SUPERLON®

SUPERLON HOLDINGS BERHAD

REGISTRATION NO. : 200601020659 (740412-X)

ANNUAL REPORT 2023

OUR MILESTONES

30 Years SUPERLON® 2023

2023

2nd production plant in Vietnam commenced its operation

2022

Superlon received green building product certifications from MyHIJAU

2018

- 1st production plant outside Malaysia was established in Vietnam
- Superlon received certification on UL GreenGuard and GreenGuard Gold for low chemical emission products

2017

Completion of 63,375 square feet warehouse to keep stock and further improve lead time for its customers

2016

Superlon received green building product certifications from Singapore and Dubai

2012

Superlon received certification on the Factory Mutuals (FM) Approvals, one of the most stringent fire resistance standards

2007

- Superlon acquired the 2nd factory in Malaysia to accommodate its new production line and increased demands
- Listed on Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad)

TABLE OF

CONTENTS

CORPORATE

page **02**
Chairman's Statement

page **03**
Corporate Information

page **04**
Group Structure

PERFORMANCE REVIEW

page **05**
Financial Highlights

page **06**
Management Discussion and Analysis

PERSONNEL

page **12**
Profile of Directors

page **16**
Profile of Selected Key Management

GOVERNANCE

page **19**
Corporate Governance Overview Statement

page **27**
Audit and Risk Management Committee Statement

page **30**
Statement of Risk Management and Internal Control

page **32**
Sustainability Statement

FINANCIALS

page **45**
Financial Statements

page **121**
List of Properties

SHAREHOLDINGS

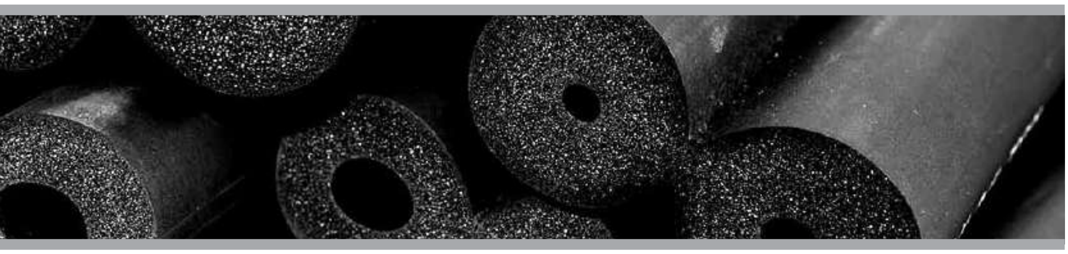
page **122**
Analysis of Shareholdings

ANNUAL GENERAL MEETING

page **124**
Notice of Annual General Meeting & Statement Accompanying Notice of Annual General Meeting

page **130**
Administrative Guide

Enclosed
Proxy Form



17th ANNUAL GENERAL MEETING

TIME	DATE
10.00 a.m.	22 September 2023, Friday

VENUE
Botanic Room, Botanic Resort Club,
No.1, Jalan Ambang Botanic, Bandar Botanic,
41200 Klang, Selangor Darul Ehsan

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

Definitions:

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

ARMC	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 Company	Superlon Holdings Berhad
Superlon Group or Group	Superlon and its subsidiaries

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 30 April 2023 ("FYE 2023").

ECONOMIC AND BUSINESS OVERVIEW

The reopening of the global economy brought on various headwinds including supply chain disruptions, soaring logistics costs, raw material price fluctuations and elevated energy prices. In addition, geopolitical tensions further aggravated the operating environment. The convergence of these factors drove inflation higher for a longer period than anticipated. Consequently, central banks of nations across the globe tightened monetary policies to tame inflation and cool economies.

Despite the demanding economic and operational landscape, Superlon remains committed to deliver value to our stakeholders. Building upon our robust foundation, we are steadfast in harnessing our core strengths to drive sustainable enhancements in Superlon's operational and financial performance.

FINANCE PERFORMANCE

Our revenue increased from RM92.1 million in FYE 2022 to RM108.4 million in FYE 2023 with higher revenue contribution from both our manufacturing and trading divisions. The manufacturing division registered higher revenue mainly attributed to stronger demand in both the export and local markets as well as favourable foreign exchange environment.

However, our profit before tax decreased from RM7.4 million in FYE 2022 to RM4.2 million in FYE 2023 mainly due to elevated raw material costs as well as selling and distribution expenses during the financial year.

DIVIDENDS

For the FYE 2023, the Company had in January 2023 paid interim single-tier dividends amounting to 0.8 sen (FYE 2022: 1.5 sen), which represents a payout ratio of approximately 56% of FYE 2023'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 to participate in the profits of Superlon.

PROSPECTS AND OUTLOOK

Bank Negara Malaysia reported in its 2nd Quarter 2023 Report that the global economy is expected to grow at a slower pace in 2023. Resilient domestic demand, strong labour market conditions and recovery in services activity, particularly tourism will continue to support global growth. However, headwinds from persistently elevated inflation and higher interest rates remain. While China's reopening remains supportive of the global economy, the slower-than-expected pace of recovery in recent months will weigh on the global growth. The balance of risks to global growth remains tilted to the downside, mainly from a slower momentum in major economies, higher-than-expected inflation, escalation of geopolitical tensions and a sharp tightening in financial conditions. Upside risk to global growth can arise from stronger-than-expected domestic demand particularly in advanced economies.

With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. Tourist arrivals are expected to continue rising, which would support tourism-related activities. (Source: Press Release dated 18 August 2023, Bank Negara Malaysia)

Concurrently, Superlon is expected to benefit from lower raw material prices and logistic cost, which has moderated from their highs in FYE 2022. Our new factory in Hung Yen, Vietnam, is expected to support both the Vietnam and international markets.The Group will continue to invest in its capacity as well as reach and leverage on its strong financial position to navigate the unpredictable business landscape. With the profit potential of our businesses remaining intact, we are well positioned to benefit from the rebound in the global economy and create sustainable value for all our stakeholders.

