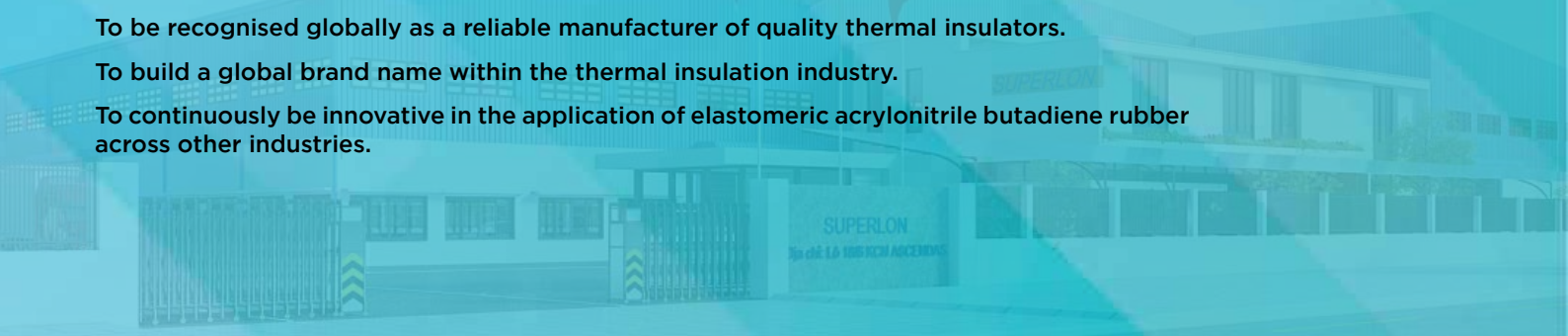
MISSION STATEMENT



To be recognised 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.



SUPERLON[®]

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Definitions:

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

AC	: Audit & Risk Management Committee
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

15th ANNUAL GENERAL MEETING

Fully Virtual Meeting

VENUE

Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia

PLATFORM

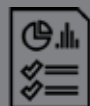
TIIH Online website at <https://tiih.online>

DATE

21 September 2021, Tuesday

TIME

10.00 a.m.



This Annual Report can be downloaded from
www.superlon.com.my

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

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 2021.

The past 18 months will undoubtedly be marked as one of the most difficult periods in current times, with the Covid-19 pandemic causing unprecedented disruptions and turbulence to the lives and businesses around the world. However, through the dedication and perseverance of our people, we have been able to deliver a commendable performance for FYE 2021.



FINANCIAL PERFORMANCE

The operating environment was challenging with heightened uncertainties, stringent operating requirements, supply chain interruptions and slower demand mainly due to the effects of the Covid-19 pandemic. Notwithstanding the circumstances, Superlon generated a revenue of approximately RM100.6 million (FYE 2020: RM101.6 million) and post-tax profits climbed to RM13.2 million (FYE 2020: RM8.6 million) mainly due to the diligent efforts from our team and improvement in gross profit margins.

DIVIDENDS

For FYE 2021, the Company had in October 2020, January 2021 and April 2021 paid interim single-tier dividends amounting to 3.15 sen (FYE 2020: 3.05 sen), which represents a payout ratio of approximately 38.0% of FYE 2021's profit attributable to the shareholders of the Company. 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. This represents our commitment to our shareholders for them to participate in the profits of Superlon.

PROSPECTS AND OUTLOOK

Bank Negara Malaysia reported that the International Monetary Fund revised its projection of global growth in 2021 from 5.5% to 6.0%. This upward revision was driven by larger fiscal measures in several major economies and continued progress in the vaccination rollout, which will facilitate the easing of containment measures especially in the second half of the year. On the home front, Malaysia continues to deal with rising Covid-19 cases and large parts of the country were placed under enhanced movement control order ("EMCO") or various phases of the National Recovery Plan. Accordingly, our factories in Malaysia were temporarily

shuttered in compliance with the EMCO from 3rd July 2021 and resumed on 19th July 2021. Meanwhile, our factory in Vietnam continued its operations without interruptions which helped to partially mitigate the effects of the temporary shutdown.

The operating environment remains challenging with unstable raw material prices, fluctuating exchange rates and disruptions in the global supply chain. As the Covid-19 pandemic is still evolving, we remain vigilant in monitoring the developments closely to take proactive measures to manage any situations arising. The Group will continue to strengthen its foundation to face these temporary challenges. Nonetheless, the profit potential of our businesses remains intact and we are well positioned to benefit from any recovery in the global economy.

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 for their continuing support.

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	Non-Independent Non-Executive Chairman	Chun Kwong Pong	Managing Director and Chief Executive Officer	Liu Lee, Hsiu-Lin @ Jessica H. Liu
	Executive Directors	Liu Han-Chao Liu Jeremy Ongi Cheng San	Independent Non-Executive Directors	Lin, Po-Chih Lim Wai Loong Chee Chung Yen

AUDIT AND RISK MANAGEMENT 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)
(SSM PC No. 201908000801)
R. Malathi A/P Rajagopal
(MAICSA 7054884)
(SSM PC No. 201908000851)

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
201906000005 (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
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

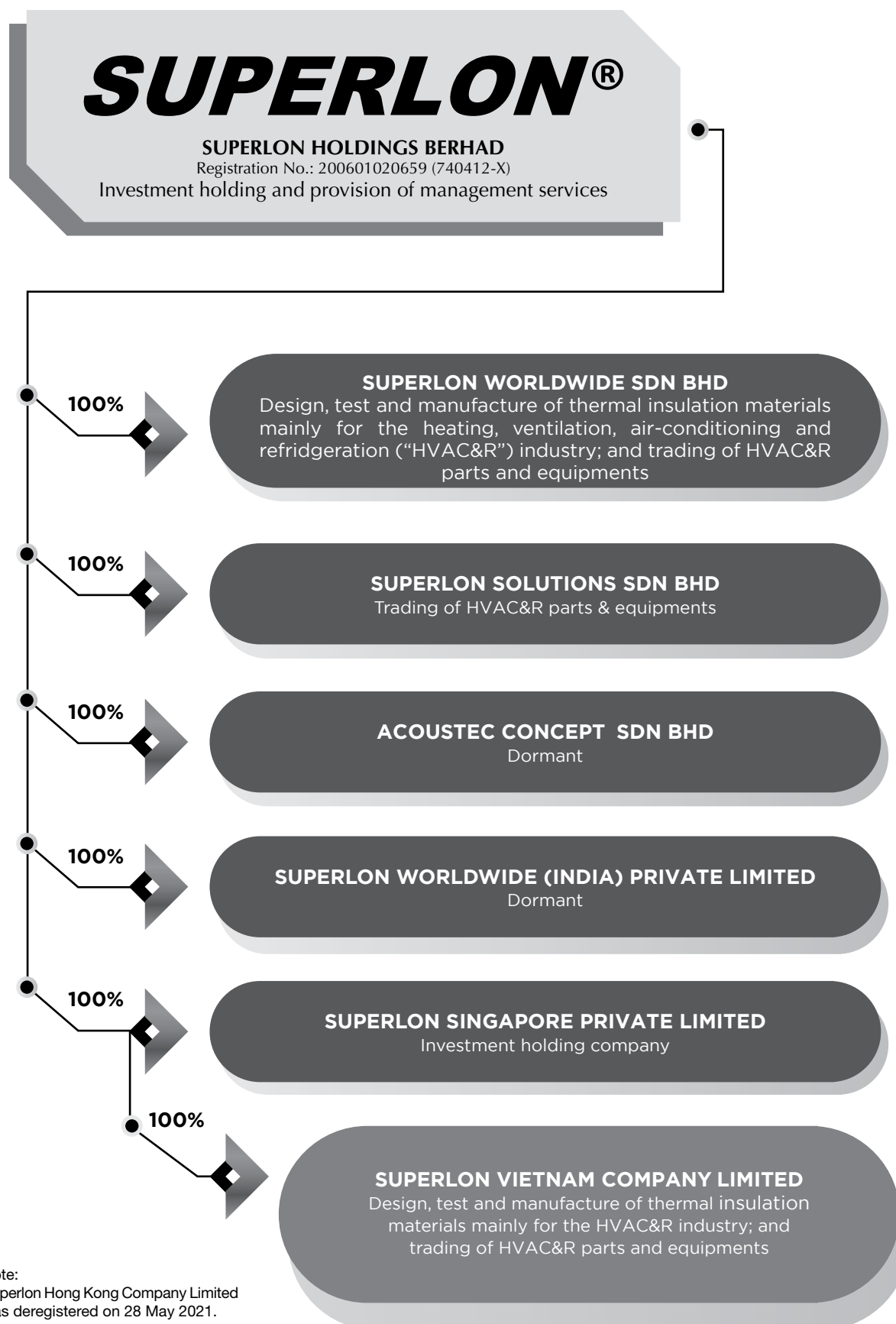
INVESTOR RELATIONS

Shareholders, investors and members of the public are invited to access the Company's website at www.superlon.com.my or Bursa Securities' 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

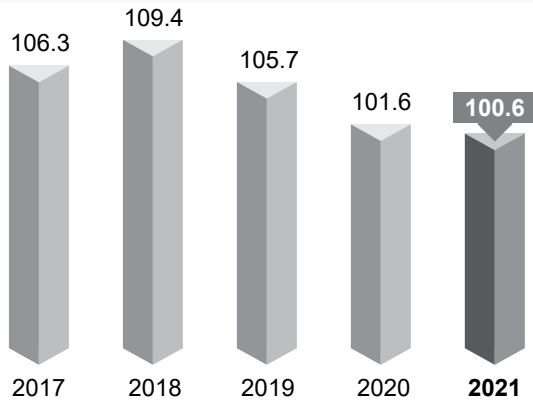


FINANCIAL HIGHLIGHTS

For the financial years ended 30 April 2017 to 2021

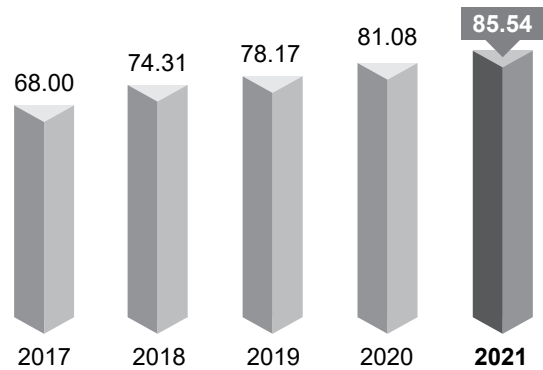
REVENUE

RM' MILLION



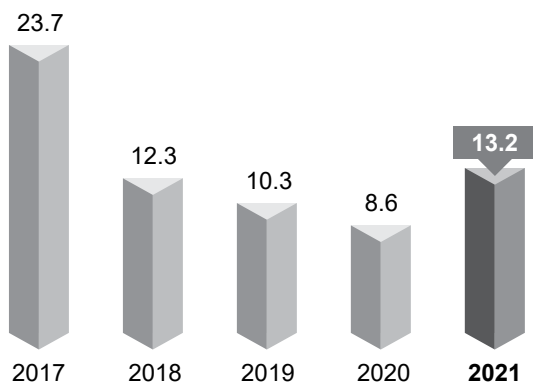
NET ASSETS

PER SHARE #
SEN



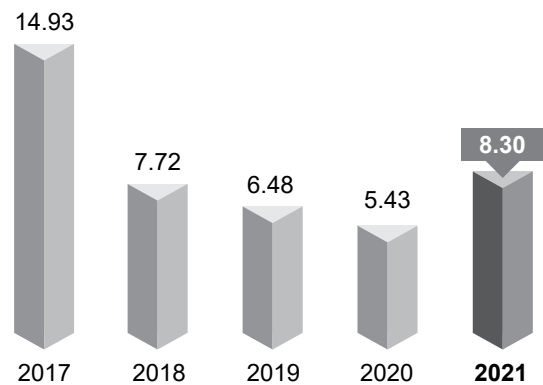
PROFIT ATTRIBUTABLE

TO OWNERS OF THE COMPANY
RM' MILLION



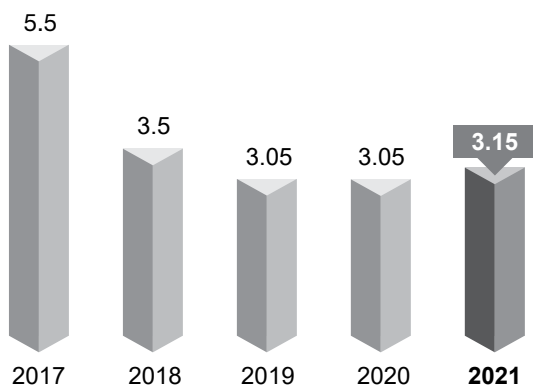
EARNINGS

PER SHARE #
SEN



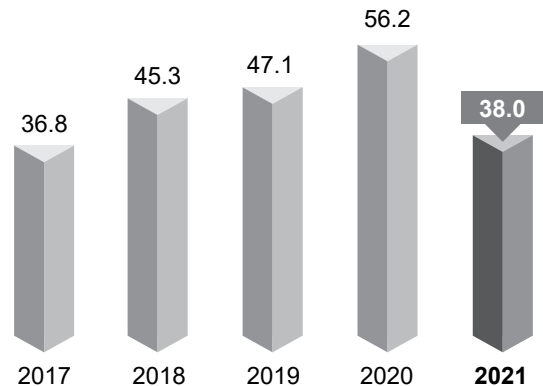
DIVIDEND

PER SHARE ^
SEN



DIVIDEND

PAYOUT RATIO
PERCENTAGE (%)



Notes:-

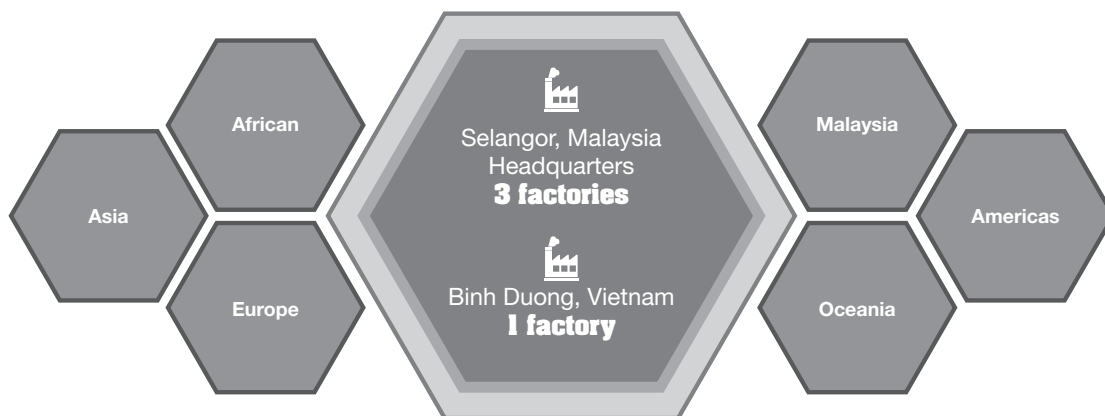
based on the weighted average of shares taking into consideration the Share Split implemented on 8 June 2017
^ based on the enlarged number of shares taking into consideration the Share Split implemented on 8 June 2017

MANAGEMENT

DISCUSSION AND ANALYSIS

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

1.1. Overview of Principal Activities



Superlon is headquartered in Malaysia and has factories in Malaysia as well as Binh Duong, Vietnam. Our products are sold in Malaysia and countries in the African, Asia, Europe, Americas and Oceania regions.

Superlon's principal activities are as follows:

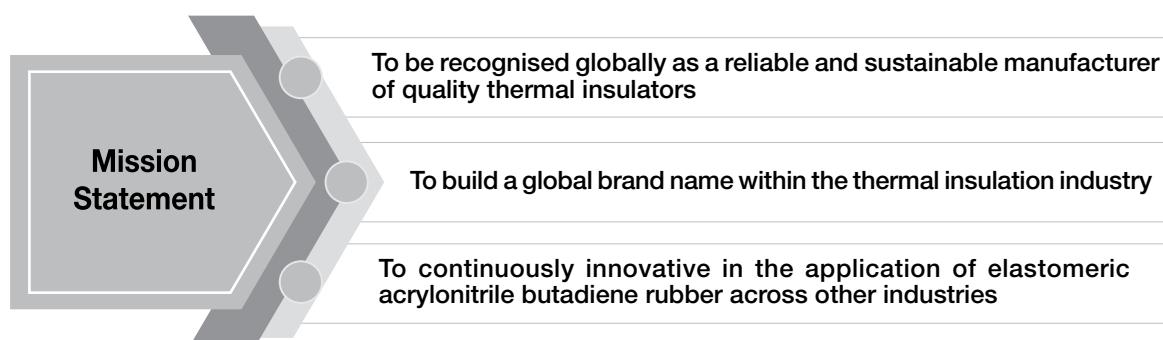
i) **Insulation materials**

We have more than twenty (20) years' experience in manufacturing nitrile butadiene rubber ("NBR") foam insulation products. Our NBR foam products are used mainly to insulate heating, ventilation, air-conditioning and refrigeration ("HVAC&R") systems, reduce vibration, sound and corrosion. We have applied our NBR foam technology to manufacture sports mats, grips and sound insulation products.

ii) **Trading of parts and equipments**

We trade HVAC&R parts and equipments that complement our insulation products.

1.2. Focus and Strategies



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 business priorities will continue to be on the following:-

- research and development to further enhance our methods of production and product quality;
- grow our global footprints and enhance our visibility as well as distribution network; and
- 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)

1. GROUP'S OBJECTIVES AND STRATEGIES FOR SIGNIFICANT BUSINESSES AND OPERATIONS (CONT'D)

1.3. International Recognition

Our research and development have enabled us to meet the stringent standards set by international organisations and countries in which our products are sold. The consistency and reliability of our products are globally recognised. As testimony of our management systems and product quality, Superlon has obtained many international certifications including:-

- ISO 9001:2015 – Quality Management System Standard
- FM Approvals Class : 4924
- Sirim QAS International
- Certificate of product conformity with 2017 Al Sa'fat Dubai Green Building Evaluation System
- ISO 14001: 2015 – Environmental Management System Standard
- TÜV SÜD PSB
- Certificate of Approval from Jabatan Bomba and Penyelamat Malaysia
- UL 2818 - 2013 Gold Standard for chemical emissions for building materials, finishes and furnishings
- UL 94 Standard for tests for flammability of plastic materials for parts in devices and appliances

2. GROUP FINANCIAL PERFORMANCE

A summary of financial performance of our Group in FYE 2021 as compared to FYE 2020 is presented as follows:-

Group	FYE 2020 RM'000	FYE 2021 RM'000	Variance %
<u>Financial Results</u>			
Revenue	101,619	100,628	-1.0
Gross profit	26,966	30,551	+13.3
Other income	553	573	+3.6
Profit before tax	11,248	15,221	+ 35.3
Profit for the year	8,623	13,176	+52.8
<u>Financial Position</u>			
Property, plant and equipment	89,129	85,533	-4.0
Deposits, money market fund, cash and bank balances	20,249	26,065	+28.7
Loans and borrowings	10,593	10,955	+3.4
Equity attributable to shareholders	128,699	135,773	+5.5
<u>Financial Ratios</u>			
Gross profit margin (%)	27	30	+3pp
Net profit margin (%)	8	13	+5pp
Gearing ratio (times) ¹	–	–	–
Net assets per share (sen) ²	81.08	85.54	+5.5
Basic earnings per share (sen) ²	5.43	8.30	+52.9

Notes:-

- 1 Being total group loans and borrowings (net of deposits, cash and bank balances)/ total group equity
 - 2 Based on the weighted average number of ordinary shares of the Company
- pp Percentage point

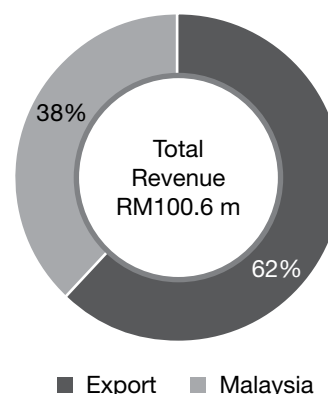
MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

2. GROUP FINANCIAL PERFORMANCE (CONT'D)

2.1. Revenue

Our group revenue for FYE 2021 was RM100.6 million (FYE 2020: RM101.6 million).