APPRECIATION

The Board herein expresses its heartfelt gratitude to its dedicated management and staff for their untiring commitment towards attaining the continuing success, resilience 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 unwavering support.

I would like to express my wholehearted appreciation to Ms Chee Chung Yen for her valuable contribution during her tenure of office and extend a warm welcome to Ms Lee Mei Hsiang as an Independent Non-Executive Director. I am positive that the Company will benefit from her experience and insights.

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
(ALSO KNOWN AS JESSICA HSIU-LIN LIU)

Executive Directors

LIU HAN-CHAO

LIU JEREMY

ONGI CHENG SAN

Independent Non-Executive Directors

LIN, PO-CHIH

LIM WAI LOONG

LEE MEI HSIANG
*Appointed on 20 July 2023

CHEE CHUNG YEN
*Resigned w.e.f 20 July 2023

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Lee Mei Hsiang
(Appointed on 20 July 2023)
Chee Chung Yen
(Resigned w.e.f. 20 July 2023)

Members
Lim Wai Loong
Lin, Po-Chih

NOMINATION COMMITTEE

Chairman
Lin, Po-Chih

Members
Chun Kwong Pong
Lee Mei Hsiang
(Appointed on 20 July 2023)
Chee Chung Yen
(Resigned w.e.f. 20 July 2023)

REMUNERATION COMMITTEE

Chairman
Chun Kwong Pong

Members
Lim Wai Loong
Lee Mei Hsiang
(Appointed on 20 July 2023)
Chee Chung Yen
(Resigned w.e.f. 20 July 2023)

COMPANY SECRETARY

Ng Mei Wan
(MIA 28862)
(SSM PC No. 201908000801)

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
Email : fancos.general@fancos.com.my

PRINCIPAL PLACE OF BUSINESS

Lot 2567, Jalan Sungai Jati
41200 Klang
Selangor Darul Ehsan
Tel : 603-3382 1688
Fax : 603-3381 5788
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
Email : is.enquiry@my.tricorglobal.com

PRINCIPAL BANKERS

CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

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

INVESTOR RELATIONS

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

Mr Liu Han-Chao
Executive Director

Mr Lin, Po-Chih
Independent Non-Executive Director

GROUP STRUCTURE

SUPERLON®

SUPERLON HOLDINGS BERHAD
Registration No.: 200601020659 (740412-X)
Investment holding and provision of management services

- **SUPERLON WORLDWIDE SDN BHD** — 100% — 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
- **SUPERLON SOLUTIONS SDN BHD** — 100% — Trading of HVAC&R parts and equipments
- **SUPERLON SINGAPORE PRIVATE LIMITED** — 100% — Investment holding company
  - **SUPERLON VIETNAM COMPANY LIMITED** — 100% — Design, test and manufacture of thermal insulation materials mainly for the HVAC&R industry; and trading of HVAC&R parts and equipments
- **ACOUSTEC CONCEPT SDN BHD** — 100% — Dormant
- **SUPERLON WORLDWIDE (INDIA) PRIVATE LIMITED** — 100% — Dormant
- **ACR PRO PTY LTD** — 100% — Dormant

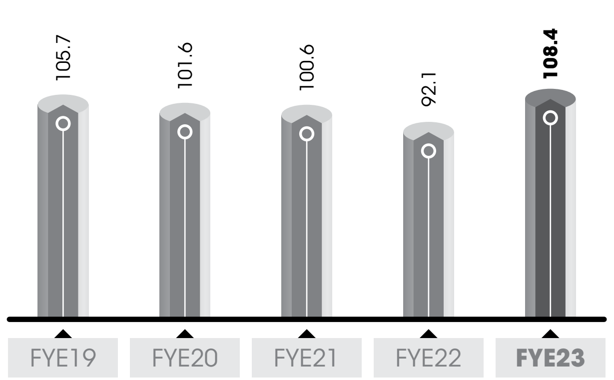
Note:
Superlon Holdings Berhad acquired the entire share capital of ACR PRO Pty Ltd on 21 April 2023.

FINANCIAL HIGHLIGHTS

FOR THE FINANCIAL YEARS ENDED 30 APRIL 2019 TO 2023

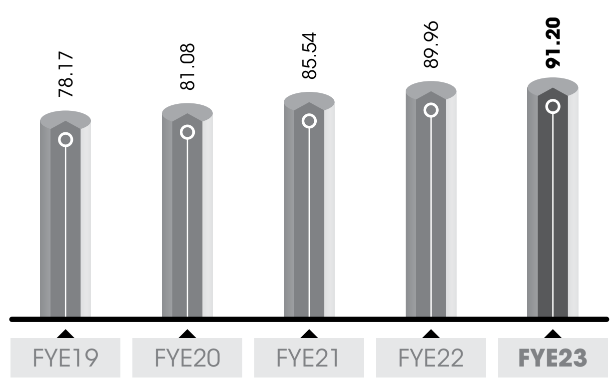
REVENUE

RM' MILLION



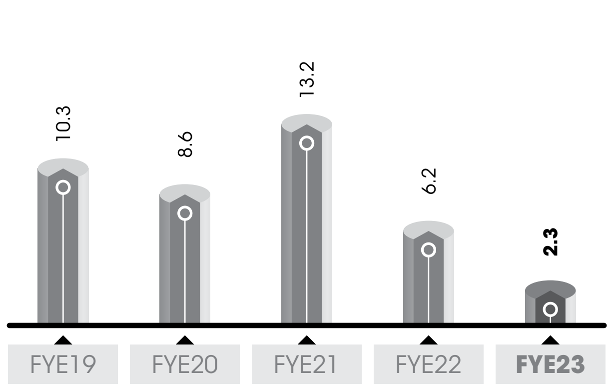
NET ASSETS PER SHARE

SEN



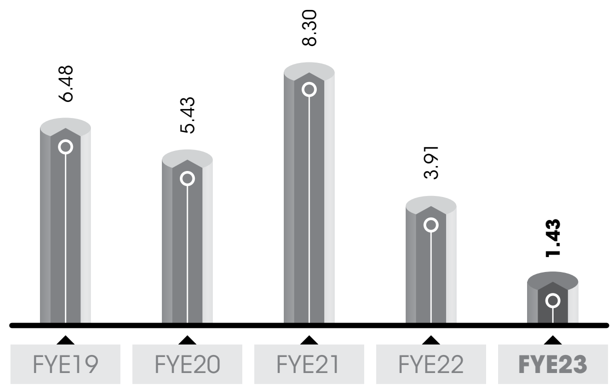
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