RM'000	FYE 2020	FYE 2021	YoY %
Export	71,003	62,611	-11.8%
Malaysia	30,616	38,017	+24.2%
Total	101,619	100,628	-1.0%



In FYE 2021, approximately 62% of our group revenue was derived from export sales whilst local sales accounted for 38% of our group revenue. Our group revenue came in at 1.0% lower compared to previous year mainly due to contraction in our export revenue by 11.8%, which was mainly as a result of weaker global demand and international logistic challenges. Nonetheless, the contraction in our export revenue was partially mitigated by growth in our local revenue of approximately 24.2%.

Contribution of Revenue in Malaysia	FYE 2020 RM'000	FYE 2021 RM'000	YoY %
Insulation	15,443	16,045	+3.9%
Trading & others	15,173	21,972	+44.8%
Total revenue	30,616	38,017	+24.2%

The growth in our local revenue to about RM38.0 million in FYE 2021 (FYE 2020: RM30.6 million) was driven by both insulation and trading segments. Our local insulation revenue saw a growth of 3.9% to RM16.0 million (FYE 2020: RM15.4 million) whilst our trading division soared by 44.8% to RM22.0 million (FYE 2020: RM15.2 million).

In line with our mission to be a globally recognised brand with a diversified global customer base, we are committed to continuously expand our geographical coverage for the export market taking into consideration of market size, intensity of competition, required certification and growth prospects of an overseas market. In view of the Covid-19 pandemic, we have increased our focus on alternative methods of marketing our products such as expanding our online presence and advertising as well as connecting with our distribution network using online meeting platforms. Despite the challenges posed by the pandemic, we have been able to further penetrate the Oceania and African markets in FYE 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

2. GROUP FINANCIAL PERFORMANCE (CONT'D)

2.2. Profits

Despite the slight contraction of our group revenue, our profit before tax ("Pre-tax Profit") grew to RM15.2 million (FYE 2020: RM11.2 million). The growth in our Pre-tax Profit was due to a combination of factors including improved Group's gross profit margin ("GP Margin"), lower selling and distribution expenses as well as finance costs.

Our GP Margin rose to 30% (FYE 2020: 27%) mainly as a result of the following:-

- (a) gradual improvement of our production efficiency after the temporary closure of our factories in Malaysia for six weeks in the 4th quarter of FYE2020 in compliance with the EMCO implemented in Malaysia;
- (b) improved production efficiency and operating results contributed by our Vietnam factory during the financial year; and
- (c) lower cost of raw materials and manpower in FYE2021.

Our selling and distribution expenses decreased to RM5.3 million (FYE 2020: RM5.7 million), representing a reduction of 7.0% mainly due to savings in marketing and travelling related expenses as we leveraged on our online presence and accessibility. Meanwhile, the Group's finance cost for FYE 2021 declined to RM0.4 million (FYE 2020: RM0.7 million), mainly attributed to a lower interest rate environment and reduction of borrowings that attracts higher rates of interest.

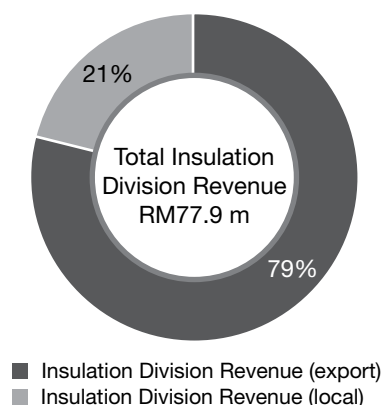
3. REVIEW OF OPERATING ACTIVITIES

3.1. Insulation materials division ("Insulation Division")

Our Insulation Division is principally involved in the manufacture and sale of NBR foam insulation materials for use by the HVAC&R industry.

The top line performance of our Insulation Division moderated in FYE 2021 in line with the softer global demand and contributed 77.4% (FYE 2020: 84.3%) of the Group's total revenue. The decrease in our top line was mainly attributable to a contraction of 12.0% in export sales which was partially mitigated by growth of 3.9% in local sales.

Insulation Division Revenue from:	FYE 2020	FYE 2021	YoY %
Export	70,251	61,850	-12.0%
Local	15,443	16,045	+3.9%
Total Insulation Division Revenue	85,694	77,895	-9.1%
% of Total Insulation Division Revenue to Total Revenue	84.3%	77.4%	-6.9 pp



As a result, our Insulation Division revenue contracted by 9.1% compared to the last financial year due to weaker global sentiment and logistic challenges arising from restrictions imposed by foreign governments as a result of the pandemic.

The Insulation Division's export and local revenue accounted for approximately 79% and 21% respectively of the total Insulation Division revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

3. REVIEW OF OPERATING ACTIVITIES (CONT'D)

3.1. Insulation material division ("Insulation Division") (Cont'd)

Nonetheless, the Insulation Division registered a gross profit of RM29.1 million for FYE 2021 (FYE 2020: RM26.1 million), equating to an increase of 11.5% as compared to the last financial year. We achieved a higher gross profit margin of 37.4% (FYE 2020: 30.4%) for the Insulation Division mainly due to changes in sales mix that encompass a larger portion of sales to higher margin markets, lower costs of raw materials and manpower as well as enhanced production efficiency of our factories.

3.2. Trading of parts and equipments ("Trading Division")

The Trading Division primarily sells parts and equipments for the HVAC&R market and is a key component contributing to the long-term growth of Superlon.

Revenue derived from Trading Division increased to RM22.7 million in FYE 2021 (FYE 2020: RM15.9 million), contributing 22.6% (FYE 2020: 15.7%) to the Group's total revenue. We registered gross profit for the Trading Division of about RM1.5 million (FYE 2020: RM0.9 million). The increase in revenue was mainly attributable to the increase in sale of copper pipes supported partly by the improvement in copper price.

4. FINANCIAL POSITION

4.1. Inventories

Our inventories increased marginally to RM24.9 million (FYE 2020: RM23.3 million). The increase was mainly attributed to the increase in work-in-progress and finished goods, which is to enable us to respond to demand on a timely basis.

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 2021 amounted to RM26.1 million (FYE 2020: RM20.2 million), representing a 28.7% increase as compared to last financial year. Superlon continued to generate a strong operational cash flow during the year whilst being 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 marginally to RM11.0 million (FYE 2020: RM10.6 million). During FYE 2021, loans and borrowings expanded by about RM0.4 million mainly due to increase in use of trade related facilities. Nonetheless, our financial position remains strong as the Group maintains a net cash position.

4.4. Dividends

Our commitment in delivering value to our esteemed shareholders is reflected in Superlon's dividend policy which targets 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. It is our Board's intention to allow shareholders to participate in the profits of Superlon whilst retaining sufficient reserves for future growth.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

4. FINANCIAL POSITION (CONT'D)

4.4. Dividends (Cont'd)

Dividends in respect of FYE 2021	
First interim dividend paid in October 2020	: 0.75 sen
Second interim dividend paid in January 2021	: 1.15 sen
Third interim dividend paid in April 2021	: 1.25 sen
Total	: 3.15 sen

The total single-tier dividend of 3.15 sen per ordinary share declared and paid for FYE 2021 was higher than that of previous financial year of 3.05 sen, representing a total dividend payout ratio of approximately 38.0% (FYE 2020: 56.2%) of our Group's net profit.

5. OUTLOOK AND PROSPECTS

5.1. Economy and Covid-19 impact

The global economy experienced a deep recession in 2020 as real GDP contracted by 3.5% (2019: 2.9%), with uneven and gradual recovery paths in an environment of elevated uncertainty. The developments surrounding the Covid-19 pandemic and the unprecedented policy responses to cushion the resulting economic shocks had shaped the global growth trajectory. (Source: Economic and Monetary review 2020, Bank Negara Malaysia)

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (1Q 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures, particularly under Phase 1 of the Full Movement Control Order (FMCO). For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector.

Growth in the manufacturing sector expanded by 26.6% (1Q 2021: 6.6%). On a seasonally adjusted, quarter-on-quarter basis however, manufacturing growth declined by 1.5%. This was a result of the imposition of MCO 3.0 which impacted demand domestically for products in the consumer- and construction-related clusters. Demand conditions for export-oriented industry remained resilient amid the continued global tech upcycle and recovery in global growth. Manufacturing growth was further impacted by the FMCO Phase 1, which limited operations to only essential sectors and those in the global value chain.

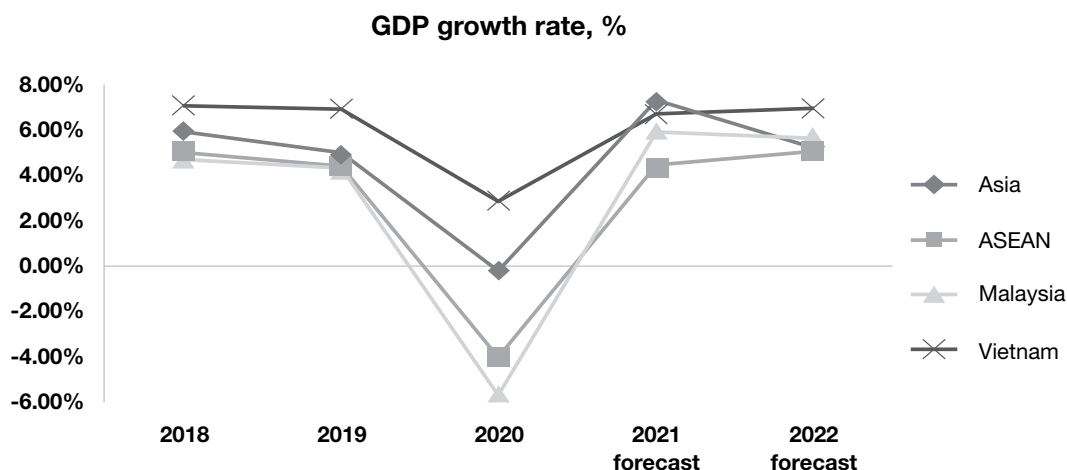
The Malaysian economy was on track for a broad recovery in 2021 as compared to last year. However, the resurgence of COVID-19 cases has necessitated the re-imposition of nationwide containment measures, which would weigh on growth. Growth will continue to be supported by policy measures, which will provide cash flow support, particularly for affected households and businesses. Against this backdrop, for 2021, the Malaysian economy is projected to expand within the range of 3.0% to 4.0%, although the pace of recovery will be uneven across sectors. The recovery is expected to accelerate going into 2022, supported by normalisation of economic activities as well as the positive spillovers from continued improvement in external demand. (Source: Quarterly Bulletin – Second Quarter 2021, Bank Negara Malaysia)

As reported by Bank Negara Malaysia, the International Monetary Fund is projecting global growth in 2021 at 6.0%.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

5. OUTLOOK AND PROSPECTS (CONT'D)

5.2. Asian markets remain as our core markets



Recovery continues to gain momentum in developing Asia, but recent outbreaks of Covid-19, driven in part by new variants, drag on growth in several economies.

Even as the pandemic persists, developing Asia is forecast to sustain its strong rebound. The regional economy is projected to grow by 7.2% in 2021 before growing by 5.4% in 2022. The biggest risks to the outlook would be continued Covid-19 outbreaks, driven by new variants and enabled by delayed vaccine rollout, which could once again disrupt mobility and economic activity, stalling recovery.

The growth forecast for Malaysia is revised down from 6.0% in April to 5.5%. Business conditions for manufacturers deteriorated sharply in June under stricter containment measures. Greater downside risks are likely as rising infections show no sign of abating. The Gross Domestic Product forecast for 2022 is kept at 5.7%.

Gross Domestic Product growth in Vietnam accelerated from 1.8% in the first half of 2020 to 5.6% in the same period this year as global recovery boosted exports, and despite disruption caused by a new wave of Covid-19 starting in late April. Vaccination delays and an extended lockdown in the country's largest growth area may restrict mobility and limit economic activity in 2021. The 2021 growth forecast is revised down from 6.7% in April to 5.8%.

(Source: Asia Development Outlook Supplement, July 2021, Asian Development Bank)

5.3. Moving forward

Notwithstanding the anticipated recovery of the macro economy brought about by the rollout of the vaccination programs worldwide, the operating environment remains challenging with unstable raw material prices, fluctuating exchange rates and disruptions in the global supply chain.

Our factories in Malaysia were temporary shuttered in compliance with the EMCO from 3rd July 2021 and resumed on 19th July 2021. Superlon's operations have since gradually returned to normal levels. Superlon's Vietnam factory continued its operations without interruptions which helped to partially mitigate the effects of the temporary shutdown on our Group.

As the Covid-19 pandemic is still evolving both locally and abroad, we remain vigilant in monitoring the developments closely to take proactive measures to manage any situations arising. The Group will continue to strengthen its foundation to face these challenges.

Nonetheless, the profit potential of our businesses remains intact and we are well positioned to benefit from any recovery in the local and global economy. Moving forward, we will continue to be committed towards strengthening the Group's long term competitiveness by investing in machineries as well as research and development. Through these targeted actions, we aim to increase production capacity, enhance our quality and expand application of our insulation products.

PROFILE OF DIRECTORS

CHUN KWONG PONG

Non-Independent
Non-Executive
Chairman

Chun Kwong Pong, male, a Malaysian aged 49, 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 122 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 64, 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 38 years of 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 122 of this Annual Report.

PROFILE OF DIRECTORS (Cont'd)

LIU HAN-CHAO

Executive Director

Liu Han-Chao, male, an Australian aged 39, 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 122 of this Annual Report.

LIU JEREMY

Executive Director

Liu Jeremy, male, an Australian aged 35, 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 122 of this Annual Report.

PROFILE OF DIRECTORS (Cont'd)

ONGI CHENG SAN

Executive Director

Ongi Cheng San, male, a Malaysian aged 50, 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 28 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 122 of this Annual Report.

LIM WAI LOONG

Independent
Non-Executive Director

Lim Wai Loong, male, a Malaysian aged 45, 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 20 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 122 of this Annual Report.

PROFILE OF DIRECTORS (Cont'd)

LIN, PO-CHIH

Independent
Non-Executive Director

Lin, Po-Chih, male, a Taiwanese aged 43, 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 122 of this Annual Report.

CHEE CHUNG YEN

Independent
Non-Executive Director

Chee Chung Yen, female, a Malaysian aged 47, 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 22 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 122 of this Annual Report.

PROFILE OF SELECTED KEY MANAGEMENT

Madam Jessica H. Liu, Mr Liu Han-Chao, Mr Liu Jeremy and Mr Ongi Cheng San are also the key senior management of the Superlon Group. In addition, the profile of other key senior management during the FYE 2021 are as follows:-

TEO SOON JOO

General Manager

Teo Soon Joo, male, a Malaysian aged 49, is the General Manager for Superlon Worldwide Sdn Bhd. He graduated with a Bachelor of Chemical Engineering degree from National Cheng Kung University in 1995.

Teo Soon Joo has over 25 years' experience in production planning, development and management, particularly in industrial manufacturing industry. He was formerly with a number of manufacturing companies where he handled factory and production matters. He joined the Superlon Group in 2020 as General Manager to oversee the production process and development, factory management as well as office administration of Malaysia operations.

Teo Soon Joo 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 offences 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.

SHEN CHAO TE

General Manager

Shen Chao Te, male, a Taiwanese aged 37, is the General Manager for Superlon Vietnam Company Limited. He graduated with a Bachelor of Mechanical and Automation Engineering degree from Kaoyuan University in 2007 and a Master degree in Materials Science and Engineering from Mingdao University in 2009.

Shen Chao Te worked in an industrial machinery manufacturing company in Taiwan for two years until 2012 as Process Integration Engineer. Before joining Superlon Group, he was a Sales and Process Manager of a company in China for one year as well as a Quality Assurance Manager of a company in Vietnam for three years. He joined the Superlon Group in 2016 as General Manager to plan and oversee the production process and development as well as factory management of Vietnam operation.

Shen Chao Te 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 offences 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.

PROFILE OF SELECTED KEY MANAGEMENT(Cont'd)



FU SHIH-KANG

Production Manager

Fu Shih-Kang, male, a Taiwanese aged 41, is the 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 offences 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.



SOON CHONG SEIN

Maintenance Manager

Soon Chong Sein, male, a Malaysian aged 47, is the Maintenance Manager for Superlon Worldwide Sdn Bhd.

Soon Chong Sein has been working for Superlon Group as Production Supervisor since 1993 and has more than 26 years experience in the production process of Superlon Group. He was promoted to Assistant Production Manager in 2000 and subsequent to Production Manager in 2008. In 2017, he was re-designated as Maintenance Manager to oversee the operation and maintenance of the machinery and other factory equipment for the Group.

Soon Chong Sein 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 offences 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.

PROFILE OF SELECTED KEY MANAGEMENT(Cont'd)



KEE LAI TIN

Purchasing Manager

Kee Lai Tin, female, a Malaysian aged 43, is the Purchasing Manager for Superlon Worldwide Sdn Bhd. She has obtained Diploma in Hotel, Catering & Tourism Management from London College of Management in 1999.

Kee Lai Tin has worked in various companies involved in consumer product industries prior to joining Superlon Group as Purchasing Executive in 2008. She was promoted to Purchasing Manager in 2015. She now oversees the procurement of the materials, packaging, machinery and other factory equipment for the Group.

Kee Lai Tin does not hold 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 offences 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.

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 insight of the corporate governance practices of the Company under the leadership and guidance of the Board during the FYE 2021. The Audit and Risk Management Committee monitors the Company's compliance with the Malaysian Code on Corporate Governance (MCCG). Our corporate governance mostly complies with the MCCG. Deviations from the MCCG are explained in our CG Report 2021.

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 MCCG. It should be viewed with the CG Report 2021 that is available on Superlon's website.

This statement is prepared based on the three key Corporate Governance Principles as set out in the MCCG, which are:

- (a) Board Leadership and Effectiveness
- (b) Effective Audit and Risk Management; and
- (c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board sets the strategic direction of the Group, establishes mission and visions for the management and diligently 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, sustainability as well as the corporate governance within the Group. 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.

There is a clear distinction of roles and responsibilities between the Chairman and the Managing Director. The Chairman is non-executive. The Chairman is primarily responsible for Board effectiveness and conduct whilst the Managing Director is responsible for the day-to-day business affairs overseeing the operating units, organisational effectiveness and implementation of Board policies and decisions. The Board delegates some of its authorities and discretion to the Board Committees, Managing Director cum CEO, Executive Directors and management.

An agenda with the relevant information to be deliberated is given to every Director at least five (5) business days prior to Board meetings. Minutes for every Board meeting are circulated to all Directors for their comment prior to confirmation and adoption at the following Board meeting. All Directors have direct access to the advice of the company secretaries, external auditors and internal auditors in the furtherance of their duties. All Independent Directors have access to the Managing Director cum CEO and Executive Directors should there be any clarification or explanations sought on any aspects of the Group's operations or management matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

1. Board Responsibilities (Cont'd)

In view of the multi-dimensional role of a director, the Board recognises the importance of regular training and professional development for its Directors to serve effectively. During the financial year, the Board evaluated and assessed the training needs of each Director and the Directors attended various relevant training programmes, seminars, trades shows organised by the relevant regulatory bodies 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	Economic Outlook 2021 The ABCs of Sukuk Understanding Behavioural Finance and the Psychology of Investing
Liu Lee, Hsiu-Lin @ Jessica H. Liu	MACC Act 2018 Corporate Liability Provision
Liu Han-Chao	MACC Act 2018 Corporate Liability Provision
Liu Jeremy	MACC Act 2018 Corporate Liability Provision
Ongi Cheng San	MACC Act 2018 Corporate Liability Provision
Lim Wai Loong	Anti-Money Laundering Anti-Bribery & Corruption Financial Train the Trainer
Chee Chung Yen	5S + KAIZEN Organizational Structure & Awareness Training 11 Major Performance Soaring Strategies Ultimate HR Strategies
ALL DIRECTORS	Transfer Pricing Webinar

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	5/5
Lin, Po-Chih	5/5
Chee Chung Yen	5/5

The Board Charter sets out the governance structure, authority and terms of reference of the Board and its committees and the management. It also contains matters which the Board reserves full decision-making powers on. The Board Charter is published on the corporate website and review is done from time to time as and when required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

1. Board Responsibilities (Cont'd)

To assist the Board in fulfilling its roles, the board has three (3) committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, to support and assist in discharging its fiduciary duties and responsibilities. The respective functions and authority of the board committees have been defined by the Board in the terms of reference of each committee. The committees report and make recommendations on matters delegated to them to the Board 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 Board is supported by two Company Secretaries who are qualified to hold the positions under Section 235 (2) of the Act. 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. The Company had formulated the Anti-Bribery and Corruption ("ABC") Policy as testimony of its commitment to conduct business in an honest and ethical manner. The ABC Policy applies to all employees and any potential/existing business associates engaged in activities with the Group. The Company has an Integrity Team to attend to the anti-bribery and corruption compliance matters, in furtherance of the corporate liability provision of the Malaysian Anti-Corruption Commission Act. A Feedback Channel guidance is detailed in the Code of Conduct and Whistleblowing Policy and Procedures, intended to be used for employees to raise serious and sensitive concerns, including those relating to financial reporting, unethical or illegal conduct. The letter or e-mail is to be directed to the Chairman of the Board and/or Chairman of the Audit and Risk Management Committee, who are both non-executive.

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 had assessed the independence of all Independent Non-Executive Directors during FYE 2021. 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. If an Independent Director of the Board 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. All new Directors attend the mandatory accreditation 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, approximately 60% of female participation 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 comprises exclusively of Non-Executive Directors, a majority of whom is independent and is chaired by an Independent Director.

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. The Board has in the past found suitable candidates for Executive Directorships from within the company. The Company shall opt to utilise the independent sources to identify suitably qualified candidates when its existing internal network is exhausted.

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 structure, board operations, management relationship, board roles and responsibilities, board committees and corporate governance, 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. Board Composition (Cont'd)

Remuneration (Cont'd)

The Director's fees and allowances are subject to the prior approval of shareholders at the AGM. The breakdown of the remuneration of each individual Director of the Company for the financial year under review is provided below:-

	Superlon		Superlon 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	–	845,688	141,203	–	25,000
Liu Han-Chao	3,750	–	614,878	97,595	–	21,250
Liu Jeremy	3,750	–	630,436	99,741	–	3,000
Ongi Cheng San	3,750	–	499,438	75,767	–	9,000
<u>Non-Executive Director</u>						
Chun Kwong Pong	5,000	54,000	5,000	–	54,000	–
Lim Wai Loong	3,750	42,000	3,750	–	42,000	–
Lin, Po-Chih	3,750	42,000	3,750	–	42,000	–
Chee Chung Yen	3,750	42,000	3,750	–	42,000	–

The aggregate remuneration of the top five (5) senior management of the Group is not disclosed taking into consideration the highly competitive industry in which the Group is operating and challenges faced in talent management and retention. 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 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 and Risk Management Committee

The Chairman of the Board and the Chairman of the Audit and Risk Management Committee are different individuals and both are non-executive. The Chairman of the Audit and Risk Management Committee is an Independent Director. The Audit and Risk Management 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 and Risk Management 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 Audit and Risk Management Committee has a policy which requires a 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 and Risk Management Committee. To date, no former key audit partner has been appointed as a member of the Audit and Risk Management Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

1. Audit and Risk Management Committee (Cont'd)

The audit fees paid by the Group for the FYE 2021 are detailed in Note 26 in the Financial Statements. No non-audit fees were paid to the external auditors by the Group in respect of the FYE 2021 save for the fees of RM5,000 for the review of the Statement on Risk Management and Internal Control contained in the Annual Report 2020. The Audit and Risk Management 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, inter-alia, they have maintained their independence throughout the audit of Superlon, in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standard Board for Accountant's International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and they have fulfilled their ethical responsibilities in accordance with the By-Laws and the IESBA Code.

The Audit and Risk Management 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 and Risk Management 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 and Risk Management 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.

The Audit and Risk Management Committee also has direct oversight of the audit of the Group and annually assesses the suitability, objectivity and independence of the external auditors and internal auditors.

2. Risk Management and Internal Control Framework

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.

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 recommendations are made to the management and reported to the Audit and Risk Management Committee on areas requiring 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 external independent consulting firm which reports to the Audit and Risk Management 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 and Risk Management 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 handled sensitively 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, terms of reference of the Board committees, key policies of the Company, 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, financial analysts, shareholders and the media from time to time.

2. Conduct of General Meetings

The notice for the upcoming AGM of the Group in 2021 was distributed to the shareholders together with the Annual Report, giving at least twenty-eight (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.

Superlon held its General Meetings in Klang where the location is accessible over the years. As part of precautionary measures to curb the spread of Covid-19 and in view of the enforcement of Movement Control Order in Malaysia, the Company will conduct its forthcoming 15th AGM on a fully virtual basis through live streaming and online remote voting facilities to encourage safe and remote participation of shareholders. The administrative guide of the fully virtual AGM with registration and voting procedures is contained in the Annual Report. Shareholders who are unable to participate the AGM can authorise another person as their proxy/proxies to cast votes online on his/her behalf.

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 34 of the financial statements for the financial year under review, there were no material contracts or RRPT involving the interest of the Directors and/or major shareholders of the Company.

AUDIT & RISK MANAGEMENT COMMITTEE STATEMENT

1. OBJECTIVE

The objective of the Audit & Risk Management Committee (“AC”) is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to the accounting, risk management and internal controls, and reporting practices of the Superlon Group. The AC will endeavour to maintain appropriate standards of responsibility, integrity and accountability to the stakeholders of the Company.

The scope and responsibilities of the AC is outlined in its Terms of Reference as set out in the Company’s website: www.superlon.com.my.

2. COMPOSITION

The composition of the AC complies with the Main Market Listing Requirements and the principles set out in the Malaysian Code of Corporate Governance.

The AC 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 AC members are:-

Name	Directorship	Designation in AC
Chee Chung Yen	Independent	Chairman
Lim Wai Loong	Independent	Member
Lin, Po-Chih	Independent	Member

The Chairman of the AC, Ms Chee Chung Yen, is a graduate from Heriot-Watt University, UK with a Bachelor of Arts in Accountancy and Finance degree as well as 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 AC is a Certified Financial Planner. Mr Lin, Po-Chih is experienced in accounting and finance.

The Chairman of the AC is not the Chairman of the Board. Since the incorporation of the Company, none of the members of the Board were former key audit partners. The AC has in place policies and procedures to assess the suitability, objectivity and independence of the external auditor.

All AC members are financially literate and are able to understand matters under the purview of the AC including the financial reporting process. For FYE 2021, all AC members attended a course on Transfer Pricing which updates the AC members on the Malaysian transfer pricing rules on local and cross border related party transactions.

3. MEETINGS AND MINUTES

The AC meetings are held at least five (5) times a year without the presence of the Executive Directors and management, except when their attendance is requested by the AC. 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 AC has direct communication channels with the external auditors and it convenes meetings with them at least twice a year and whenever necessary, without the presence of the other Directors and employees of the Company.

For the financial year under review, the AC met with the External Auditors in June 2020, August 2020 and March 2021. 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 AC quarterly in June, September, December 2020 and March 2021 to present their reports highlighting any weaknesses and deficiencies in internal controls.

AUDIT & RISK MANAGEMENT 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 2021, five (5) AC meetings were held. The record of attendance of its members during their membership is as follows:-

Name	Attendance (Attended/ Held)	% Of Attendance
Chee Chung Yen (Chairman)	5/5	100%
Lim Wai Loong	5/5	100%
Lin, Po-Chih	5/5	100%

4. SUMMARY OF ACTIVITIES OF THE AC DURING THE FINANCIAL YEAR

During the FYE 2021, the main activities undertaken by the AC were as follows:-

- Discussed the Internal Audit Reports tabled by the Internal Auditors and recommended the same to the Board for approval;
- Reviewed the Group's unaudited consolidated quarterly results for recommendation to the Board for approval;
- Reviewed and discussed the Audit Review Memorandum for the FYE 2020 for recommendation to the Board for approval;
- Reviewed the Audited Financial Statements of the Company for the FYE 2020 and recommended the same for the Board's approval;
- Reviewed and recommended amendments to the Term of Reference for the Audit and Risk Management Committee;
- Reviewed and recommended the Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control and the Corporate Governance Overview Statement for inclusion into the Annual Report 2020 for the Board's approval;
- Reviewed the Corporate Governance Report and recommended the same to the Board for approval;
- Reviewed and recommended the proposed renewal of share buy-back authority for the Board's approval;
- Reviewed and recommended the Statement in relation to the Renewal of Share Buyback Authority for the Board's approval;
- Reviewed the related party transactions for FYE 2020;
- Reviewed and assessed the suitability, objectivity, independence and performance of the External Auditors;
- Reviewed and assessed the suitability, objectivity, independence and performance of the Internal Auditors; and
- Discussed and recommended the Audit Planning Memorandum for the FYE 2021 for the Board's notation.

5. INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to an external consultant firm which reports to the AC 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, 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 AC 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 2021 were the information technology, production and manufacturing, risk assessment, and sales and marketing. The total fees charged by the external consultant firm for the internal audit services amounted to RM29,000 in FYE 2021.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

1. BOARD'S RESPONSIBILITY

The Board affirms its commitment and responsibility to maintain effective risk management and internal controls to safeguard the assets of Superlon and shareholders' interests 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.

The Group has in place a system of internal controls and risk management which the Board reviews for its effectiveness, adequacy and integrity. This include:-

- Identifying, evaluating and monitoring principal risks of the Group;
- Implementation of appropriate risk management strategies, policies and levels of risks tolerance into a framework to provide reasonable assurance; and
- Reviewing the adequacy and integrity of the Company's internal controls on the financial, operational and compliance systems which are in place to manage risks.

The Board recognises that the system is designed to mitigate and does not eliminate the risk on failure in achieving the Group's business objectives. 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 for the Group's major operations. Audit matters tabled by the Internal Auditors and mitigation action taken by the Management are deliberated on during the AC meetings and presented to the Board.

2. 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 on-going processes of identifying, evaluating, monitoring and managing significant risks that may affect the Group in achieving its business objectives throughout the financial year under review. These processes are periodically reviewed by the Internal Auditors who reports to the AC on areas requiring improvement where necessary.

The risk assessment framework outlines the following:-

- The nature of risks identified by the Group;
- The assessment of risks and the extent regarded as tolerable for the Group;
- The likelihood of the risks concerned materialising; 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 is tasked with risk identification and assessment as part of the management's risk management initiatives. Any new significant risks identified and the corresponding mitigation strategies and internal controls are developed during periodic management meetings. These are then reported to the Executive Directors, AC 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. In this manner, the risk management framework remains relevant and effective based on the business environment faced by the Group.

During FYE 2021, the Group implemented the Anti-Bribery and Corruption Policies in response to the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act ("MACC Act"). The policies on acts of bribery and corruption are in place to mitigate this risk.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

3. INTERNAL AUDIT

Superlon outsources its internal audit functions to 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 procedures and control processes implemented by the management within the key business segments of the Group. Any key areas of concern identified during the reviews together with the recommendations for improvements to strengthen the internal controls are directly reported to the AC together with management responses. The Management is then to implement the rectification action plans with due follow-up audits by the Internal Auditors and updates to the AC.

The AC reviews the Internal Audit programme annually in consultation with the Internal Auditors and assesses the reports of the Internal Audit process quarterly. Periodically, the AC will conduct an assessment on the adequacy of scope, functions, competency and resources of the Internal Auditors as well as whether the recommendations of the Internal Audit function have been absorbed into the Group's processes.

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. The Board is also pleased to report that there were no significant internal control deficiencies for areas that have been reviewed by the Internal Auditors. Certain practical recommendations of the Internal Auditors have been taken as remedial action to improve and enhance the existing internal controls.

4. 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 subsidiaries, Superlon Worldwide Sdn Bhd and Superlon Vietnam Company Limited are accredited with ISO 9001:2015 – 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 and Superlon Vietnam Company Limited comply with ISO 14001: 2015 – Environmental Management System 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 and internal control processes are embedded in the Group's management system and is every employee's responsibility.
- The AC meets at least once every quarter and reviews the adequacy, integrity and effectiveness of the system of internal control of the Group. The AC receives and reviews quarterly financial results and internal auditors' report before they are tabled for Board approval.
- The Board reviews the information of the Group's financial status and performance on, at a minimum, a quarterly basis.
- 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 continues 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; and
- The Company adopted the Anti-Bribery and Corruption Policy that outlines the guiding principles on its commitment to conduct business in an honest and ethical manner.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

5. CONCLUSION

The Board is satisfied that the existing system of risk management and internal control is able to provide reasonable assurance for the Group to meet its objectives. There was 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 Board has also 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. Continued focus on measures to protect and enhance shareholders' value and business sustainability will remain a core practice of the Group.

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.

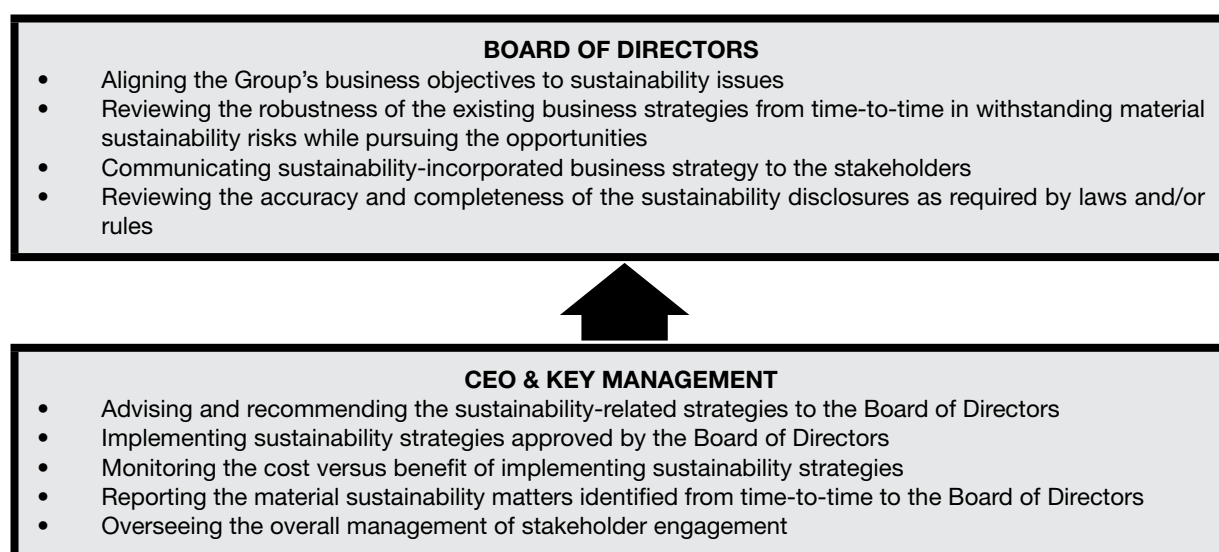
SUSTAINABILITY STATEMENT

Superlon did not lose sight of sustainability considerations in FYE 2021 amidst the global pandemic and continues to focus on the economic, environment and social (“EES”) impacts of our business operation which is fundamental to a sustainable business. This Sustainability Statement is prepared in accordance with the Sustainability Reporting Guide and Toolkits issued by Bursa Securities and outlines the Group’s continuous efforts through robust sustainability governance, enhancing long-term value to stakeholders.

We are pleased to present this Sustainability Statement which encapsulates the Group’s governance information, key stakeholders and ESS areas of focus of the business operation over a period from 1 May 2020 to 30 April 2021. This Sustainability Statement covers the sustainability aspect of nitrile butadiene rubber (“NBR”) insulation manufacturing division in Malaysia, which remain as our core contributor for the FYE 2021.

1. GOVERNANCE STRUCTURE

The long-term objectives of our Group encompass sustainability considerations as we foster a sound sustainability governance led by our Board and commit to adopting an adequate enterprise risk management and internal control framework for sustainability risks identification, assessment and management. Our Board, supported by the key management, oversees the sustainability-related strategies of the Group and take into consideration the sustainability issues during decision making. The stewardship and the sustainability governance are set out in the figure below:-



2. IDENTIFYING AND PRIORITISING MATERIAL SUSTAINABILITY MATTERS

We focused our sustainability efforts on NBR insulation manufacturing division of Superlon in Malaysia. The Group targets to manage the key material sustainability risks identified taking into consideration the cost of managing all sustainability risks 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:-

- (a) Stakeholder prioritisation followed by key stakeholder engagement
- (b) Materiality assessment of sustainability matters

SUSTAINABILITY STATEMENT (Cont'd)

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

2.1. Stakeholder prioritisation and key stakeholder engagement

Superlon recognises that effective engagement with stakeholders is important to evaluate their ability to exercise influence over as well as their financial and non-financial dependence on the Group. The interactive communication could comprehend our understanding of Group's EES exposures and improve existing sustainability strategy formulation of the Group, thereby creating the value that stakeholders would appreciate through addressing their sustainability concerns with appropriate solutions. Apart from that, the Whistleblowing Policy and Procedures which is available on Superlon's website provides a formal avenue for stakeholders to report in good faith, any genuine concerns, malpractices or criminal offences against any employee and Director within the Group without suffering any act of reprisal.