RM' MILLION



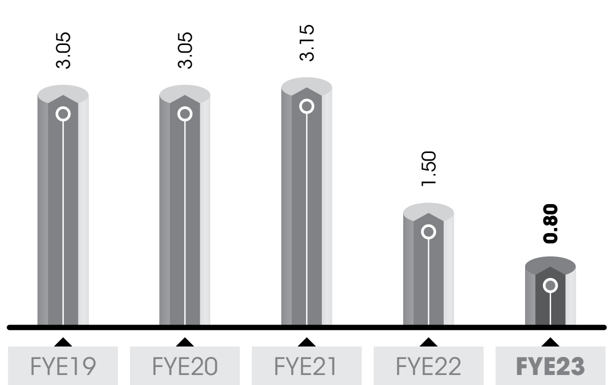
EARNINGS PER SHARE

SEN



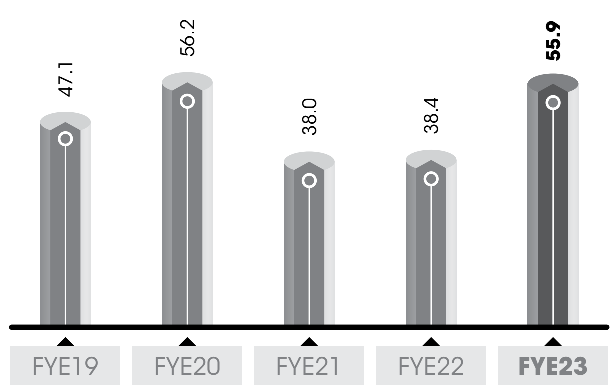
DIVIDEND PER SHARE

SEN



DIVIDEND PAYOUT RATIO

PERCENTAGE (%)



MANAGEMENT DISCUSSION AND ANALYSIS

1. OBJECTIVES AND STRATEGIES FOR SIGNIFICANT BUSINESSES AND OPERATIONS

1.1. Overview of Principal Activities

Superlon is headquartered in Malaysia. Our factories are located in Malaysia as well as Binh Duong, Vietnam in FYE 2023. We sell our products locally and export to numerous countries in the African, Asia, Europe, Americas and Oceania regions.

Our principal activities are as follows:

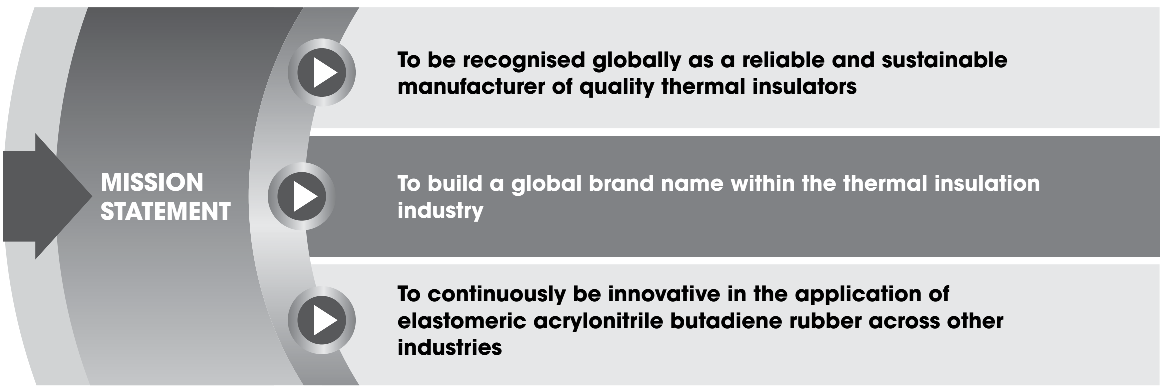
i) Insulation materials

We have more than thirty (30) years' track record of 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 equipment that complement our insulation products.

1.2. Focus and Strategies



Superlon's products are marketed globally as we have a diversified customer base across seventy (70) countries. In line with our mission, we unceasingly seek to penetrate new international markets and to position Superlon as a dominant domestic player through the expansion of local market share.

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

1.2. Focus and Strategies (Cont'd)

Our business priorities will continue to be on the following:-

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

We believe that these core areas will enable us to drive demand for our products.

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
- ISO 14001: 2015 – Environmental Management System Standard
- FM Approvals Class : 4924
- TÜV SÜD PSB
- Sirim QAS International
- Green building product certificates
- Certificate of product conformity with 2017 Al Sa'fat Dubai Green Building Evaluation System
- 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
- Certificate of Approval from Jabatan Bomba and Penyelamat Malaysia

2. GROUP FINANCIAL PERFORMANCE

A summary of financial performance of our Group in FYE 2023 in comparison to the previous FYE is as follows:-