The key stakeholder groups which have above average influence over and/or dependence on the Group and the engagement approaches taken by the Group in identifying sustainability concerns of respective key stakeholder group are as follows:-

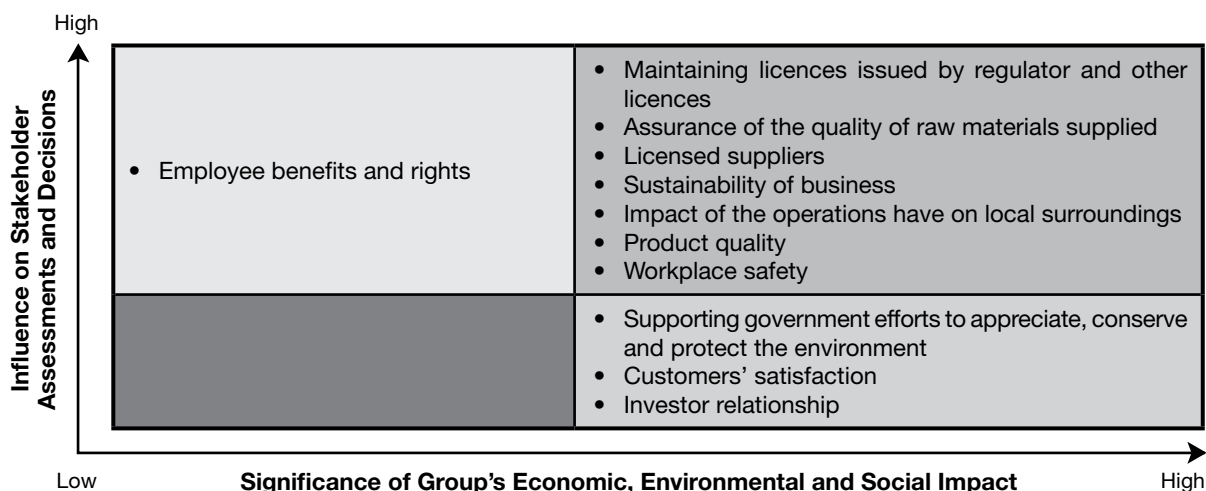
Stakeholder group	Engagement channels	Sustainability concerns
Employees	<ul style="list-style-type: none"> • Satisfaction survey • Dialogue & engagement • Appraisal • Intranet, departmental meetings & notices • Engagement programmes 	<ul style="list-style-type: none"> • Workplace safety • Career progression • Equal opportunity and gender diversity • Employee benefits • Training
Investors	<ul style="list-style-type: none"> • AGM/EGM • Investors' briefing • Announcements • Press releases • Feedback on investor relations 	<ul style="list-style-type: none"> • Sustainability of business • Investor relationship • Outlook and prospects • Return on investment
Customers	<ul style="list-style-type: none"> • After-sales service • Support centre • Events, dialogue sessions, roadshows and engagement sessions • Feedback to management • Satisfaction survey 	<ul style="list-style-type: none"> • Product quality • Customers' satisfaction • Price competitiveness
Local Community/ Society	<ul style="list-style-type: none"> • Recruitment drives in local community • Philanthropic activities 	<ul style="list-style-type: none"> • Impact of the operations have on local surroundings • Contribute to livelihood of local community
Supplier & Contractor	<ul style="list-style-type: none"> • Supplier review and assessments • Request for proposals • Evaluations • Relationship management 	<ul style="list-style-type: none"> • Licensed suppliers • Price competitiveness • Sustainability efforts of suppliers
Regulator	<ul style="list-style-type: none"> • Compliance with listing requirements • Compliance with industry standards • Formal meetings 	<ul style="list-style-type: none"> • Maintaining licences issued by regulator and other licences
Government	<ul style="list-style-type: none"> • Formal meetings • Seminar & forums • Collaboration programme • Discussions on government initiatives 	<ul style="list-style-type: none"> • Supporting government efforts to appreciate, conserve and protect the environment • Laws and regulations • Code of conduct, anti-bribery and corruption policy and whistleblowing policy and procedures

SUSTAINABILITY STATEMENT (Cont'd)

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

2.2. Materiality assessment of sustainability matters

Superlon periodically reviewed the list of material sustainability matters taking into account the significance of the Group's EES impact and influence of the each material sustainability matter on stakeholder assessments and decisions:-



3. MANAGING MATERIAL SUSTAINABILITY MATTERS

3.1. Responsible sourcing

The Group assesses a range of criteria including quality, timeliness of supply as well as sustainability aspect of suppliers during procurement process as we recognise that corporate value could be created through maintaining a sustainable and socially responsible supply chain. Ultimately, long-term competitive advantage could be achieved by aligning our success with responsible procurement practices.

Key stakeholders	Key material sustainability matters	Sustainability efforts and/or achievements
Suppliers	Product quality	The research and development team of the Group is responsible for the Production, Planning and Control ("PPC") of the raw materials at the manufacturing facilities. Formalised procedures are implemented for new suppliers screening and periodic assessments of ongoing suppliers to ensure the raw materials consistently meet our quality requirement.
	Licensed suppliers	The Group sources chemicals from suppliers which are approved by the Department of Environment Malaysia ("DOE") as a measure to prioritise the safety of our products. We periodically review supplier's DOE certification to ensure compliance to government requirements as well as our sustainable policies.
	Assurance of the quality of raw materials supplied	We have implemented a supplier rating system to monitor and evaluate, amongst others the products, services and environmental compliance of the suppliers whilst root-cause analysis will be performed to track and rectify the issues associated with relevant suppliers. During FYE 2021, we did not observe any issue associated with non-compliance of suppliers with green practices as a result of stringent monitoring procedures.

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. Whilst raw material pricing and geopolitical matters have influence over our product pricing, competitive pricing is essential in keeping abreast with customers' expectations. Besides that, integrating EES considerations such as customer's health and safety needs as well as minimising the environmental footprint of our products could enhance our branding and attract the interest of customers seeking to purchase our green products.







Key stakeholders	Key material sustainability matters	Sustainability efforts and/or achievements
Customers	Customers' satisfaction	<p><u>Competitive practice</u> In the face of global competition and increasing interest of customers on price competitiveness during Covid-19 pandemic, our Group continuously seeks improvement in pricing strategies through customers' feedback while maintaining a healthy profit margin. We believe that a competitive environment will shape us into a market leader with growing market share and customer loyalty within the NBR manufacturing industry.</p> <p><u>Resolving grievance of customers</u> Customer satisfaction is integral to our operating philosophy. Various channels are readily available for customers to provide feedback on products and services offered, including verbal communication or in writing to any company within the Group. Customers' complaints are tracked, analysed, actively followed up and documented to drive our improvement in customer satisfaction and to constantly monitor the remedial actions implemented.</p> <p><u>Transparency of product information</u> Meaningful and readily understandable product information including specification, characteristics and application, coupled with the pictures of products, are available on the company website for public awareness and existing and prospective clients to make informed purchasing decisions. Material safety data sheets detailing the information of product description and composition, way of handling and storing the products and other necessary considerations and installation manuals are provided to customers upon the purchase of products.</p> <p>Superlon regularly conducts product seminars 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. The 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.</p>

SUSTAINABILITY STATEMENT (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.3. Compliance

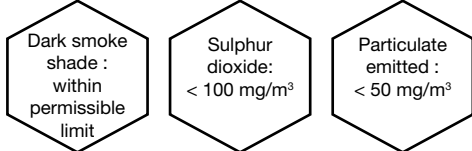
The Group implements policies and procedures to ensure compliance to rules, laws and regulations and good corporate governance practices to effectively address corruption and non-compliances. Our thermal insulation products improve the energy efficiency in households and allow a longer lifespan of the air-conditioning systems, which in the longer term serves to conserve and protect the environment.

Key stakeholders	Key material sustainability matters	Sustainability efforts and/or achievements					
Government	Maintaining licences issued by regulator and other licences	<p>Our operations have obtained necessary licences to ensure business continuity. In addition to being licensed by Majlis Perbandaran Klang to operate, our Group has received many international certifications which increases our market coverage capability, including:-</p> <ul style="list-style-type: none">(a) ISO 9001:2015 – 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 Approval from Jabatan Bomba and Penyelamat Malaysia;(g) Certificate of product conformity with 2017 Al Sa'fat Dubai Green Building Evaluation System;(h) UL 2818 - 2013 Gold standard for chemical emissions for building materials, finishes and furnishings;(i) UL 94 Standard for tests for flammability of plastic materials for parts in devices and appliances; and(j) Others.					
	Supporting government efforts to appreciate, conserve and protect the environment	<p><u>Monitoring of noise and gas emission</u></p> <p>The Group strictly complies the Environmental Quality Act to promote environmentally sound and sustainable development as advocated by the government. Internal assessments are done annually to detail the likely impacts of its operation to the environment. Having considered the likely impact of the noise and hazardous gas emitted by our factories to the surrounding due to daily manufacture of rubber thermal insulation, our Group is putting the monitoring procedures in place as the noise and hazardous gas emission control mechanisms.</p> <table><tr><th colspan="2">Noise level of our factories</th></tr><tr><td> Day</td><td><75 dBA</td></tr><tr><td> Night</td><td><75 dBA</td></tr></table>	Noise level of our factories		 Day	<75 dBA	 Night
Noise level of our factories							
 Day	<75 dBA						
 Night	<75 dBA						

SUSTAINABILITY STATEMENT (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.3. Compliance (Cont'd)





Key stakeholders	Key material sustainability matters	Sustainability efforts and/or achievements
Government	Supporting government efforts to appreciate, conserve and protect the environment (Cont'd)	<p>Gas emissions from manufacturing facilities</p>  <p>The Group engages an accredited laboratory annually to measure the noise level within the laboratory of our factories. We are pleased to report that the noise level of each factory examined in December 2020 are compliant with the DOE limits. In addition, the noise impacts from the factories are not considered significant towards the surrounding areas particularly at residential settlement due to their distant locations.</p> <p>The Group is committed to environmental protection via the filtering and exhausting system at each factory to retain and remove solid particles prior to discharging the smoke arose from production to the outside atmosphere. We schedule regular maintenance to ensure that the combustion systems are able to function effectively and consistently, with the aim of minimising the odd chances of occurring accidental leakages and fugitive emission.</p> <p>We engage an accredited laboratory annually to obtain an environmental monitoring and analysis report on air emission of each factory in operation. The dark smoke, particulate matter and gaseous substances emitted from every factory in operation during FYE 2021 were within the limits set by the Environmental Quality (Clean Air) Regulations 2014. Superlon's high priority on managing its air pollution impacts over the years has been demonstrated by the gas substances observed from air discharged, which were vastly lower than the standard set by DOE, demonstrating the effectiveness of combustion practice. As with wastewater, the Group is very stringent on its processes when it comes to discharging any by-products into the environment.</p> <p><u>Reduction and treatment of waste</u></p> <p>Aiming at reducing environmental footprint of products, our Group has been implementing a truck racking system allowing for materials to be delivered without packaging locally. On top of waste minimalisation, we are proud to report that the adoption of truck racking system had, over the years, improved the savings in our costs for local sales from approximately 4.18% in FYE 2019 to 5.30% in FYE 2021 (FYE 2020: 4.96%). Besides that, disposal of non-hazardous waste comprising domestic waste and recyclable waste is handled by licensed disposer while hazardous waste regulated under the Environmental Quality (Scheduled Wastes) Regulations 2005 is disposed off using contractors licensed by DOE. E-waste is disposed off for recycling via vendors accredited by the DOE.</p>

SUSTAINABILITY STATEMENT (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.4. Corporate social responsibility

We strive to fulfill corporate social responsibility to the local community, through philanthropy and volunteering. We also support the local economy by purchasing from the local suppliers and creating career opportunities. We believe that Superlon could bring goodwill to internal and surrounding stakeholders by contributing and supporting community needs.

Key stakeholders	Key material sustainability matters	Sustainability efforts and/or achievements
Local community/ Society	Impact of the operations have on local surroundings	<p><u>Hire locals in the neighbourhood and talent retention</u></p> <div> <div>  <p>32.0% of the total hires are local hires</p> </div> <div>  <p>Factory workers retention rate: 77.3%</p> </div> </div> <div> <div>  <p>91.9% of the local staff live within 10km radius from Superlon</p> </div> <div>  <p>Office staff retention rate: 83.3%</p> </div> </div> <p>Generally, the Group advocates the hiring of local workforce, where possible as we strive to develop the skills of the local labour force. In addition to providing job opportunity to local community, the Group hopes to benefit from the reduction in costs associated with recruitment and lower turnover rate. We believe these efforts enhance the attractiveness of our Group as an employer.</p> <p><u>Being supportive of local suppliers</u></p> <p>By implementing a procurement practice of partnering qualified and licensed local suppliers located closer to our operations, we support the growth of the local businesses while reducing the environmental impact and associated costs of transportation. The Group prefers to source materials from the suppliers within Klang Valley whilst balancing dependency on any single supplier. Currently, approximately 77% (FYE 2020: 71%) of the local purchases are from various suppliers within the Klang Valley. We imported about 52% (FYE 2020: 44%) of the raw materials as they are not widely available locally during FYE 2021.</p> <p><u>Community investment</u></p> <p>Various monetary contributions had been made by our Group during FYE 2021 to various charitable organisations and others. The contributions include donations to Police Administrative and Civilian Staff Union (PACSU) and Kesatuan Pekerja Bomba Dan Penyelamat Semenanjung Malaysia (KPBPSM). 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.</p>

SUSTAINABILITY STATEMENT (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

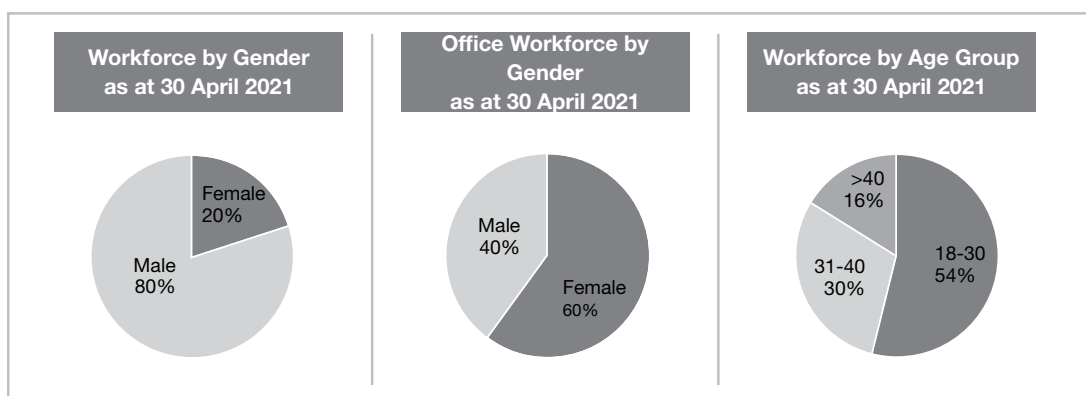
3.5. Employee Interest

The Group operates in a labour-intensive manufacturing industry, and therefore it is our obligation to ensure safe working environment, fair and equitable treatment as well as and protect labour rights for all employees through compliance with applicable employment laws. We have proper occupational health and safety procedures in place as well as provide internal and external training programmes to the employees because we value the well-being of our employees.

3.5.1. Employee benefits and rights

Workforce diversity

We value employees and celebrate diversity at all levels. 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 are typically 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 comprise a majority of the workforce in our office, thereby meeting an optimal gender balance in office hire. Our Group is committed to hiring workers to fill a job opening as long as they are competent and qualified.

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

Recognising the importance of employee health to a resilient workforce, we aim to positively support the wellbeing of employees which include the following:-

AWARDS AND INCENTIVES	MEDICAL CARE
<ul style="list-style-type: none"> 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 An employee who performs overtime as and when requested by the Group is entitled to overtime wages Award and incentive are given to two best factory workers selected monthly with strict compliance to Health, Safety and Environment (HSE) rules Award and incentive are given to employee with best attendance throughout the year Long Service Awards and incentives are given to employees who have worked with the company for durations of 10, 15 and 20 years 	<ul style="list-style-type: none"> An employee is entitled to the disbursement of the medical expenses in respect of the sick leave taken An employee is entitled to the disbursement of the specialist treatment but subject to limitation
	INSURANCE
	<ul style="list-style-type: none"> 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 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. All new employees will receive briefing on 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

<i>Prohibition of child and forced labour</i>	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 where they possess the necessary capabilities. We comply with the minimum wage set by our government. We leverage on the employee face recognition attendance software to monitor attendance of factory workers by tracking overtime and rest days so that we are able to enhance our operational performance.
<i>Training</i>	On-the-job trainings 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)

<p><i>Safe working environment</i></p>	<p>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 include emergency drills, are conducted for employees during FYE 2021:</p> <table border="1"> <tr> <td>Fire and workplace safety</td><td>202 hours</td></tr> <tr> <td>Production and maintenance practices</td><td>514 hours</td></tr> <tr> <td>PPC practices</td><td>223 hours</td></tr> <tr> <td>Covid-19 awareness</td><td>285 hours</td></tr> </table> <div data-bbox="778 1003 1388 1581"> <p>Trainings Hours</p> <p>A pie chart titled 'Trainings Hours' showing the distribution of training hours across four categories. The categories and their percentages are: General safety issues (17%, black), Production and maintenance practices (42%, dark grey), PPC practices (18%, medium grey), and Covid-19 awareness (23%, light grey). A legend below the chart identifies each category with a corresponding colored square.</p> </div> <p>Note: Training was conducted in compliance with standard operating procedures in line with various phases of Movement Control Order ("MCO").</p> <p>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.</p> <p>At the onset of the Covid-19 pandemic, our safety procedures have been enhanced with the standard operating procedures ("SOPs") recommended by the government. Employees are reminded daily to comply with the SOPs and maintain hygiene.</p>	Fire and workplace safety	202 hours	Production and maintenance practices	514 hours	PPC practices	223 hours	Covid-19 awareness	285 hours
Fire and workplace safety	202 hours								
Production and maintenance practices	514 hours								
PPC practices	223 hours								
Covid-19 awareness	285 hours								

SUSTAINABILITY STATEMENT

(Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.5. Employee Interest (Cont'd)

3.5.2. Workplace safety (Cont'd)

<p><i>Covid-19 measures to protect our employees</i></p>	<p>Amidst the unprecedented challenges arising from Covid-19 pandemic, Superlon has been focusing on managing the potential health crisis arising from the outbreak of highly contagious and infectious disease in the workplace.</p> <p>During FYE 2021, key measures established in light of Covid-19 pandemic are as follows:</p> <ul style="list-style-type: none"> (a) Pre-planning or timely planning by senior management for unexpected situations e.g. closure of factory, staff inability to report for work; (b) Awareness training provided to all employees on standard operating procedures and preventive measures; (c) Personal protective equipment such as face masks and alcohol-based sanitisers are made available to employees if required; (d) Office employees were encouraged to work in alternate shifts at the main office in accordance with standard operating procedures set by Ministry of Health or the Government. The office headcount arrangements were modified in line with various phases of MCO; (e) Monitored manpower level at production factories as required during various phases of MCO; (f) Declaration on travelling history by employees including presence in high-risk areas and closed-contact to Covid-19 patients; (g) Leveraged on digitalisation to support remote working and physical distancing practice; (h) Regular sanitisation of common touchpoints, locations and public areas; (i) Rolled out pandemic preparedness initiatives include conducting mass Covid-19 testing on foreign factory workers and symptomatic workers will be quarantined in designated venue; and (j) Mandatory registration via the MySejahtera application, face mask covering and body temperature checking for visitors.
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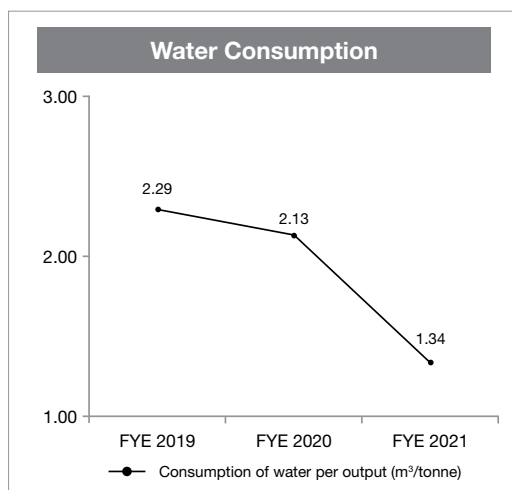
SUSTAINABILITY STATEMENT (Cont'd)

3. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

3.6. Other matters

3.6.1. Sustainability of business

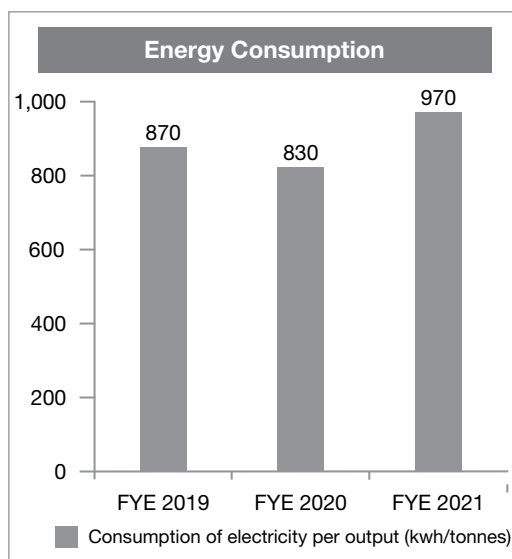
Water consumption



Thermal insulation manufacturing activities are water intensive and our factories have been contributing to a significant percentage of total water consumption over the years. Therefore, we have been constantly looking for the water recycling opportunities to minimise water withdrawal for factory operations and raising water saving awareness among employees.