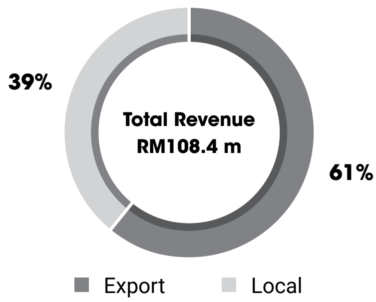
Group	(Restated) FYE 2022 RM'000	FYE 2023 RM'000	Variance %
Financial Results			
Revenue	92,054	108,448	17.8
Gross profit	22,341	21,820	(2.3)
Other income	1,336	1,254	(6.1)
Profit before tax	7,404	4,200	(43.3)
Profit for the year	6,210	2,276	(63.3)
Financial Position			
Property, plant and equipment	88,840	88,930	0.1
Deposits, cash and bank balances	26,646	53,258	99.9
Loans and borrowings	15,378	27,600	79.5
Equity attributable to shareholders	142,792	144,756	1.4
Financial Ratios			
Gross profit margin (%)	24	20	(4 pp)
Net profit margin (%)	7	2	(5 pp)
Gearing ratio (times) [1]	–	–	-
Net assets per share (sen) [2]	89.96	91.20	1.24 sen
Basic earnings per share (sen) [2]	3.91	1.43	(2.48 sen)

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



RM'000	FYE 2022	FYE 2023	YoY %
Export	52,575	65,803	25.2%
Local	39,479	42,645	8.0%
Total	**92,054**	**108,448**	**17.8%**

Our group achieved total revenue of RM108.4 million (FYE 2022: RM92.1 million) for FYE 2023, rebounding back to pre-COVID levels. In FYE 2023, export sales contributed RM65.8 million (FYE 2022: RM52.6 million) representing 61% of our group revenue whilst the remaining RM42.6 million (FYE 2022: RM39.5 million) representing 39% of our group revenue was derived from local sales. Our group revenue rose by 17.8% compared to the previous year mainly due to the recovery of insulation sales on the back of the gradual relaxation of global and nationwide restrictions during FYE 2023. In addition, normalisation of freight charges in the second half of the financial year bolstered demand from overseas markets.

Our local revenue grew at 8.0% to approximately RM42.6 million in FYE 2023 (FYE 2022: RM39.5 million), this performance was attributable to higher sales contributed by both insulation and trading segments. Local revenue derived from insulation and trading divisions improved by 23.4% and 0.8% to RM15.6 million (FYE 2022: RM12.7 million) and RM27.0 million (FYE 2022: RM26.8 million) respectively in FYE 2023.

Contribution of Local Revenue	FYE 2022 RM'000	FYE 2023 RM'000	YoY %
Insulation	12,660	15,622	23.4%
Trading & others	26,819	27,023	0.8%
Total revenue	**39,479**	**42,645**	**8.0%**

In line with our mission to be a globally recognised brand, we strive continuously to expand our geographical coverage and diversify our global customer base while taking into consideration the market size, growth prospects, intensity of competition and required certification.

2.2. Profits

Our group profit before tax ("Pre-tax Profit") came in at RM4.2 million (FYE 2022: RM7.4 million). The lower Pre-tax Profit was impacted by a combination of factors including:

(a) Our gross profit margin declined to 20% (FYE 2022: 24%) mainly weighted down by higher cost of raw materials in FYE 2023, competitive pricing was given to secure market share in certain regions, relatively more sales to lower margin markets and the sales mix of trading products;

(b) Our selling and distribution expenses rose by 13.9% to RM8.2 million (FYE 2022: RM7.2 million), mainly due to the elevated freight costs as well as marketing and travelling related expenses as our foreign marketing efforts resumed;

(c) Group finance cost for FYE 2023 increased by 175.0% to RM1.1 million (FYE 2022: RM0.4 million) as we utilised more financing facilities incurring higher interest rate pursuant to gradual increase in the Overnight Policy Rate set by Bank Negara Malaysia during the financial year coupled with additional term loan drawdown to support expansion of our production and operations; and

(d) Our Group incurred a realised loss on foreign exchange and a net impairment loss on financial assets amounting to RM0.4 million respectively.

Consequently, our Pre-tax Profit Margin moderated to 3.9% (FYE 2022: 8.0%).

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

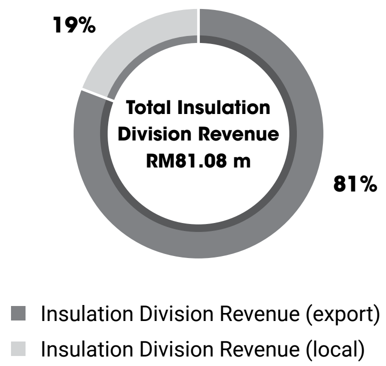
3. REVIEW OF OPERATING ACTIVITIES

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.

Our Insulation Division contributed 74.8% (FYE 2022: 70.4%) of the Group's total revenue, increased by 25.1% to RM81.1 million (FYE 2022: RM64.8 million). The increase in our top line was mainly attributable to higher export sales of 25.5% to RM65.5 million (FYE 2022: RM52.2 million) and local sales of 23.4% to RM15.6 million (FYE 2022: RM12.7 million). The surge in both export and local sales was mainly attributed to the improved global logistic conditions coupled with the easing of global and nationwide lockdown restrictions. Furthermore, the favourable foreign exchange environment also lifted our top line.

Insulation Division Revenue	FYE 2022 RM'000	FYE 2023 RM'000	YoY %
Export	52,158	65,454	25.5%
Local	12,660	15,622	23.4%
Total Insulation Division Revenue	**64,818**	**81,076**	**25.1%**
% of Total Insulation Division Revenue to Total Revenue	70.4%	74.8%	(4.4 pp)



As a result, our Insulation Division export and local revenue accounted for approximately 81% and 19% respectively of the total Insulation Division revenue. Meanwhile, the Insulation Division registered a gross profit of RM20.4 million for FYE 2023 (FYE 2022: RM20.2 million). Gross profit margin moderated to 25.2% (FYE 2022: 31.2%) for the Insulation Division mainly due to higher cost of raw material, competitive pricing was given to secure market share in certain regions and increased sales to lower margin markets.

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

The Trading Division primarily sells parts and equipment for the HVAC&R market and is a key revenue contributor to the long-term growth of Superlon Group.