As part of the environmental effort, the water consumption per output decreased from 2.29 m³ per tonne in FYE 2019 to 2.13 m³ per tonne in FYE 2020 as a result of the water-saving initiative implemented by Superlon in FYE 2020 to recycle the used water generated from devices cleaning for non-potable purposes. The water consumption per output further reduced to 1.34 m³, attributed by rectification of water leakage sources carried out in FYE 2021.

Energy consumption



Whilst Superlon constantly identifies opportunities such as increased usage of green energy and progressive implementation of smart LED lighting system to increase our energy efficiency, we consider long-term financial and non-financial implications of a potential option. We focus on production efficiency which is currently served as a primary indicator of efficient use of energy.

It was observed that approximately 970 kwh (FYE 2020 : 830 kwh) of electricity were consumed by Superlon for every tonne of output produced in FYE 2021. The energy consumed for every tonne of output was higher in FYE 2021 was mainly due to the temporary cessation of Superlon's operations for six weeks from 18 March 2020 in compliance with the MCO introduced by the Government of Malaysia as well as reduced efficiency in order to comply with the SOPs.

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 reports, 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 on a periodically 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 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 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and 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	13,176,370	4,020,020

DIVIDENDS

Dividends paid or declared by the Company since 30 April 2020 are as follows:-

- (a) An interim dividend of approximately 0.75 sen per ordinary share on 158,721,842 ordinary shares amounting to RM 1,190,414 in respect of the financial year ended 30 April 2021 was declared on 21 September 2020 and subsequently paid on 21 October 2020. The payment was made to shareholders whose names appeared in the Company's Record of Depositors on 7 October 2020.
- (b) A second interim dividend of approximately 1.15 sen per ordinary share on 158,721,842 ordinary shares amounting to RM 1,825,298 in respect of the financial year ended 30 April 2021 was declared on 18 December 2020 and subsequently paid on 25 January 2021. The payment was made to shareholders whose names appeared in the Company's Record of Depositors on 6 January 2021.
- (c) A third interim dividend of approximately 1.25 sen per ordinary share on 158,721,842 ordinary shares amounting to RM 1,984,023 in respect of the financial year ended 30 April 2021 was declared on 16 March 2021 and subsequently paid on 21 April 2021. The payment was made to shareholders whose names appeared in the Company's Record of Depositors on 5 April 2021.

The directors do not recommend the payment of any final dividend in respect of the financial year ended 30 April 2021.

On 29 June 2021, the Company declared an interim dividend of approximately 0.75 sen per ordinary share on 158,721,842 ordinary shares amounting to RM 1,190,414 in respect of the financial year ending 30 April 2022 and subsequently paid on 29 July 2021, to shareholders whose names appeared in the record of depositors on 15 July 2021. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 April 2022.

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

As at 30 April 2021, the Company held as treasury shares a total of 1,278,158 of its 160,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM 424,497. 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 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.

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 25 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

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
Lim E @ Lim Hoon Nam

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 01.05.2020	Bought	Sold	At 30.04.2021
Liu Lee, Hsiu-Lin	- Direct	35,860,548	—	—	35,860,548
@ Jessica H. Liu	- Indirect ⁽¹⁾	14,280,000	—	—	14,280,000
Liu Han-Chao	- Direct	7,140,000	—	—	7,140,000
	- Indirect ⁽²⁾	35,860,548	—	—	35,860,548
Liu Jeremy	- Direct	7,140,000	—	—	7,140,000
	- Indirect ⁽²⁾	35,860,548	—	—	35,860,548
Ongi Cheng San	- Direct	60,204	—	—	60,204
Lin, Po-Chih	- Direct	330,000	—	—	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 benefit included in the aggregate amount of remuneration received or due and receivables by the directors shown in the financial statements or the fixed salary 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 34 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 33 to the financial statements.

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.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 26 to the financial statements.

Signed in accordance with a resolution of the directors dated 17 August 2021.

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 54 to 120 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 2021 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 17 August 2021.

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 54 to 120 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 17 August 2021.)

Before me
SABRINA BINTI SYD MOHAMMED SEBIR
(W748)
Commissioner for Oaths

Ongi Cheng San

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 2021 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 54 to 120.

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 2021, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

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 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group held inventories with carrying amount of RM 24,886,268 as at 30 April 2021.</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">• Compared the net realisable value to the cost of inventories at the end of the reporting period to assess the reasonableness of inventories write-down.• Performed test on the inventory ageing report to ensure inventories were grouped into the appropriate age bracket.• Reviewed the consistency of inventory write-down by checking such write-down against the corresponding age profile of inventories according to the group policy.

INDEPENDENT AUDITORS' REPORT

(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 determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.

INDEPENDENT AUDITORS' REPORT (Cont'd)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Gan Hwee Ling
03516/08/2022 J
Chartered Accountant

Muar, Johor Darul Takzim
Date: 17 August 2021

STATEMENTS OF FINANCIAL POSITION

As at 30 April 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	62,317,686	59,394,986
Property, plant and equipment	6	85,533,124	89,128,567	–	–
Intangible assets	7	1,296,328	1,296,328	–	–
Right-of-use assets	8	4,144,926	4,370,324	–	–
Other investment	9	46,667	46,667	–	–
Deferred tax assets	21	83,238	111,878	–	–
		91,104,283	94,953,764	62,317,686	59,394,986
CURRENT ASSETS					
Inventories	10	24,886,268	23,340,491	–	–
Trade receivables	11	15,589,873	12,901,862	–	–
Other receivables, deposits and prepayments	12	5,350,738	3,581,819	1,000	1,000
Amount owing by subsidiaries	13	–	–	123,483	4,133,724
Current tax assets		3,075,468	1,574,892	–	–
Deposits with licensed banks	14	12,022,786	9,144,519	320,000	200,000
Short term investment	15	6,687,661	7,566,146	–	–
Cash and bank balances		7,355,050	3,538,315	42,255	44,719
		74,967,844	61,648,044	486,738	4,379,443
TOTAL ASSETS		166,072,127	156,601,808	62,804,424	63,774,429

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

STATEMENTS OF FINANCIAL POSITION (Cont'd)

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	16	41,433,182	41,433,182	41,433,182	41,433,182
Treasury shares	17	(424,497)	(424,497)	(424,497)	(424,497)
Reserves	18	94,764,287	87,689,988	21,572,571	22,552,286
TOTAL EQUITY		135,772,972	128,698,673	62,581,256	63,560,971
NON-CURRENT LIABILITIES					
Lease liabilities	19	872,508	971,448	–	–
Loans and borrowings	20	6,322,017	7,103,616	–	–
Deferred tax liabilities	21	6,352,299	6,294,953	–	–
		13,546,824	14,370,017	–	–
CURRENT LIABILITIES					
Trade payables	22	6,424,239	5,155,354	–	–
Other payables and accruals	23	4,603,815	3,874,063	223,047	210,950
Lease liabilities	19	980,115	1,011,869	–	–
Loans and borrowings	20	4,633,117	3,489,324	–	–
Current tax liabilities		111,045	2,508	121	2,508
		16,752,331	13,533,118	223,168	213,458
TOTAL LIABILITIES		30,299,155	27,903,135	223,168	213,458
TOTAL EQUITY AND LIABILITIES		166,072,127	156,601,808	62,804,424	63,774,429

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 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
REVENUE	24	100,627,714	101,619,149	5,896,000	5,896,000
COST OF SALES		(70,076,530)	(74,652,715)	–	–
GROSS PROFIT		30,551,184	26,966,434	5,896,000	5,896,000
OTHER INCOME		573,498	552,905	6,547	1,345,181
SELLING AND DISTRIBUTION EXPENSES		(5,253,097)	(5,748,468)	–	–
ADMINISTRATIVE EXPENSES		(9,570,389)	(9,519,995)	(713,781)	(755,316)
OTHER EXPENSES		(771,340)	(220,427)	(1,077,507)	–
FINANCE COSTS		(380,925)	(698,247)	–	–
NET IMPAIRMENT GAIN/(LOSS) ON FINANCIAL ASSETS	25	72,392	(84,448)	–	1,958,883
PROFIT BEFORE TAXATION	26	15,221,323	11,247,754	4,111,259	8,444,748
INCOME TAX EXPENSE	28	(2,044,953)	(2,624,794)	(91,239)	(96,197)
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		13,176,370	8,622,960	4,020,020	8,348,551
OTHER COMPREHENSIVE INCOME	29				
<u>Items that May be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(1,102,336)	843,796	–	–
TOTAL OTHER COMPREHENSIVE INCOME		(1,102,336)	843,796	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		12,074,034	9,466,756	4,020,020	8,348,551
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		13,176,370	8,622,960	4,020,020	8,348,551
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		12,074,034	9,466,756	4,020,020	8,348,551
EARNINGS PER ORDINARY SHARE (SEN)	30				
- Basic		8.30	5.43		
- Diluted		N.A	N.A		

Note:

N.A - Not applicable. There are no dilutive potential equity instruments that would effect to the basic earnings per share.

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 April 2021

The Group	Note	Attributable to Owners of the Company					Total equity RM
		Share capital RM	Treasury shares RM	Non-distributable		Distributable	
				Revaluation reserve RM	Foreign exchange translation reserve RM	Retained profits RM	
Balance at 1 May 2020		41,433,182	(424,497)	24,275,715	1,086,259	62,328,014	128,698,673
Profit after taxation for the financial year		-	-	-	-	13,176,370	13,176,370
Other comprehensive income for the financial year:							
- Foreign currency translation differences for foreign operations		-	-	-	(1,102,336)	-	(1,102,336)
Total comprehensive income for the financial year		-	-	-	(1,102,336)	13,176,370	12,074,034
Distributions to owners of the Company:							
- Dividends to owners of the Company	31	-	-	-	-	(4,999,735)	(4,999,735)
Total transactions with owners		-	-	-	-	(4,999,735)	(4,999,735)
Amortisation of revaluation reserve		-	-	(126,168)	-	126,168	-
Balance at 30 April 2021		41,433,182	(424,497)	24,149,547	(16,077)	70,630,817	135,772,972

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

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

The Group	Note	Attributable to Owners of the Company					Total equity RM
		Share capital RM	Treasury shares RM	Non-distributable		Distributable	
				Revaluation reserve RM	Foreign exchange translation reserve RM	Retained profits RM	
Balance at 1 May 2019		41,433,182	(398,317)	24,401,883	242,463	58,420,106	124,099,317
Profit after taxation for the financial year		-	-	-	-	8,622,960	8,622,960
Other comprehensive income for the financial year:							
- Foreign currency translation differences for foreign operations		-	-	-	843,796	-	843,796
Total comprehensive income for the financial year		-	-	-	843,796	8,622,960	9,466,756
Distributions to owners of the Company:							
- Purchase of treasury shares	17	-	(26,180)	-	-	-	(26,180)
- Dividends to owners of the Company	31	-	-	-	-	(4,841,220)	(4,841,220)
Total transactions with owners		-	(26,180)	-	-	(4,841,220)	(4,867,400)
Amortisation of revaluation reserve		-	-	(126,168)	-	126,168	-
Balance at 30 April 2020		41,433,182	(424,497)	24,275,715	1,086,259	62,328,014	128,698,673

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

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

The Company		Attributable to Owners of the Company			
	Note	Share capital RM	Non-distributable Treasury shares RM	Distributable Retained profits RM	Total equity RM
<hr/>					
Balance at 1 May 2019		41,433,182	(398,317)	19,044,955	60,079,820
Profit after taxation and total comprehensive income for the financial year		–	–	8,348,551	8,348,551
Distributions to owners of the Company:					
- Purchase of treasury shares	17	–	(26,180)	–	(26,180)
- Dividends to owners of the Company	31	–	–	(4,841,220)	(4,841,220)
Total transaction with owners		–	(26,180)	(4,841,220)	(4,867,400)
<hr/>					
Balance at 30 April 2020 / 1 May 2020		41,433,182	(424,497)	22,552,286	63,560,971
Profit after taxation and total comprehensive income for the financial year		–	–	4,020,020	4,020,020
Distributions to owners of the Company:					
- Dividends to owners of the Company	31	–	–	(4,999,735)	(4,999,735)
Total transaction with owners		–	–	(4,999,735)	(4,999,735)
<hr/>					
Balance at 30 April 2021		41,433,182	(424,497)	21,572,571	62,581,256

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

STATEMENTS OF CASH FLOWS

For the financial year ended 30 April 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM/(FOR)					
OPERATING ACTIVITIES					
Profit before taxation		15,221,323	11,247,754	4,111,259	8,444,748
Adjustments for:					
Amortisation of product development expenditure		–	24,933	–	–
Depreciation of property, plant and equipment		4,380,485	4,063,849	–	–
Depreciation of right-of-use assets		1,165,553	1,128,423	–	–
Dividend income		–	–	(5,500,000)	(5,500,000)
Gain on disposal of property, plant and equipment		(62,362)	(31,999)	–	–
Impairment loss on trade receivables		1,432	84,448	–	–
Reversal of impairment loss on trade receivables		(73,824)	–	–	–
Property, plant and equipment written off		28,118	65,291	–	–
Reversal of impairment loss on amount owing by subsidiary		–	–	–	(1,958,883)
Reversal of impairment loss on investment in subsidiary		–	–	–	(447,071)
Reversal of inventories previously written down		–	(6,589)	–	–
Inventories written down		48,978	5,514	–	–
Unrealised loss/(gain) on foreign exchange		312,265	(27,690)	1,077,507	(872,129)
Interest expense		303,258	584,786	–	–
Interest expense on lease liabilities		77,667	113,461	–	–
Interest income		(163,301)	(257,237)	(6,547)	(25,980)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES					
		21,239,592	16,994,944	(317,781)	(359,315)
Inventories		(1,594,755)	(118,901)	–	–
Trade and other receivables, deposits and prepayments		(4,613,893)	1,059,818	–	–
Trade and other payables and accruals		2,753,361	(3,212,917)	12,097	(57,911)
CASH GENERATED FROM/(FOR) OPERATIONS					
		17,784,305	14,722,944	(305,684)	(417,226)
Interest received		163,301	257,237	6,547	25,980
Tax refund		–	1,723,677	–	1,913
Tax paid		(3,346,997)	(2,980,513)	(93,626)	(93,500)
NET CASH FROM/(FOR) OPERATING ACTIVITIES					
		14,600,609	13,723,345	(392,763)	(482,833)
FORWARD					
		14,600,609	13,723,345	(392,763)	(482,833)

STATEMENTS OF CASH FLOWS (Cont'd)

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
FORWARD		14,600,609	13,723,345	(392,763)	(482,833)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Dividend received		–	–	5,500,000	5,500,000
Investment in subsidiaries		–	–	(4,000,000)	(79,535)
Increase of fixed deposits with maturity period more than three months		(4,767)	(5,107)	–	–
Proceeds from disposal of property, plant and equipment		69,526	32,000	–	–
Product development expenditure		–	(27,586)	–	–
Purchase of property, plant and equipment	32(a)	(1,864,983)	(6,531,985)	–	–
Additional of right-of-use assets	32(a)	(49,210)	(37,191)	–	–
Net (advance to)/repayment from subsidiaries		–	–	4,010,241	(100,000)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,849,434)	(6,569,869)	5,510,241	5,320,465
CASH FLOWS (FOR) FINANCING ACTIVITIES					
Dividend paid		(4,999,735)	(4,841,220)	(4,999,735)	(4,841,220)
Drawdown of multi currency trade loans	32(b)	12,932,768	21,705,690	–	–
Drawdown of term loans	32(b)	60,016	384,052	–	–
Interest paid	32(b)	(380,925)	(698,247)	–	–
Purchase of treasury shares		–	(26,180)	–	(26,180)
Repayment of lease liabilities	32(b)	(1,089,241)	(1,004,555)	–	–
Repayment of multi currency trade loans	32(b)	(11,806,778)	(25,175,505)	–	–
Repayment of term loans	32(b)	(760,560)	(664,257)	–	–
NET CASH (FOR) FINANCING ACTIVITIES		(6,044,455)	(10,320,222)	(4,999,735)	(4,867,400)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,706,720	(3,166,746)	117,743	(29,768)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(894,970)	431,724	(207)	29
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		17,990,961	20,725,983	244,719	274,458
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32(d)	23,802,711	17,990,961	362,255	244,719

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2021

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 3½
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 17 August 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and 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)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

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 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2020	1 April 2021
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical accounting estimates and judgements

The outbreak of the Covid-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the Covid-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

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

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.

(b) Amortisation of product development expenditure

The estimate for the residual value, useful lives and related amortisation charges for the product development expenditure 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 product 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 product development expenditure measured at revaluation as at the reporting date is disclosed in Note 7 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 7 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)

(e) Impairment of property, plant and equipment

The Group determines whether an items of 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.

(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 including changes in the customer payment profile in response to the Covid-19 pandemic 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 deductible temporary differences or unused tax losses to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences or 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 21 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (Cont'd)

(c) Loss of control (Cont'd)

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 of initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 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 related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to 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 of 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Functional and foreign currencies (Cont'd)

(c) Foreign operations (Cont'd)

In the consolidated financial statements, when the 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.

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 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 cost 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).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Debt instruments (Cont'd)

(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 fair value changes do not include interest or dividend income.

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

Equity instruments

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(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 (excluding interest expense) 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).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (Cont'd)

(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 expires. 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.

(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 discharge 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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 the 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	2.0%-20.0%
Plant, machinery, tools and equipment	6.7%-10.0%
Motor vehicles	10.0%-16.0%
Office equipment, renovation, furniture and fittings	10.0%-20.0%

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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Property, plant and equipment (Cont'd)

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 a 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.10 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 overheads 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.

4.11 Cash and cash equivalents

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

4.12 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).

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 statements of financial position.

(b) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 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 asset. 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.

In respect of assets other than goodwill, and 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)

4.13 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 relates 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 and 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 not attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

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 is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of 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.

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 products, parts and equipments

Revenue from sale of thermal insulation materials products, parts and equipments is 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	
	2021 RM	2020 RM
Unquoted shares, at cost		
At 1 May	39,587,615	39,508,080
Additions	4,000,000	79,535
	43,587,615	39,587,615
Less : Accumulated impairment loss		
At 1 May / 30 April	(2,302,929)	(2,750,000)
Reversal	–	447,071
At 30 April	(2,302,929)	(2,302,929)
	41,284,686	37,284,686
Contribution to a subsidiary		
At 1 May	22,110,300	21,238,200
Additions	–	–
Foreign exchange	(1,077,300)	872,100
At 30 April	21,033,000	22,110,300
	62,317,686	59,394,986

As at 30 April 2020, the Group has reassessed its estimated recoverable amount of its subsidiary and RM 447,071 of the initial recognised impairment loss has now been reversed. The reversal is recognised in profit or loss as disclosed in Note 26 to the financial statements.

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.

The details of subsidiaries are as follows:-

Name of subsidiaries	Principal activities	Principal place of business/ country of incorporation	Percentage of issued share capital held by parent	
			2021	2020
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%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of subsidiaries are as follows (Cont'd):-

<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>	
			2021	2020
Subsidiaries of the Company				
Superlon Solutions Sdn. Bhd. (“SSOL”)	Trading of HVAC&R parts and equipments.	Malaysia	100%	100%
Acoustec Concept Sdn. Bhd. (“ACT”)	Dormant.	Malaysia	100%	100%
Superlon Hong Kong Company 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.*

(a) During the current financial year, the following transaction occurred:-

On 31 March 2021, the Company subscribed an additional 4,000,000 ordinary shares in SSOL for a total cash consideration of RM 4,000,000. The investment was completed on 31 March 2021.

(b) During the previous financial year, the following transaction occurred:-

- (i) On 11 October 2019, the Company incorporated a wholly-owned subsidiary, known as ACT with a paid-up share capital of RM 1.
- (ii) On 17 October 2019, the Company subscribed an additional 34,855 ordinary shares in SWI for a total cash consideration of USD 19,000 (equivalent to RM 79,535). The investment was completed on 21 November 2019.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

The Group - At 30 April 2021

	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 2020	32,750,000	33,351,805	46,604,089	1,703,462	3,003,909	1,875,885	119,289,150
Additions	-	-	535,244	-	32,144	614,242	1,181,630
Disposal	-	-	(149,755)	(168,151)	(584)	-	(318,490)
Reclassification	-	1,620,563	273,000	-	-	(1,893,563)	-
Write-off	-	-	(414,174)	-	(47,155)	-	(461,329)
Foreign currency translation differences	-	(219,389)	(170,715)	(3,420)	(12,694)	-	(406,218)
At 30 April 2021	32,750,000	34,752,979	46,677,689	1,531,891	2,975,620	596,564	119,284,743
Less : Accumulated depreciation							
At 1 May 2020	-	2,013,319	25,536,525	1,060,868	1,549,871	-	30,160,583
Charge for the financial year	-	802,593	3,049,240	222,957	305,695	-	4,380,485
Disposal	-	-	(146,447)	(164,833)	(46)	-	(311,326)
Write-off	-	-	(414,166)	-	(19,045)	-	(433,211)
Foreign currency translation differences	-	(10,313)	(31,712)	(627)	(2,260)	-	(44,912)
At 30 April 2021	-	2,805,599	27,993,440	1,118,365	1,834,215	-	33,751,619
Carrying amount							
At 30 April 2021	32,750,000	31,947,380	18,684,249	413,526	1,141,405	596,564	85,533,124
Carrying amount							
At 30 April 2021	-	10,605,938	18,684,249	413,526	1,141,405	596,564	31,441,682
- At cost	-	21,341,442	-	-	-	-	54,091,442
- At valuation	32,750,000	31,947,380	18,684,249	413,526	1,141,405	596,564	85,533,124

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

The Group - At 30 April 2020

At cost / valuation	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 1 May 2019 (previously reported)	32,750,000	33,045,230	55,469,302	3,176,895	3,427,139	526,436	128,395,002
Initial application of MFRS 16	-	-	-	(1,267,615)	-	-	(1,267,615)
At 1 May 2019 (restated)	32,750,000	33,045,230	55,469,302	1,909,280	3,427,139	526,436	127,127,387
Additions	-	87,186	4,573,122	-	92,103	1,384,016	6,136,427
Disposal	-	-	-	(141,838)	-	-	(141,838)
Reclassification	-	-	34,742	-	-	(34,742)	-
Write-off	-	-	(13,649,963)	(67,400)	(527,989)	-	(14,245,352)
Foreign currency translation differences	-	219,389	176,886	3,420	12,656	175	412,526
At 30 April 2020	32,750,000	33,351,805	46,604,089	1,703,462	3,003,909	1,875,885	119,289,150
Less : Accumulated depreciation							
At 1 May 2019 (previously reported)	-	1,258,100	36,343,601	1,301,576	1,750,640	-	40,653,917
Initial application of MFRS 16	-	-	-	(267,664)	-	-	(267,664)
At 1 May 2019 (restated)	-	1,258,100	36,343,601	1,033,912	1,750,640	-	40,386,253
Charge for the financial year	-	747,719	2,775,133	235,737	305,260	-	4,063,849
Disposal	-	-	-	(141,837)	-	-	(141,837)
Write-off	-	-	(13,605,006)	(67,400)	(507,655)	-	(14,180,061)
Foreign currency translation differences	-	7,500	22,797	456	1,626	-	32,379
At 30 April 2020	-	2,013,319	25,536,525	1,060,868	1,549,871	-	30,160,583

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

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

The Group - At 30 April 2020 (Cont'd)

	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
Carrying amount							
At 30 April 2020	32,750,000	31,338,486	21,067,564	642,594	1,454,038	1,875,885	89,128,567
Carrying amount							
At 30 April 2020							
- At cost	-	9,473,408	21,067,564	642,594	1,454,038	1,875,885	34,513,489
- At valuation	32,750,000	21,865,078	-	-	-	-	54,615,078
	32,750,000	31,338,486	21,067,564	642,594	1,454,038	1,875,885	89,128,567

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 20):-

	2021 RM	The Group 2020 RM
Carrying amount		
Freehold land	32,750,000	32,750,000
Factory buildings	25,856,038	24,869,315
	58,606,038	57,619,315

- (b) On 30 April 2020, the Company's freehold land and buildings were revalued by independent professional valuers.
- (c) 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				
2021				
Freehold land	–	32,750,000	–	32,750,000
Factory buildings	–	21,341,442	–	21,341,442
	–	54,091,442	–	54,091,442
2020				
Freehold land	–	32,750,000	–	32,750,000
Factory buildings	–	21,865,078	–	21,865,078
	–	54,615,078	–	54,615,078

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)

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

	The Group	
	2021 RM	2020 RM
Carrying amount		
Freehold land	12,614,180	12,614,180
Factory buildings	16,401,953	15,186,319
	29,016,133	27,800,499

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

7. INTANGIBLE ASSETS

	The Group	
	2021 RM	2020 RM
Trademark (Note a)	1,000,000	1,000,000
Product development expenditure (Note b)	296,328	296,328
	1,296,328	1,296,328
(a) Trademark		
Cost		
At 1 May/At 30 April	1,000,000	1,000,000
(b) Product development expenditure		
Cost		
At 1 May	2,142,385	2,114,799
Additions	–	27,586
At 30 April	2,142,385	2,142,385
Less : Accumulated amortisation		
At 1 May	1,846,057	1,821,124
Amortisation	–	24,933
At 30 April	1,846,057	1,846,057
Carrying amount	296,328	296,328

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

7. INTANGIBLE ASSETS (CONT'D)

Trademark

The trademark "Superlon" is registered in Malaysia and acquired for a cash consideration of RM 1 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 11.8% (2020 : 11.8%).
- 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.

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.

8. RIGHT-OF-USE ASSETS

	At 1 May 2020 RM	Additions/ Modifications RM	Depreciation charges RM	Foreign currency translation differences RM	At 30 April 2021 RM
The Group					
2021					
Carrying amount					
Leasehold land	2,091,699	—	(54,566)	(67,602)	1,969,531
Buildings	1,280,925	765,934	(853,844)	—	1,193,015
Motor vehicles	997,700	241,823	(257,143)	—	982,380
	4,370,324	1,007,757	(1,165,553)	(67,602)	4,144,926

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

8. RIGHT-OF-USE ASSETS (CONT'D)

		<----- At 1 May 2019 ----->					
		As previously reported	Initial application of MFRS 16	At restated	Additions	Depreciation charges	Foreign currency translation differences
		RM	RM	RM	RM	RM	RM
							At 30 April 2020
							RM
The Group							
2020							
Carrying amount							
Leasehold land	-	2,077,450	2,077,450	-	(54,263)	68,512	2,091,699
Buildings	-	1,762,396	1,762,396	351,668	(833,139)	-	1,280,925
Motor vehicles	-	999,951	999,951	238,770	(241,021)	-	997,700
	-	4,839,797	4,839,797	590,438	(1,128,423)	68,512	4,370,324

The Group leases certain leasehold land, buildings and motor vehicles of which the leasing activities are summarised below:-

- (i) Leasehold land The Group has entered into one non-cancellable operating lease agreements for the use of land. The lease is for a period of 40.5 years with no renewal or purchase option included in the agreements. The lease does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the plot of land leased, unless obtained written consent from lessor.
- (ii) Buildings The Group has leased a factory building and a number of hostels that run between 1 year to 3 years, with an option to renew the lease after that date.
- (iii) Motor vehicles The Group has leased certain motor vehicles under hire purchase arrangements with lease terms of 5 years. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount. The leases bear effective interest rates of 4.0% - 4.9% (2020: 4.0% - 4.9%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. OTHER INVESTMENT

	2021 RM	The Group 2020 RM
Golf club membership	46,667	46,667

10. INVENTORIES

	2021 RM	The Group 2020 RM
Raw materials	13,442,785	13,563,812
Work-in-progress	2,602,725	1,254,956
Finished goods	5,347,597	4,380,920
Trading stock	3,493,161	4,140,803
	24,886,268	23,340,491
Recognised in profit or loss:-		
Inventories recognised as cost of sales	70,076,530	74,652,715
Inventories written down	48,978	5,514
Reversal of inventories previously written down	–	(6,589)

11. TRADE RECEIVABLES

	2021 RM	The Group 2020 RM
Trade receivables	17,320,000	14,704,381
Less: Allowance for impairment losses	(1,730,127)	(1,802,519)
	15,589,873	12,901,862
Allowance for impairment losses:-		
At 1 May	1,802,519	1,718,071
Additions	1,432	84,448
Reversal	(73,824)	–
At 30 April	1,730,127	1,802,519

The Group's normal trade terms are cash against documents to 90 days credit (2020: cash against documents to 90 days credit) from the date of invoices.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits to suppliers	2,789,416	818,202	–	–
Deposits	645,765	322,765	1,000	1,000
Goods and services tax recoverable	1,125,378	1,547,053	–	–
Prepayments	725,516	842,356	–	–
	5,286,075	3,530,376	1,000	1,000
Sundry receivables	177,697	164,477	–	–
Less : Allowance for impairment losses	(113,034)	(113,034)	–	–
	64,663	51,443	–	–
	5,350,738	3,581,819	1,000	1,000
Allowance for impairment losses:-				
At 1 May / At 30 April	113,034	113,034	–	–

13. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Current		
Non-trade balances	123,483	4,133,724
Less: Allowance for impairment losses	–	–
	123,483	4,133,724
Allowance for impairment losses:-		
At 1 May	–	1,958,883
Reversal	–	(1,958,883)
At 30 April	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

14. DEPOSITS WITH LICENSED BANKS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits with licensed banks	9,202,786	8,444,519	–	–
Short-term deposits with licensed banks	2,820,000	700,000	320,000	200,000
	12,022,786	9,144,519	320,000	200,000

- (a) The effective interest rates for all deposits with licensed banks of the Group and of the Company at the end of reporting period are 0.1% - 3.4% (2020: 0.4% - 4.6%) per annum and 1.6% (2020: 2.3%) per annum respectively.
- (b) The maturity periods for fixed deposits and short-term deposits with licensed banks of the Group and of the Company as at the end of reporting period are 10 to 365 days (2020: 14 to 365 days) and 14 days (2020: 21 days) respectively.

15. SHORT-TERM INVESTMENT

	The Group	
	2021 RM	2020 RM
Money market fund, at fair value	6,687,661	7,566,146

The money market funds represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with one (1) day notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

16. SHARE CAPITAL

	The Group / The Company			
	2021 Number of shares	RM	2020 Number of shares	RM
Issued and fully paid-up:-				
Ordinary shares				
At 1 May	160,000,000	41,433,182	160,000,000	41,433,182
At 30 April	160,000,000	41,433,182	160,000,000	41,433,182

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 ordinary share at meetings of the Company. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

17. TREASURY SHARES

	The Group / The Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
At 1 May	1,278,158	424,497	1,250,158	398,317
Additions	–	–	28,000	26,180
At 30 April	1,278,158	424,497	1,278,158	424,497

18. RESERVES

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-distributable				
Revaluation reserve	24,149,547	24,275,715	–	–
Foreign exchange translation reserve	(16,077)	1,086,259	–	–
	24,133,470	25,361,974	–	–
Distributable				
Retained profits	70,630,817	62,328,014	21,572,571	22,552,286
	94,764,287	87,689,988	21,572,571	22,552,286

(a) Revaluation reserve

The revaluation reserve represents the increase in the fair value of freehold land and factory buildings of the Group (net of deferred tax, where applicable) held as 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. LEASE LIABILITIES

	2021 RM	The Group 2020 RM
At 1 May		
- As previously reported	1,983,317	–
- Initial application of MFRS 16	–	2,434,625
- At restated	1,983,317	2,434,625
Additions/Modifications	958,547	553,247
Interest expense recognised in profit or loss	77,667	113,461
Repayment of principal	(1,089,241)	(1,004,555)
Repayment of interest expense	(77,667)	(113,461)
At 30 April	1,852,623	1,983,317
Analysed by:-		
Current liabilities	980,115	1,011,869
Non-current liabilities	872,508	971,448
	1,852,623	1,983,317

(a) Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 8 to the financial statements, with lease terms of 5 years and bear effective interest rates at 4.0% - 4.9% (2020: 4.0% - 4.9%) per annum.

(b) The lease liabilities of the Group amounting to RM 513,360 (2020: RM 497,154) is guaranteed by one of the director of the Company.

20. LOANS AND BORROWINGS

	2021 RM	The Group 2020 RM
Current		
Secured		
- Multi currency trade loans	3,844,418	2,781,680
- Term loans	788,699	707,644
	4,633,117	3,489,324
Non-current		
Secured		
- Term loans	6,322,017	7,103,616
	10,955,134	10,592,940
Total borrowings		
Secured		
- Multi currency trade loans	3,844,418	2,781,680
- Term loans	7,110,716	7,811,260
	10,955,134	10,592,940

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. 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) and profile of bank borrowings are summarised below:-

	2021 %	2020 %	The Group 2021 RM	2020 RM
Fixed rate borrowings	2.2	2.4 - 4.0	3,844,418	2,781,680
Floating rate borrowings	3.3 - 3.5	4.0 - 4.2	7,110,716	7,811,260

21. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group 2021 RM	2020 RM
At 1 May	6,183,075	5,634,091
Recognised in profit or loss (Note 28)	89,497	546,462
Foreign exchange translation differences	(3,511)	2,522
At 30 April	6,269,061	6,183,075
Presented after appropriate offsetting as follows:-		
Deferred tax (assets)	(83,238)	(111,878)
Deferred tax liabilities	6,352,299	6,294,953
At 30 April	6,269,061	6,183,075

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

The component 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	Other temporary differences RM	Total RM
At 1 May 2019	(133,262)	(61,011)	(194,273)
Recognised in profit or loss	102,364	(19,980)	82,384
Foreign exchange translation differences	11	–	11
At 30 April 2020 / 1 May 2020	(30,887)	(80,991)	(111,878)
Recognised in profit or loss	30,587	(1,949)	28,638
Foreign exchange translation differences	2	–	2
At 30 April 2021	(298)	(82,940)	(83,238)

(ii) Deferred tax liabilities

	Excess of capital allowances over depreciation RM	Other temporary differences RM	Right-of- use assets RM	Total RM
At 1 May 2020	5,870,593	(42,229)	–	5,828,364
Initial application of MFRS 16	(7,520)	–	7,520	–
Recognised in profit or loss	441,219	24,757	(1,898)	464,078
Foreign exchange translation differences	2,511	–	–	2,511
At 30 April 2020 / 1 May 2020	6,306,803	(17,472)	5,622	6,294,953
Recognised in profit or loss	127,766	(72,530)	5,623	60,859
Foreign exchange translation differences	(3,513)	–	–	(3,513)
At 30 April 2021	6,431,056	(90,002)	11,245	6,352,299

22. TRADE PAYABLES

The normal trade terms granted to the Group are cash against documents to 60 days credit (2020: cash against documents to 60 days credit) from the date of invoices.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits from customers	516,348	341,289	–	–
Accruals	2,836,679	2,075,730	180,000	169,403
Sales tax payable	258,669	61,602	–	–
Withholding tax	2,869	–	–	–
Sundry payables	989,250	1,395,442	43,047	41,547
	4,603,815	3,874,063	223,047	210,950

- (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 82,808 (2020: RM 471,981) payable for purchase of property, plant and equipment.

24. REVENUE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue recognised at a point in time				
Dividend income	–	–	5,500,000	5,500,000
Management fee income	–	–	396,000	396,000
Sales of thermal insulation materials products, parts and equipments	100,627,714	101,619,149	–	–
	100,627,714	101,619,149	5,896,000	5,896,000

The other information on the disaggregation of revenue is disclosed in Note 35 to the financial statements.

25. NET IMPAIRMENT (GAIN)/LOSS ON FINANCIAL ASSETS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Impairment losses				
- Trade receivables	1,432	84,448	–	–
Reversal of impairment losses				
- Trade receivables	(73,824)	–	–	–
- Amount owing by subsidiary	–	–	–	(1,958,883)
	(72,392)	84,448	–	(1,958,883)

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

26. PROFIT BEFORE TAXATION

	The Group		The Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before taxation is arrived at after charging:-				
Amortisation of product development expenditure	–	24,933	–	–
Auditors' remuneration	91,000	89,000	40,000	38,500
Auditors' remuneration of other auditors	36,140	35,880	–	–
Depreciation of property, plant and equipment	4,380,485	4,063,849	–	–
Depreciation of right-of-use assets	1,165,553	1,128,423	–	–
Interest on:-				
- lease liabilities	77,667	113,461	–	–
- multi currency trade loans	53,898	239,073	–	–
- term loans	249,360	345,713	–	–
Inventory written down	48,978	5,514	–	–
Loss on foreign exchange:-				
- realised	386,325	35,261	–	–
- unrealised	312,265	–	1,077,507	–
Property, plant and equipment written off	28,118	65,291	–	–
Short-term leases:-				
- factory equipment	3,390	10,240	–	–
- hostel	6,300	13,470	–	–
- office equipment	9,749	8,004	–	–
- premises	13,097	29,412	–	–
And crediting:-				
Gain on disposal of property, plant and equipment	(62,362)	(31,999)	–	–
Gain on foreign exchange:-				
- unrealised	–	(27,690)	–	(872,129)
Interest income on financial assets measured at amortised cost	(163,301)	(257,237)	(6,547)	(25,980)
Fair value gain on financial assets measured at fair value through profit or loss	(127,615)	(117,773)	–	–
Rental income	(2,175)	(2,800)	–	–
Reversal of impairment loss on investment in subsidiary	–	–	–	(447,071)
Reversal of inventories previously written down	–	(6,589)	–	–

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

27. STAFF COSTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive directors' remuneration (excluding benefits-in-kind) (Note 33)	3,004,746	2,599,546	16,250	16,250
Other staff costs				
Short-term employee benefits	9,649,221	10,219,518	–	–
Defined contribution plan (EPF)	326,649	311,286	–	–
Other staff related expenses	797,010	1,109,626	–	3,910
	10,772,880	11,640,430	–	3,910
Total staff costs	13,777,626	14,239,976	16,250	20,160

28. INCOME TAX EXPENSE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax:-				
- current tax expense	2,533,636	2,048,687	91,122	96,008
- (over)/underprovision in prior year	(578,180)	29,645	117	189
	1,955,456	2,078,332	91,239	96,197
Deferred tax (Note 21):-				
- origination of temporary differences	89,739	554,831	–	–
- overprovision in prior year	(242)	(8,369)	–	–
	89,497	546,462	–	–
	2,044,953	2,624,794	91,239	96,197

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

28. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation	15,221,323	11,247,754	4,111,259	8,444,748
Tax at statutory income tax rate of 24%	3,653,117	2,699,461	986,702	2,026,740
Tax effect of different tax rate in other countries	(214,219)	(56,282)	–	–
Tax effect of non-deductible expense	422,249	395,937	424,420	176,001
Tax effect of non-taxable income	(28,740)	(22,261)	(1,320,000)	(2,106,733)
Tax saving arising from double deduction expenses	(97,895)	(138,888)	–	–
Deferred tax asset not recognised during the financial year	–	(243,105)	–	–
Effect of tax incentive	(1,111,137)	(31,344)	–	–
(Over)/under provision in prior year:-				
- Current tax expense	(578,180)	29,645	117	189
- Deferred tax expense	(242)	(8,369)	–	–
	2,044,953	2,624,794	91,239	96,197

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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.