Revenue derived from Trading Division was reported at RM27.4 million in FYE 2023 (FYE 2022: RM27.2 million), contributing 25.3% (FYE 2022: 29.6%) to the Group's total revenue. Trading revenue increased marginally mainly attributable to the increase in sale volume of copper pipes but weighed down by lower copper prices. The gross profit for the Trading Division moderated to about RM1.4 million (FYE 2022: RM2.1 million) as a result of lower copper prices.

4. FINANCIAL POSITION

4.1. Inventories

Our inventories decreased to RM22.9 million (FYE 2022: RM32.9 million). The decline was mainly attributed to the decrease in raw materials, which in part was due to stabilisation of raw material prices in the second half of FYE 2023 and higher stock turnover as a result of higher sales. Correspondingly, work-in-progress, finished goods and trading stocks were lower as at 30 April 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

4. FINANCIAL POSITION (CONT'D)

4.2. Deposits, cash and bank balances

Deposits, cash and bank balances of our Group as at 30 April 2023 amounted to RM53.3 million (FYE 2022: RM26.6 million), representing a 99.9% increase as compared to last financial year largely contributed by an increase in net cash inflow from operating activities of RM21.2 million and drawdown of term loans. Superlon continued to generate a positive operational cash flow during the year whilst being prudent in maintaining sufficient cash balances for working capital requirements, funding committed credit facilities and dividend payout.

4.3. Loans and borrowings

During FYE 2023, loans and borrowings of our Group increased by RM12.2 million to RM27.6 million (FYE 2022: RM15.4 million) mainly due to an increase in term loans for expanding our production and operations. Our financial position is strong as our Group remains in a net cash position of RM25.7 million.

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.

Dividend in respect of FYE 2023

Interim dividend paid in January 2023 : 0.80 sen

The total single-tier dividend declared and paid for FYE 2023 amounted to 0.80 sen (FYE 2022 : 1.50 sen) per ordinary share representing a total dividend payout ratio of approximately 56.0% (FYE 2022: 38.4%) of our Group's net profit.

5. OUTLOOK AND PROSPECTS

5.1. Global and Malaysian Economy

The International Monetary Fund's ("IMF") World Economic Outlook, January 2023, reports that global growth expanded by 3.4% in 2022 as economic recovery momentum from 2021 was disrupted by high inflation and supply chain constraint. In addition, global inflation was registered at 8.8% in 2022, mainly reflecting the increase in food and energy prices.

In addition, the IMF projected global economic growth to be slower by 2.9% in 2023, dragged by sharper slowdown in China following its worsening property market crisis and the spillover effects from geopolitical conflict in Eastern Europe. Moreover, global inflation is forecasted at 6.6% reflecting confidence that inflation will decrease as most central banks in advanced economies are tightening monetary policies.

(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance)

Notwithstanding the global headwind, the gross domestic product ("GDP") of Malaysia grew by 2.9% in the second quarter of 2023, mainly driven by moderate growth in household spending, continued investment activity, and higher inbound tourism. Additionally, the manufacturing sector and construction sector grew by 0.1% and 6.2%, respectively.

(Source: Quarterly Bulletin – Second Quarter 2023, Bank Negara Malaysia)

With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. Tourist arrivals are expected to continue rising, which would support tourism-related activities.

(Source: Press Release dated 18 August 2023, Bank Negara Malaysia)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

5. OUTLOOK AND PROSPECTS (CONT'D)

5.1. Global and Malaysian Economy (Cont'd)

All economic sectors are expected to remain in the positive growth trajectory in 2023, driven by the services and manufacturing sectors. Other sectors, namely agriculture, mining and construction are also expected to grow further in line with the improvement in economic activities. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economic growth, hence, affecting Malaysia's performance. Overall, the nation's GDP is forecasted to grow approximately 4.5% in 2023.

(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance)

5.2. Asia remains as the key focus of our market strategy

Exports from developing Asia weakened in the first quarter of 2023 as global demand slowed. However, consumption and investment are forecasted to boost aggregate regional growth to 4.8% in 2023 with the projection for 2024 revised down only marginally to 4.7%. Southeast Asia's growth prospects are downgraded slightly from 4.7% to 4.6% in 2023 and from 5.0% to 4.9% in 2024, reflecting weaker global demand for manufactured exports.

Headline inflation eased toward prepandemic averages as fuel and food prices waned. With lower inflation in developing Asia and more moderate monetary tightening in the United States, most central banks in the region have kept policy rates steady this year. Interest rates in the United States and other advanced economies are likely to shape the regional growth outlook, with upside and downside risks in balance.

(Source: Asia Development Outlook, July 2023, Asian Development Bank)

5.3. Moving forward

We have recently commissioned our new factory in Hung Yen, Vietnam which marks the second manufacturing plant of Superlon Group outside Malaysia. The factory in Hung Yen had commenced operation in June 2023 and has a production capacity of 1,700 tonnes per annum. The factory is intended to support both the Vietnam and international markets.

Amid challenging global economic outlook, we are cautiously optimistic on the performance of our Group and continue to leverage on the growth of Asia's economies. Nonetheless, our Group remains mindful of downside risks as the global business environment remains challenging in light of exchange rates fluctuation, economic headwinds as well as geopolitical conflict in Europe coupled with inflationary pressures.

Moving forward, our Group will focus on strengthening long-term competitiveness through investments in our factories and research and development with the aim to enhance production capacity, expand geographical coverage, improve the quality and applications of our insulation products. Our Group will also continue to enhance our position in the market and seize opportunities for growth and innovation.

PROFILE OF DIRECTORS

CHUN KWONG PONG

Non-Independent Non-Executive Chairman

Nationality:

Malaysian

Age/Gender:

51/Male

Date of Appointment:

24 October 2007

Chun Kwong Pong, male, a Malaysian aged 51, 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 with a Bachelor of Business (Accounting) and is a Chartered Accountant registered with the Malaysian Institute of Accountants and a Certified Practising Accountant with 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 the Corporate Finance Department in an investment bank 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 are disclosed in Directors' Shareholdings on page 122 of this Annual Report.