29. OTHER COMPREHENSIVE INCOME

	The Group	
	2021 RM	2020 RM
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences:		
- changes during the financial year	(1,102,336)	843,796

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

30. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary 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.

	2021 RM	The Group 2020 RM
Profit after taxation attributable to owners of the Company	13,176,370	8,622,960
	Units	Units
Weighted average number of ordinary shares in issue	158,721,842	158,733,623
Basic earnings per ordinary share (sen)	8.30	5.43

(b) Diluted earnings per ordinary share

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

31. DIVIDENDS

	2021 RM	The Group 2020 RM
An interim dividend approximately of 0.75 (2020: 0.75) sen per ordinary share on 158,721,842 (2020: 158,749,842) ordinary shares in respect of current financial year	1,190,414	1,190,624
A second interim dividend approximately of 1.15 (2020: 1.15) sen per ordinary share on 158,721,842 (2020: 158,721,842) ordinary shares in respect of current financial year	1,825,298	1,825,298
A third interm dividend approximately of 1.25 (2020: 1.15) sen per ordinary share on 158,721,842 (2020: 158,721,842) ordinary shares in respect of current financial year	1,984,023	1,825,298
	4,999,735	4,841,220

On 29 June 2021, the Company declared an interim dividend of approximately 0.75 sen per ordinary share on 158,721,842 ordinary shares amounting to RM 1,190,414 in respect of the financial year ending 30 April 2022 and subsequent paid on 29 July 2021, to shareholders whose names appeared in the record of depositors on 15 July 2021. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 April 2022.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets are as follows:-

	The Group	
	2021 RM	2020 RM
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 6)	1,181,630	6,136,427
Less: Unpaid balance included in sundry payables (Note 23 (b))	(82,808)	(471,981)
Add: Cash paid in respect of acquisition in previous financial year	766,161	867,539
Cash disbursed for purchase of property, plant and equipment	1,864,983	6,531,985
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)	1,007,757	590,438
Less: Additions/modifications of lease liabilities (Note 32 (b))	(958,547)	(553,247)
Cash disbursed for addition of right-of-use assets	49,210	37,191

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

	Term loans RM	Multi currency trade loans RM	Lease liabilities RM	Total RM
The Group				
2021				
At 1 May	7,811,260	2,781,680	1,983,317	12,576,257
<u>Changes in financing cash flows</u>				
Proceeds from drawdown	60,016	12,932,768	–	12,992,784
Repayment of borrowing principal	(760,560)	(11,806,778)	(1,089,241)	(13,656,579)
Repayment of borrowing interests	(249,360)	(53,898)	(77,667)	(380,925)
	(949,904)	1,072,092	(1,166,908)	(1,044,720)
<u>Non-cash changes</u>				
Additional/modifications of lease liabilities	–	–	958,547	958,547
Foreign exchange adjustment	–	(63,252)	–	(63,252)
Finance charges recognised in profit or loss	249,360	53,898	77,667	380,925
	249,360	(9,354)	1,036,214	1,276,220
At 30 April	7,110,716	3,844,418	1,852,623	12,807,757

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

32. CASH FLOW INFORMATION (CONT'D)

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

The Group	Term loans RM	Hire purchase payables RM	Multi currency trade loans RM	Lease liabilities RM	Total RM
2020					
At 1 May, as previously reported	8,091,465	672,229	6,228,503	–	14,992,197
Initial application of MFRS 16	–	(672,229)	–	2,434,625	1,762,396
At 1 May, as restated	8,091,465	–	6,228,503	2,434,625	16,754,593
<u>Changes in financing cash flows</u>					
Proceeds from drawdown	384,052	–	21,705,690	–	22,089,742
Repayment of borrowing principal	(664,257)	–	(25,175,505)	(1,004,555)	(26,844,317)
Repayment of borrowing interests	(345,713)	–	(239,073)	(113,461)	(698,247)
	(625,918)	–	(3,708,888)	(1,118,016)	(5,452,822)
<u>Non-cash changes</u>					
Additional of new lease liabilities	–	–	–	553,247	553,247
Foreign exchange adjustment	–	–	22,992	–	22,992
Finance charges recognised in profit or loss	345,713	–	239,073	113,461	698,247
	345,713	–	262,065	666,708	1,274,486
At 30 April	7,811,260	–	2,781,680	1,983,317	12,576,257

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2021 RM	2020 RM
Payment of short-term leases	32,536	61,126
Interest paid on lease liabilities	77,667	113,461
Payment of lease liabilities	1,089,241	1,004,555
	1,199,444	1,179,142

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits with licensed banks (Note 14)	12,022,786	9,144,519	320,000	200,000
Short-term investment (Note 15)	6,687,661	7,566,146	–	–
Cash and bank balances	7,355,050	3,538,315	42,255	44,719
	26,065,497	20,248,980	362,255	244,719
Less : Fixed deposits with maturity period more than 3 months	(2,262,786)	(2,258,019)	–	–
	23,802,711	17,990,961	362,255	244,719

33. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
(a) Directors				
Directors of the Company				
Executive directors:-				
Short-term employee benefits	2,590,440	2,232,940	16,250	16,250
Defined contribution benefits (EPF)	414,306	366,606	–	–
	3,004,746	2,599,546	16,250	16,250
Non-executive directors:-				
Short-term employee benefits:				
- fees	180,000	188,500	180,000	188,500
- other benefits	16,250	17,000	16,250	17,000
	196,250	205,500	196,250	205,500

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(a) Directors (Cont'd)				
Directors of Subsidiaries				
Non-executive directors:-				
Short-term employee benefits				
- fees	44,168	40,032	-	-
	44,168	40,032	-	-
Total directors' remuneration	3,245,164	2,845,078	212,500	221,750
Estimated monetary value of benefits-in-kind				
Executive directors of the company	58,250	55,959	-	-
(b) Other key management personnel				
Short-term employee benefits			1,261,164	1,249,905
Defined contribution benefits (EPF)			116,588	118,396
Total compensation for other key management personnel			1,377,752	1,368,301

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group or the Company if the Group or the Company 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34. RELATED PARTY DISCLOSURES (CONT'D)

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
Subsidiaries				
- Advance to subsidiaries	-	-	4,100,000	4,100,000
- Dividend income	-	-	(5,500,000)	(5,500,000)
- Management fee income	-	-	(396,000)	(396,000)
- Settlement of advance by subsidiaries	-	-	(4,110,241)	(4,000,000)
Director				
- Repayment of lease liability	40,435	23,650	-	-
- Interest on lease liability	1,565	850	-	-
Transaction with a company in which certain director have direct or indirect substantial financial interests				
- Professional fees	217,000	217,000	217,000	217,000

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.

35. 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	Manufacture of thermal insulation materials mainly for the heating, ventilation, air-conditioning and refrigeration ("HVAC&R") industry.
HVAC&R parts and equipments	Trading of HVAC&R parts and equipments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. OPERATING SEGMENTS (CONT'D)

(a) Business segments

	Insulation materials RM	HVAC&R parts and equipments RM	Investment holdings RM	Eliminations RM	Consolidated RM
2021					
Revenue					
- Investment income	–	–	5,500,000	(5,500,000)	–
- External sales	87,657,120	22,732,757	–	(9,762,163)	100,627,714
- Management fee income	–	–	396,000	(396,000)	–
Total revenue	87,657,120	22,732,757	5,896,000	(15,658,163)	100,627,714
Cost of sales	(58,390,202)	(21,280,354)	–	9,594,026	(70,076,530)
Gross profit	29,266,918	1,452,403	5,896,000	(6,064,137)	30,551,184
Other income					573,498
Unallocated corporate expenses					(15,522,434)
Profit from operation					15,602,248
Finance costs					(380,925)
Profit before taxation					15,221,323
Income tax expense					(2,044,953)
Profit after taxation					13,176,370
2020					
Revenue					
- Investment income	–	–	5,500,000	(5,500,000)	–
- External sales	90,011,633	15,924,696	–	(4,317,180)	101,619,149
- Management fee income	–	–	396,000	(396,000)	–
Total revenue	90,011,633	15,924,696	5,896,000	(10,213,180)	101,619,149
Cost of sales	(63,917,492)	(14,976,181)	–	4,240,958	(74,652,715)
Gross profit	26,094,141	948,515	5,896,000	(5,972,222)	26,966,434
Other income					552,905
Unallocated corporate expenses					(15,573,338)
Profit from operation					11,946,001
Finance costs					(698,247)
Profit before taxation					11,247,754
Income tax expense					(2,624,794)
Profit after taxation					8,622,960

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

35. OPERATING SEGMENTS (CONT'D)

(b) Geographical information

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

Non-current assets are determined according to the country where these assets 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Africa, America and Europe	8,881,923	8,247,239	–	–
Asia (excluding Malaysia) and Oceania	53,728,932	62,756,085	12,471,144	13,660,497
Malaysia	38,016,859	30,615,825	78,503,234	81,134,722
	100,627,714	101,619,149	90,974,378	94,795,219

(c) Major customer

Revenue derived from a major customer, which accounted for not less than 10% of Group revenue, amounts to RM 11,595,530 (2020 : RM 12,063,291) arising from sales of 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.

36. CAPITAL COMMITMENTS

	The Group	
	2021 RM	2020 RM
Purchase of property, plant and equipment	978,739	144,437

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 Financial risk management policies

The Group's 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) 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					
2021					
Financial assets					
Trade receivables	8,087,113	11,952	2,090,594	5,400,214	15,589,873
Other receivables	–	–	8,170	56,493	64,663
Deposits with licensed banks	4,715,000	–	2,225,000	5,082,786	12,022,786
Short-term investment	–	–	–	6,687,661	6,687,661
Cash and bank balances	2,863,797	226,503	645,231	3,619,519	7,355,050
	15,665,910	238,455	4,968,995	20,846,673	41,720,033
Financial liabilities					
Trade payables	(1,265,011)	–	(316,932)	(4,842,296)	(6,424,239)
Other payables and accruals	(306,533)	–	(377,762)	(3,141,634)	(3,825,929)
Lease liabilities	–	–	–	(1,852,623)	(1,852,623)
Loans and borrowings	(3,844,418)	–	–	(7,110,716)	(10,955,134)
	(5,415,962)	–	(694,694)	(16,947,269)	(23,057,925)
Net financial assets	10,249,948	238,455	4,274,301	3,899,404	18,662,108
Less : Net financial assets denominated in the respective entities functional currencies	(2,725,065)	–	(4,246,979)	(3,899,404)	(10,871,448)
Currency exposure	7,524,883	238,455	27,322	–	7,790,660

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					
2020					
Financial assets					
Trade receivables	8,386,222	56,049	20,835	4,438,756	12,901,862
Other receivables	–	–	8,445	42,998	51,443
Deposits with licensed banks	5,818,500	–	368,000	2,958,019	9,144,519
Short-term investment	–	–	–	7,566,146	7,566,146
Cash and bank balances	1,394,669	136,015	657,632	1,349,999	3,538,315
	15,599,391	192,064	1,054,912	16,355,918	33,202,285
Financial liabilities					
Trade payables	(1,320,445)	–	(212,920)	(3,621,989)	(5,155,354)
Other payables and accruals	(250,025)	(38,369)	(621,356)	(2,561,422)	(3,471,172)
Lease liabilities	–	–	–	(1,983,317)	(1,983,317)
Loans and borrowings	(2,161,538)	–	–	(8,431,402)	(10,592,940)
	(3,732,008)	(38,369)	(834,276)	(16,598,130)	(21,202,783)
Net financial assets	11,867,383	153,695	220,636	(242,212)	11,999,502
Less : Net financial assets denominated in the respective entities functional currencies	(2,605,202)	–	(200,755)	242,212	(2,563,745)
Currency exposure	9,262,181	153,695	19,881	–	9,435,757

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			
2021			
Financial assets			
Amount owing by subsidiaries	–	123,482	123,482
Deposits with a licensed bank	–	320,000	320,000
Cash and bank balances	10,680	31,575	42,255
	10,680	475,057	485,737
Financial liabilities			
Other payables and accruals	–	(223,047)	(223,047)
	–	(223,047)	(223,047)
Net financial assets	10,680	252,010	262,690
Less : Net financial assets denominated in the Company's functional currency	–	(252,010)	(252,010)
Currency exposure	10,680	–	10,680
2020			
Financial assets			
Amount owing by subsidiaries	–	4,133,724	4,133,724
Deposits with a licensed bank	–	200,000	200,000
Cash and bank balances	750	43,969	44,719
	750	4,377,693	4,378,443
Financial liabilities			
Other payables and accruals	–	(210,950)	(210,950)
	–	(210,950)	(210,950)
Net financial assets	750	4,166,743	4,167,493
Less : Net financial assets denominated in the Company's functional currency	–	(4,166,743)	(4,166,743)
Currency exposure	750	–	750

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Effects on profit after taxation				
USD				
- strengthened by 5%	285,946	351,963	406	29
- weakened by 5%	(285,946)	(351,963)	(406)	(29)
SGD				
- strengthened by 5%	9,061	5,840	—	—
- weakened by 5%	(9,061)	(5,840)	—	—
Other				
- strengthened by 5%	1,038	755	—	—
- weakened by 5%	(1,038)	(755)	—	—

(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 and deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts 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 20 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 a 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 balances), 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 guarantees 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 (2020 : 1) trade receivables, the balance of each is equal to or more than 10% of total balances constituting approximately 15% (2020 : 23%) 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	2021 % of total	RM	2020 % of total
By country:-				
Africa, America and Europe	2,976,864	19.1	1,487,658	11.5
Asia (excluding Malaysia) and Oceania	7,243,302	46.5	6,975,450	54.1
Malaysia	5,369,707	34.4	4,438,754	34.4
	15,589,873	100.0	12,901,862	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 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 the fact that they are still subject to enforcement activities.

Trade receivables

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

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

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

Also, the Group considers any receivables having financial difficulties or in default with significant balance outstanding for more than 90 days are deemed credit impaired and assesses for their risk of loss individually.

During the current financial year, the Group has changed its risk management practices in response to the Covid-19 pandemic. The expected loss rates are based on the payment profiles of sales over a period of 3 - 4 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.

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)

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	Individual impairment RM	Carrying value RM
The Group 2021			
Current (not past due)	7,742,219	–	7,742,219
1 to 30 days past due	4,621,002	–	4,621,002
31 to 60 days past due	2,372,688	–	2,372,688
61 to 90 days past due	361,505	–	361,505
	15,097,414	–	15,097,414
Credit impaired:-			
More than 90 days past due	2,222,586	(1,730,127)	492,459
	17,320,000	(1,730,127)	15,589,873

	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying value RM
The Group 2020				
Current (not past due)	2,768,086	(2,010)	–	2,766,076
1 to 30 days past due	2,567,134	(25,325)	–	2,541,809
31 to 60 days past due	4,356,904	(30,508)	–	4,326,396
61 to 90 days past due	1,931,158	(10,445)	–	1,920,713
	11,623,282	(68,288)	–	11,554,994
Credit impaired:-				
More than 90 days past due	3,081,099	(1,730,488)	(3,743)	1,346,868
	14,704,381	(1,798,776)	(3,743)	12,901,862

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

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)

Other receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

The movements in the loss allowances in respect of other receivables is disclosed in Note 12 to the financial statements.

Deposits with licensed banks, cash and bank balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount owing by subsidiaries (Non-trade balances)

The Company applies the 3-stage 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.

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)

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

	Gross amount RM	Lifetime loss allowance RM	Carrying value RM
The Company			
2021			
Low credit risk	123,483	–	123,483
2020			
Low credit risk	4,133,724	–	4,133,724

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.

(c) Liquidity risk

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

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

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 annual interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
The Group						
2021						
Non-derivative financial liabilities						
Trade payables	-	6,424,239	6,424,239	6,424,239	-	-
Other payables and accruals	-	3,825,929	3,825,929	3,825,929	-	-
Lease liabilities	3.3 - 4.9	1,852,623	1,929,832	1,030,924	898,908	-
Loans and borrowings:-						
- Multi currency trade loans	2.2	3,844,418	3,844,418	3,844,418	-	-
- Term loans	3.3 - 3.5	7,110,716	8,701,384	1,009,920	2,498,702	5,192,762
		23,057,925	24,725,802	16,135,430	3,397,610	5,192,762
2020						
Non-derivative financial liabilities						
Trade payables	-	5,155,354	5,155,354	5,155,354	-	-
Other payables and accruals	-	3,471,172	3,471,172	3,471,172	-	-
Lease liabilities	4.0 - 4.9	1,983,317	2,086,148	1,080,178	1,005,970	-
Loans and borrowings:-						
- Multi currency trade loans	2.4 - 4.0	2,781,680	2,781,680	2,781,680	-	-
- Term loans	4.0 - 4.2	7,811,260	10,225,366	1,009,920	2,895,467	6,319,979
		21,202,783	23,719,720	13,498,304	3,901,437	6,319,979

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 annual interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
The Company						
2021						
Other payables and accruals	-	223,047	223,047	223,047	-	-
Financial guarantee contract in relation to corporate guarantee to certain subsidiaries *	-	-	12,545,802	4,854,338	2,498,702	5,192,762
		223,047	12,768,849	5,077,385	2,498,702	5,192,762
2020						
Other payables and accruals	-	210,950	210,950	210,950	-	-
Financial guarantee contract in relation to corporate guarantee to certain subsidiaries *	-	-	13,007,047	3,791,601	2,895,467	6,319,979
		210,950	13,217,997	4,002,551	2,895,467	6,319,979

* 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 in the financial statements since their 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

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial assets				
<u>Designed at fair value through profit or loss</u>				
Other investment	46,667	46,667	–	–
<u>Fair value through profit or loss</u>				
Short-term investment	6,687,661	7,566,146	–	–
<u>Amortised cost</u>				
Trade receivables	15,589,873	12,901,862	–	–
Other receivables	64,663	51,443	–	–
Amount owing by subsidiaries	–	–	123,483	4,133,724
Deposits with licensed banks	12,022,786	9,144,519	320,000	200,000
Cash and bank balances	7,355,050	3,538,315	42,255	44,719
	35,032,372	25,636,139	485,738	4,378,443
Financial liabilities				
<u>Amortised cost</u>				
Trade payables	6,424,239	5,155,354	–	–
Other payables and accruals	3,825,929	3,471,172	223,047	210,950
Lease liabilities	1,852,623	1,983,317	–	–
Loans and borrowings	10,955,134	10,592,940	–	–
	23,057,925	21,202,783	223,047	210,950

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.4 Gains or (losses) arising from financial instruments

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial assets				
<u>Fair value through profit or loss</u>				
Net gains recognised in profit or loss	127,615	117,773	–	–
<u>Amortised cost</u>				
Net (losses)/gains recognised in profit or loss	(211,195)	332,813	(1,070,960)	898,109
Financial liabilities				
<u>Amortised cost</u>				
Net losses recognised in profit or loss	(246,302)	(830,581)	–	–

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								
2021								
Financial assets								
Other investment	-	25,000	-	-	-	-	25,000	46,667
Short-term investment	-	6,687,661	-	-	-	-	6,687,661	6,687,661
Financial liabilities								
Term loans	-	-	-	-	(7,110,716)	-	(7,110,716)	(7,110,716)
2020								
Financial assets								
Other investment	-	22,000	-	-	-	-	22,000	46,667
Short-term investment	-	7,566,146	-	-	-	-	7,566,146	7,566,146
Financial liabilities								
Term loans	-	-	-	-	(7,811,260)	-	(7,811,260)	(7,811,260)

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

The fair value above have been determined using the following basis:-

- (i) The fair value of other investment is estimated based on references to current available counterparty quotation of respective golf club.
- (ii) The fair value of short-term investment 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

The fair values, which are for disclosure purposes, have been determined using the following basis:-

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.