LIU LEE, HSIU-LIN (ALSO KNOWN AS JESSICA HSIU-LIN LIU)

Managing Director and Chief Executive Officer

Nationality:

Taiwanese & Australian

Age/Gender:

66/Female

Date of Appointment:

31 January 2007

Liu Lee, Hsiu-Lin, female, a Taiwanese & Australian aged 66, 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.

Liu Lee, Hsiu-Lin has more than 40 years working experience in the rubber thermal insulation industry and has to date accumulated in-depth knowledge in management skills and the business of the thermal insulation industry.

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

Apart from her sons Liu Han-Chao and Liu Jeremy, who are also the Executive Directors and major shareholders 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 are disclosed in Directors' Shareholdings on page 122 of this Annual Report.

PROFILE OF DIRECTORS (CONT'D)

LIU HAN-CHAO

Executive Director

Nationality:
Australian

Age/Gender:
41/Male

Date of Appointment:
6 November 2007

Liu Han-Chao, male, an Australian aged 41, 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 (also known as Jessica Hsiu-Lin 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 are disclosed in Directors' Shareholdings on page 122 of this Annual Report.

LIU JEREMY

Executive Director

Nationality:
Australian

Age/Gender:
37/Male

Date of Appointment:
15 December 2017

Liu Jeremy, male, an Australian aged 37, 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 (also known as Jessica Hsiu-Lin 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 are disclosed in Directors' Shareholdings on page 122 of this Annual Report.

PROFILE OF DIRECTORS (CONT'D)

ONGI CHENG SAN

Executive Director

Nationality:
Malaysian

Age/Gender:
52/Male

Date of Appointment:
25 March 2010

Ongi Cheng San, male, a Malaysian aged 52, 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 30 years of working experience in finance and accounting. He was appointed as Accountant in Superlon Worldwide Sdn Bhd in 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 are disclosed in Directors' Shareholdings on page 122 of this Annual Report.

LIM WAI LOONG

Independent
Non-Executive Director

Nationality:
Malaysian

Age/Gender:
47/Male

Date of Appointment:
15 December 2017

Lim Wai Loong, male, a Malaysian aged 47, 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 21 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 are disclosed in Directors' Shareholdings on page 122 of this Annual Report.

PROFILE OF DIRECTORS (CONT'D)

LIN, PO-CHIH

Independent
Non-Executive Director

Nationality:
Taiwanese

Age/Gender:
45/Male

Date of Appointment:
15 December 2017

Lin, Po-Chih, male, a Taiwanese aged 45, 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 Chao Fu Marketing Sdn Bhd since 2010.

He joined a listed property development company from 2003 to 2008 where he worked in the Corporate Affairs department. Subsequently, he joined a manufacturing company in 2008 where he was responsible for various business functions including accounting, finance, production, sales and information technology until 2017. During his stay, he also handled the mergers 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 are disclosed in Directors' Shareholdings on page 122 of this Annual Report.

LEE MEI HSIANG

Independent
Non-Executive Director

Nationality:
Malaysian

Age/Gender:
51/Female

Date of Appointment:
20 July 2023

Lee Mei Hsiang, female, a Malaysian aged 51, was appointed to the Board on 20 July 2023. She is a Chartered Accountant registered with the Malaysian Institute of Accountants and a Certified Practising Accountant with CPA Australia. She graduated with a Bachelor of Business (Accounting) degree from Royal Melbourne Institute of Technology, Australia in 1996 and a Master of Business Administration in Marketing degree from Charles Sturt University, Australia in 2004.

Lee Mei Hsiang has more than 24 years of business experience including accounting and finance. She is currently a director and the Finance Manager of a property management company where she supervises the finance department and is responsible for the preparation of financial reports, financial forecasts, and budgeting as well as the review and implementation of internal control policies.

Prior to joining the property management company in 1999, she was with one of the Big 4 Accounting Firms where she practised in the areas of audit and accounting from 1996 to 1999.

Lee Mei Hsiang 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 are disclosed in Directors' Shareholdings on page 122 of this Annual Report.

PROFILE OF SELECTED KEY MANAGEMENT

Madam Liu Lee, Hsiu-Lin, 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 2023 are as follows:-

TEO SOON JOO

General Manager

Nationality:
Malaysian

Age/Gender:
51/Male

Teo Soon Joo, male, a Malaysian aged 51, 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 27 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

Nationality:
Taiwanese

Age/Gender:
39/Male

Shen Chao Te, male, a Taiwanese aged 39, 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

Nationality:

Taiwanese

Age/Gender:

43/Male

Fu Shih-Kang, male, Taiwanese aged 43, is Production Manager for Superlon Worldwide Sdn Bhd. He holds a Bachelor's degree from Yuanpei University of Medical Technology.

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

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

He does not have any family relationship with any of the other Directors and/or major shareholders of the Company. He has no material conflict of interest with the Group other than which has been disclosed to the Board of Directors. He has not been convicted of any 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

Nationality:

Malaysian

Age/Gender:

49/Male

Soon Chong Sein, male, a Malaysian aged 49, is 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 28 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

Nationality:
Malaysian

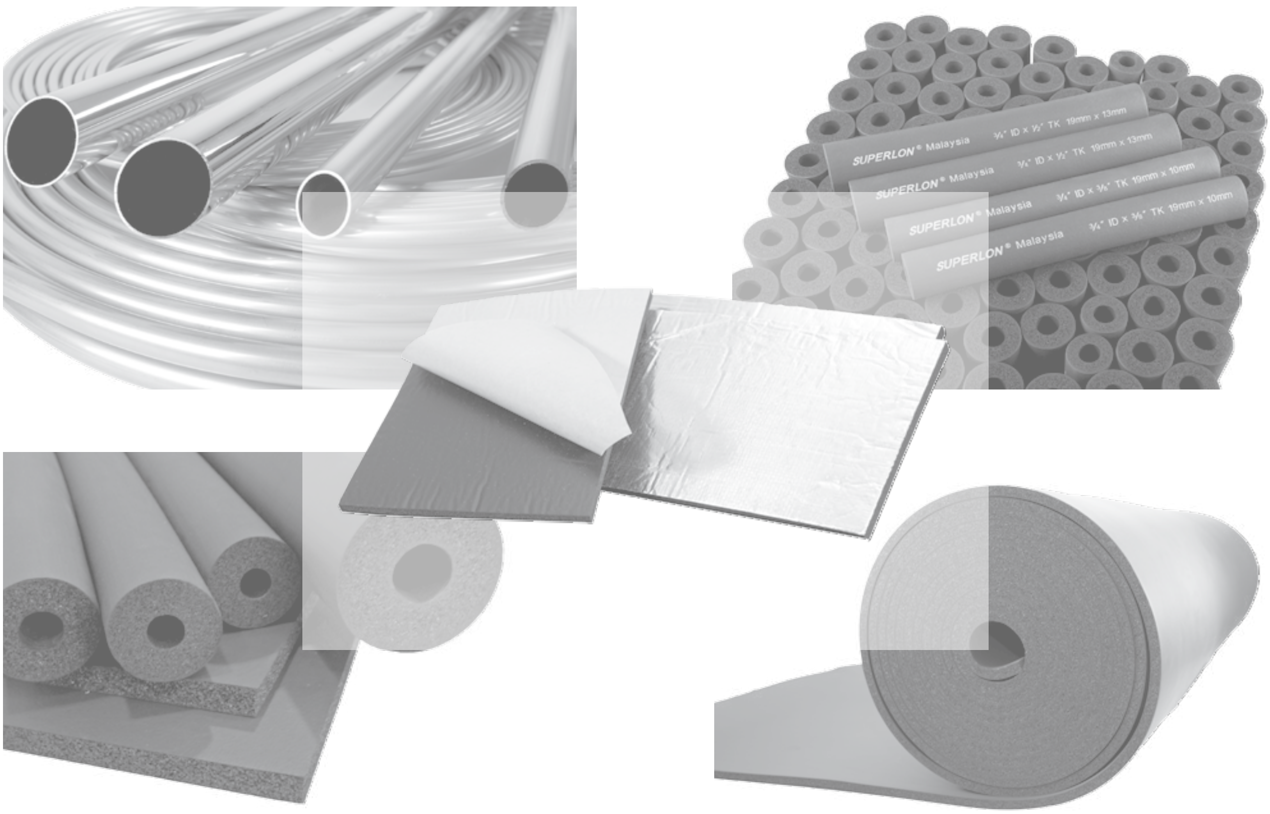
Age/Gender:
45/Female

Kee Lai Tin, female, a Malaysian aged 45, is Purchasing Manager for Superlon Worldwide Sdn Bhd. She has obtained a 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 plays a vital role in overseeing the management of the Company and instill good corporate governance practices within the organisation. This statement articulates the application of the corporate governance practices by the Company under the leadership and guidance of the Board during the FYE 2023. The Audit and Risk Management Committee monitors the Company's compliance with the Malaysian Code on Corporate Governance (MCCG).

This overview is presented in compliance with Paragraph 15.25(1) of the LR with guidance drawn from Practice Note 9 of the LR and MCCG and is a summary of the CG Report 2023 which is available on Superlon's website.

This statement encompasses 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 the 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 overall strategic planning, risk management, system of internal controls, succession planning, investor relations programme, sustainability strategies 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 and is primarily responsible for Board effectiveness and conduct whilst the Managing Director cum CEO 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 perusal prior to confirmation and adoption at the following Board meeting. All Directors have unrestricted access to the information of the Group as well as advice of the company secretary, external auditors and internal auditors whether as a full board or in their individual capacity, 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)

The Board recognises the importance of regular training and professional development for its Directors to serve effectively and to keep abreast with the economic and business developments. During the financial year, the Board evaluated and assessed the training needs of the Board 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	• Gamification Application in Raising Capital Market Products and Services • When the Taxman Comes Knocking
Liu Lee, Hsiu-Lin *(also known as Jessica Hsiu-Lin Liu)*	• KLCC REVAC 2022
Liu Han-Chao	• Contract Basics for Non-Lawyer • KLCC REVAC 2022
Liu Jeremy	• Contract Basics for Non-Lawyer • KLCC REVAC 2022 • Foam Expo Novi 2022 • AHR Atlanta 2023
Ongi Cheng San	• Contract Basics for Non-Lawyer • Key Tax Developments 2022 • Updates on the Additional Disclosure of Information on Controlled Transactions • Mastering the Principles of Deferred Taxation from Fundamental to Complex Transactions and Events
Lim Wai Loong	• Contract Basics for Non-Lawyer • Finance For Non-Finance Managers • Train The Trainer • Anti-Money Laundering • Anti-Bribery & Corruption • Data Privacy & Information Security Awareness 2022 • Foreign Account Tax Compliance Act & Common Reporting Standard Training
Lin, Po-Chih	• Contract Basics for Non-Lawyer
Lee Mei Hsiang *(Appointed on 20 July 2023)*	(Not applicable)
Chee Chung Yen *(Resigned w.e.f 20 July 2023)*	• Contract Basics for Non-Lawyer

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

1. Board Responsibilities (Cont'd)

Board meetings are scheduled quarterly with additional meetings to be convened as and when required. During the financial year ending 30 April 2023, 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 (also known as Jessica Hsiu-Lin 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
Lee Mei Hsiang *(Appointed on 20 July 2023)*	–
Chee Chung Yen *(Resigned w.e.f 20 July 2023)*	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 to ensure compliance and relevance to the prevailing laws, regulation and best practices.

To assist the Board in fulfilling its roles, the board has established 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 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 Committee meetings are held prior to the Board meetings to facilitate discussion of matters tabled for the Committees. The recommendations of the Committees are then presented during the Board meeting.