38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 11 March 2020, the World Health Organisation declared the Coronavirus Disease ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown, and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operates.

However, the Covid-19 global pandemic has not resulted in any material impairment to the Group's assets as of 30 April 2021 or affected the Group's ability to continue its business as a going-concern. There were no material impact on the Group's operations and financial performance for the financial year ended 30 April 2021.

39. SIGNIFICANTS EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Since 18 March 2020 up to the date of this report, the Movement Control Order went through various phases throughout the country where restrictions were either relaxed and/or tightened for certain states, districts and/or location based on the number of daily and active Covid-19 cases in the respective areas.

The Group will continue to pay close attention to the development of, and the disruption to its business activities caused by the prolonged effect of the Covid-19 pandemic and/or any subsequent MCO or similar measure imposed by Malaysia Government and continually evaluate their impact on the financial position, cash flows and operating results of the Group.

- (b) On 28 May 2021, a subsidiary of the Company, Superlon Hong Kong Company Limited had been deregistered.

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	25 years/ Freehold	19,734	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	5 years/ Freehold	19,167	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	16 years/ Freehold	19,705	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	2.5 years/ Long lease up to 28 October 2057	6,091	- / 70,219

ANALYSIS OF SHAREHOLDINGS

As at 2 August 2021

Issued Share Capital	:	RM41,433,182
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	53	1.17	1,465	0.00
100 – 1,000	1,032	22.82	478,279	0.30
1,001 – 10,000	2,313	51.15	11,634,174	7.33
10,001 – 100,000	979	21.65	28,623,668	18.04
100,001 – less than 5%	144	3.19	82,123,708	51.74
5% and above	1	0.02	35,860,548	22.59
TOTAL	4,522	100.00	158,721,842	100.00

* Excluding the 1,278,158 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
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 Mr Liu Jeremy'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 Mr Liu Jeremy's shareholdings

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

ANALYSIS OF SHAREHOLDINGS

(Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Name	No. of shares	%
1.	LIU LEE, HSIU LIN	35,308,320	22.245
2.	JEREMY LIU	7,140,000	4.498
3.	LIU HAN-CHAO	7,140,000	4.498
4.	YAYASAN GURU TUN HUSSEIN ONN	6,013,000	3.788
5.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR MAYBANK KIM ENG SECURITIES PTE LTD</i>	5,569,200	3.508
6.	HLIB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HUANG, HSIN-YUEH</i>	4,086,000	2.574
7.	COVINGTON PACIFIC LTD	4,080,000	2.570
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	3,741,300	2.357
9.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR FONG SILING</i>	3,610,000	2.274
10.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR MAYBANK MALAYSIA SMALLCAP FUND</i>	2,449,900	1.543
11.	HLIB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIU, MAN-TIEN</i>	1,645,716	1.036
12.	CHIN CHIN SEONG	1,270,000	0.800
13.	TANG CHIN HONG	1,118,800	0.704
14.	FANG, PEI-CHING	1,035,000	0.652
15.	FANG, MEI-LING	858,000	0.540
16.	ANDREW LIM ENG GUAN	800,000	0.504
17.	LIM BOON LIAT	800,000	0.504
18.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN</i>	784,400	0.494
19.	LIEW CHEE MING	720,000	0.453
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TANG CHONG HEE</i>	688,800	0.433
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHRISTINA LOH YOKE LIN</i>	650,000	0.409
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIEW TEK KUAN</i>	643,900	0.405
23.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHRISTINA LOH YOKE LIN</i>	625,000	0.393
24.	ANDREW LIM CHEONG SENG	600,000	0.378
25.	LIU LEE, HSIU LIN	552,228	0.347
26.	LEE KAR HING	547,000	0.344
27.	HLIB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TINA YU-CHEN LEE</i>	535,748	0.337
28.	TAN TIAN LIAN	510,000	0.321
29.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.</i>	502,300	0.316
30.	LOW CHER SHYONG	500,000	0.315

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth (“15th”) Annual General Meeting (“AGM”) of SUPERLON HOLDINGS BERHAD (“Superlon” or “the Company”) will be conducted on a fully virtual basis through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at <https://tiih.online> on Tuesday, 21 September 2021 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2021 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 for the financial year ending 30 April 2022 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 RM45,500 for the period from the date of the forthcoming AGM to 31 October 2022. **(Ordinary Resolution 2)**
3. To re-elect the following Directors who retire in accordance with Regulation 93 of the Company’s Constitution:-
 - (1) Mr Liu Han-Chao **(Ordinary Resolution 3)**
 - (2) Mr Ongi Cheng San **(Ordinary Resolution 4)**
 - (3) Mr Liu Jeremy **(Ordinary Resolution 5)**
4. To approve the re-appointment of retiring Auditors, Messrs Crowe Malaysia PLT 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 as ordinary resolution:

5. **Proposed Renewal of 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, Constitution of the Company and approval and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors be and are 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 and paid-up share capital for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

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

(Ordinary Resolution 8)

“THAT, subject to the compliance with the Act, Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, regulations, guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be hereby given full authority to seek shareholders’ approval for the authority of 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 best 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 AGM 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 AGM 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.”

7. 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 (SSM PC No. 201908000801) (MIA 28862)
R. MALATHI A/P RAJAGOPAL (SSM PC No. 201908000851) (MAICSA 7054884)
Company Secretaries

Kuala Lumpur
23 August 2021

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

IMPORTANT NOTICE ON REMOTE PARTICIPATION AND VOTING:

1. The 15th AGM will be conducted on a fully virtual basis through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via its TIH Online website at <https://tiih.online>.
2. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online. Please refer to Administrative Guide for the 15th AGM in order to register, participate and vote remotely via the Remote Participation and Voting ("RPV") facilities.
3. Members/Proxy(ies) who wish to attend, speak (including posting questions to the Board via real time submission of typed texts) and vote (collectively, "participate") may do so remotely via the RPV facilities. Please follow the procedures provided in the Administrative Guide for the 15th AGM in order to register, participate and vote remotely.

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 13 September 2021 shall be regarded as members and be entitled to attend, participate, speak and vote at the 15th AGM.
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 appointment of proxy may be made in a hardcopy form or by electronic means as follows:

In Hardcopy Form

The proxy form or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time for holding this AGM.

By Electronic Form

The proxy form can be electronically submitted to the Share Registrar of the Company via TIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide on the procedure of electronic submission proxy form via TIH Online. All proxy form submitted must be received by the Company not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjourned meeting at which the person named in the appointment proposes to vote.

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

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

Approval of Directors' fees for the financial year ending 30 April 2022 and meeting attendance allowances from the date of the forthcoming AGM to 31 October 2022

Directors' fees approved for the financial year ended 30 April 2021 was RM230,000 and the meeting attendance allowances of up to RM43,500 for the period from 21 September 2020 to 31 October 2021. The Directors' fees and meeting attendance allowances proposed are calculated based on the anticipated number of scheduled Board and Committee Meetings for 2021/2022 and assuming that all the Non-Executive Directors will hold office until the conclusion of the next AGM.

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 AGM for additional fees to meet the shortfall.

10. Item 3 of the Agenda - Ordinary Resolutions no. 3, 4 & 5

For the purpose of determining the eligibility of the Directors to stand for re-election at the 15th AGM, the Board through its Nomination Committee had assessed Mr Liu Han-Chao, Mr Ongi Cheng San and Mr Liu Jeremy (collectively "the Retiring Directors"). Please refer to the Directors' Profile section for more details on these individuals. The Retiring Directors were assessed on their performance and understanding of the Group's business. Their active participation at the Board meetings showed that they were prepared and were effective in the discharge of their responsibilities. The Retiring Directors have always acted in the best interest of the Company as a whole.

Based on the above, the Board supports their re-election.

11. Item 5 of the Agenda - Ordinary Resolution no. 7 Authority to Allot and Issue Shares pursuant to Section 75 of the Act

- (a) The proposed Ordinary Resolution no. 7, if passed, will grant a mandate ("10% General Mandate") empowering the Directors of the Company, from the date of the 15th AGM 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 AGM of the Company.
- (b) This mandate is a renewal of the previous mandate obtained at the last AGM held on 21 September 2020 which will expire at the conclusion of the forthcoming AGM.
- (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 AGM held on 21 September 2020.
- (d) The 10% 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.

12. Item 6 of the Agenda - Ordinary Resolution no. 8 Proposed renewal of authority for the Company to purchase its own shares

The proposed Ordinary Resolution no. 8, 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 Securities. 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 AGM of the Company.

Further details are set out in the Statement to Shareholders dated 23 August 2021.

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

13. Annual Report

The Annual Report for the FYE 30 April 2021 is now available at the Company's corporate website, www.superlon.com.my. Printed copy of the Annual Report shall be provided to the shareholders upon request soonest possible from the date of receipt of the request.

Shareholder who wish to receive the printed Annual Report may request at <https://tiih.online> by selecting "Request for Annual Report" under the "Investor Services" to submit the request form electronically or contacting Tricor Investor & Issuing House Services Sdn. Bhd. 197101000970 (11324-H) at 03-2783 9299 or e-mail your request to is.enquiry@my.tricorglobal.com.

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 15th AGM of the Company.

KINDLY OBSERVE THE INSTRUCTIONS CONTAINED IN OUR ADMINISTRATIVE GUIDE ON THE PROCEDURES AND SAFETY MEASURES TO BE FOLLOWED FOR THE 15TH AGM

ADMINISTRATIVE GUIDE

For the Fifteenth Annual General Meeting (“15th AGM”)

Date and Time	:	Tuesday, 21 September 2021 at 10.00 a.m.
Venue	:	Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia
Meeting Platform	:	TIIH Online website at https://tiih.online

Dear Shareholders of Superlon Holdings Berhad (“Superlon” or the “Company”),

PRECAUTIONARY MEASURES AGAINST THE CORONAVIRUS DISEASE (“COVID-19”)

In line with the Government’s directive and the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by Securities Commission on 16 July 2021 (“SC Guidance”), the 15th AGM of the Company will be conducted fully virtual through live streaming and online voting via Remote Participation and (“RPV”) Voting facilities via TIIH Online website at <https://tiih.online>. An online meeting platform used to conduct the meeting can be recognized as the meeting venue as required under Section 327(2) of the Companies Act 2016, provided that the online platform located in Malaysia. Pursuant to the SC Guidance, all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.

Due to constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 15th AGM at short notice. Kindly check the Company’s website or announcements for the latest updates on the status of the 15th AGM.

The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

REMOTE PARTICIPATION AND VOTING

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 15th AGM using RPV facilities from Tricor. Kindly refer to Procedure for RPV facilities as set out below for the requirements and procedures.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to attend, participate, speak and vote at this 15th AGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please refer to the Procedures for RPV.

PROCEDURES FOR RPV

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 15th AGM using RPV facilities:

	Procedure	Action
BEFORE THE 15TH AGM DAY		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none">Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services” by selecting the “Sign Up” button and followed by “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance.Registration as a user will be approved within one (1) working day and you will be notified via e-mail.If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

ADMINISTRATIVE GUIDE (Cont'd)

(b)	Submit your registration for RPV	<ul style="list-style-type: none"> Registration is open from Monday, 23 August 2021 until the day of 15th AGM on Tuesday, 21 September 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 15th AGM to ascertain their eligibility to participate at the 15th AGM using the RPV. Login with your user ID (i.e. email address) and password and select the corporate event: “(REGISTRATION) SUPERLON 15TH AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting” Review your registration and proceed to register System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 13 September 2021, the system will send you an e-mail after 20 September 2021 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIH Online and registration for the RPV).</i></p>
ON THE 15TH AGM DAY		
(c)	Login to TIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 15th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of meeting at 10.00 a.m. on Tuesday, 21 September 2021.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) SUPERLON 15TH AGM” to engage in the proceedings of the 15TH AGM remotely. If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavor to respond to questions submitted by you during the 15th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Tuesday, 21 September 2021 until a time when the Chairman announces the end of the session. Select the corporate event: “(REMOTE VOTING) SUPERLON 15TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> The live streaming will end upon the announcement by the Chairman on the conclusion of the AGM.

Note to users of the RPV facilities:

- Should your registration for the RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at +6011-40805616 / +6011-40803168 / +6011-40803169 / +6011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ADMINISTRATIVE GUIDE (Cont'd)

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only members whose name appear on the Record of Depositors as at **13 September 2021** shall be eligible to attend, speak and vote at the 15th AGM or appoint proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

In view that the 15th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

If you wish to participate in the 15th AGM yourself, please do not submit any Proxy Form for the 15th AGM. You will not be allowed to participate in the 15th AGM together with a proxy appointed by you.

Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 15th AGM whether in a hard copy form or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 20 September 2021 at 10.00 a.m.:**

(i) In hard copy form

By hand or post to the Share Registrar of the Company at 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, Wilayah Persekutuan or its the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

(ii) By electronic form

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarized below:

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

Procedure	Action
i. Steps for individual shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user ID (i.e. email address) and password. Select the corporate event: "Superlon 15th AGM - Submission of Proxy Form". Read and agree to the Terms & Conditions and confirm the Declaration Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes. Review and confirm your proxy(s) appointment. Print proxy form for your record.

ADMINISTRATIVE GUIDE (Cont'd)

ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online. • Under the “e-Services”, the authorized or nominated representative of the corporation or institutional shareholder selects the “Sign Up” button and followed by “Create Account by Representative of Corporate Holder”. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor Investor & Issuing House Services Sdn Bhd if you need clarifications on the user registration.)</i></p>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online. • Select the corporate event: “Superlon 15th - Submission of Proxy Form” • Read and agree to the Terms & Conditions and confirm the Declaration • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: “Superlon 15th - Submission of Proxy Form”. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for record.

POLL VOTING

The voting at the AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd to conduct the poll voting electronically.

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from **10.00 a.m. on Tuesday, 21 September 2021** but before the end of the voting session which will be announced by the Chairman of the meeting. Please refer to the Procedures for Remote Participation and Voting via RPV Facilities provided above for guidance on how to vote remotely via TIIH Online.

Upon completion of the voting session for the AGM, the Scrutineers will verify the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the AGM via Tricor’s TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than **Monday, 20 September 2021 at 10.00 a.m.** The Board will endeavor to answer the questions received at the AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the 15th AGM.

DOOR GIFT/FOOD VOUCHER

There will be no door gifts or food vouchers for attending the 15th AGM.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the following person during office hours on Monday to Friday from 8.30 a.m. to 5.30 p.m. (except on public holidays).

Tricor Investor & Issuing House Services Sdn Bhd

General /Fax No.	:	+603-2783 9299 / +603-2783 9222
Email	:	is.enquiry@my.tricorglobal.com
Nur Qaisara Naaila	:	+603-2783 9272 / Nur.Qaisara.Naaila@my.tricorglobal.com
Nor Faeayzah	:	+603-2783 9274 / Nor.Faeayzah@my.tricorglobal.com

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SUPERLON®

SUPERLON HOLDINGS BERHAD

Registration No.: 200601020659 (740412-X)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
Total No. of shares held	

I/We, _____ NRIC/Passport No. _____
(Please use Block Letters)

of _____
(Full Address)

contact no. _____ email address _____ being a member / members of SUPERLON HOLDINGS BERHAD hereby appoint(s):-

Full Name (in capital letters):	NRIC/Passport No.:
Full Address:	Contact No.: Email Address:

and

Full Name (in capital letters):	NRIC/Passport No.:
Full Address:	Contact No.: Email Address:

or failing him/her*, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Fifteenth ("15th") Annual General Meeting of the Company to be conducted on a fully virtual basis through live streaming and online meeting platform of TIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at <https://tiah.online> on Tuesday, 21 September 2021 at 10.00 a.m.

No.	Ordinary Resolutions	For	Against
1.	Payment of Directors' fees of up to RM230,000 for the financial year ending 30 April 2022		
2.	Payment of Directors' meeting attendance allowances of up to RM45,500 up to 31 October 2022		
3.	Re-election of Mr Liu Han-Chao as Director		
4.	Re-election of Mr Ongi Cheng San as Director		
5.	Re-election of Mr Liu Jeremy as Director		
6.	Re-appointment of Messrs Crowe Malaysia PLT 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		

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:

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

Dated this _____ day of _____ 2021

Signature of Shareholder(s) or Common Seal

IMPORTANT NOTICE ON REMOTE PARTICIPATION AND VOTING:

The 15th AGM will be conducted on a fully virtual basis through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via its TIH Online website at <https://tiah.online>. According to the revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.

Members/Proxy(ies) are to attend, participate (including posting questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 15th Annual General Meeting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online website at <https://tiah.online>. Please follow the Procedures for RPV in the Administrative Guide for the 15th Annual General Meeting and take note of the procedure in order to participate remotely via RPV.

NOTES:

- Only depositors whose names appear in the Record of Depositors as at 13 September 2021 shall be regarded as members and be entitled to attend, participate, speak and vote at the 15th 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.



4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding 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 appointment of proxy may be made in a hardcopy form or by electronic means as follows:

In Hardcopy Form

The proxy form or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time for holding this AGM.

By Electronic Form

The proxy form can be electronically submitted to the Share Registrar of the Company via TIIH Online website at <https://tiih.online>. Kindly refer to the Administrative Guide on the procedure of electronic submission proxy form via TIIH Online. All proxy form submitted must be received by the Company not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjourned meeting at which the person named in the appointment proposes to vote.

Personal data privacy

By submitting the proxy form, the member or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the 15th Annual General Meeting (including any adjournment thereof).

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AFFIX
STAMP

To: **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
Malaysia

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Fold This Flap For Sealing

SUPERLON HOLDINGS BERHAD

REGISTRATION NO. : 200601020659 (740412-X)

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