The Board is supported by a Company Secretary who is qualified to act as company secretary under the Act. The Company Secretary attends and ensures 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 Secretary for advice on its roles and responsibilities, corporate disclosures, governance matters, compliance on and updates on new regulations issued by the regulatory authorities, particularly on the Act, the LR and the MCCG.

The Code of Conduct is set by the Company to provide employees of Superlon Group 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 guidance on feedback channel is detailed in the Company's Code of Conduct and Whistleblowing Policy and Procedures. The feedback channel is intended to be used for employees to raise serious and sensitive concerns, including those relating to financial reporting, unethical or illegal conduct.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1. Board Responsibilities (Cont'd)

Superlon acknowledges the importance of sustainability relating to economic, environment and social including their risks and opportunities to/for our Group. The Company has implemented a sustainability framework and established a Sustainability Policy which is managed by a Sustainability Team comprising the management. The Sustainability Team supervises key sustainability initiatives and reports to the Executive Directors who then report to the Board.

The Board oversees the sustainability-related strategies of the Group and take into consideration the material sustainability issues during decision-making. The Board of Directors is ultimately responsible for ensuring that the Group's business objectives are sustainable and for reviewing the robustness of the business strategies from time to time in withstanding material sustainability risks while pursuing the opportunities.

The Sustainability Team reviews the goals and targets and monitors the progress as well as report to the Executive Directors on their findings. They also promote the integration of sustainability considerations into the Group's risk management framework and manage the overall sustainability strategies and efforts. The General Manager is designated to oversee the implementation of the Sustainability Policy. He leads and guides the Sustainability Team in carrying out their roles and responsibilities.

The performance evaluation of the Board includes sustainability matters as part of the points of consideration. Whilst the sustainability policy has been implemented and various strategies are in place, the Company has yet to add these into the key performance indicators for the senior management in order to provide more time to adapt to the expectations of the Company on sustainability matters and to perform accordingly.

Further information pertaining to the sustainability efforts of the Group can be found in the Sustainability Statement of this Annual Report.

2. Board Composition

Currently, three (3) out of eight (8) directors representing approximately 38% on our Board are Independent Directors whilst four (4) out of eight (8) directors representing 50% on the Board are Non-Executive Directors. The Board views 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 2023. 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 Board has in place a fit and proper policy to govern the appointment of Directors and the re-election of Directors which takes into consideration factors including character and integrity, experience and competence as well as the time and commitment by the Directors.

The Company has a moderate-sized Board and the duties of the committees are distributed within the non-executive directors. The Chairman of the Board is also the Chairman of Remuneration Committee. As a balance to ensure objectivity and more effective Board discussions, when the Remuneration Committee has matters to report to the Board, the chairing of the Board will be handed to another Director while the Board receives and assesses the reports from the Remuneration Committee.

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

2. Board Composition (Cont'd)

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 as well as the fit and proper policy 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. Apart from the existing network, the Board also uses independent sources in nominating candidates for directorships. The Directors who are newly appointed as well as Directors due for re-election are proposed to the shareholders for their approval. The information on the Directors is disclosed in the Annual Report for shareholders to make an informed decision in their appointment or re-appointment.

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, more than 50% female participation is in the office workforce. The Nomination Committee will advocate the Company's policy in identifying and recruiting 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. Various areas assessed including board structure, board operations, management relationship, board roles and responsibilities, board committees and corporate governance, and sustainability. The Nomination Committee is of the view that the Board and Board Committees have discharged their responsibilities effectively. The Nomination Committee has also assessed and recommended the retiring Directors eligible for re-election, reviewed the continuing independence of Independent Directors and the 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 considers, amidst others, the Executive Directors' roles and responsibilities, skill and experience, corporate and individual performance for recommendation of remuneration.

In the case of Non-Executive Directors, the level of remuneration is based on, inter-alia, their experience, qualifications and contribution, the extent of duties and responsibility and the time commitment. 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
Executive Director						
Liu Lee, Hsiu-Lin (also known as Jessica Hsiu-Lin Liu)	5,000	–	653,969	118,196	–	25,000
Liu Han-Chao	2,250	–	421,659	74,588	–	21,250
Liu Jeremy	3,750	–	358,718	62,337	–	9,000
Ongi Cheng San	3,750	–	307,719	52,760	–	9,000
Non-Executive Director						
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 *(Resigned w.e.f 20 July 2023)*	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 ("ARMC")

The Chairman of the Board and the Chairman of the ARMC are different individuals and both are non-executive. The Chairman of the ARMC is an Independent Director. The ARMC assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal controls of the Group. AMRC 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 ARMC has a policy which requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. To date, no former key audit partner has been appointed as a member of the ARMC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

The audit fees paid by the Group for the FYE 2023 are detailed in Note 25 in the Financial Statements. No non-audit fees were paid to the external auditors by the Group in respect of the FYE 2023 save for the fees of RM5,000 for the review of the Statement on Risk Management and Internal Control contained in the Annual Report 2022. The ARMC is satisfied that the provision of these services did not compromise the external auditors' independence and objectivity. The External Auditors have also confirmed 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 Standards 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 ARMC 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 ARMC 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 previous Chairman of the ARMC, Ms Chee Chung Yen and the current Chairman of the ARMC, Ms Lee Mei Hsiang are members of the Malaysian Institute of Accountants or otherwise a person approved under Paragraph 15.09 (1)(c)(ii) or (iii) of the LR.

The ARMC 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 maintaining an effective risk management and a sound internal controls system to safeguard the assets of Superlon Group 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 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 processes to identify, evaluate, monitor and manage 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 report to the Audit and Risk Management Committee on areas requiring improvement where necessary.

The Board recognises that the system is designed to mitigate and does not eliminate the risk of 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 assesses 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.

The Group has outsourced its internal audit function to an external independent consulting firms which report to the ARMC and assist the Board of Directors in monitoring and managing risks and internal controls. The engagement teams consist 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 ARMC 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 2023 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 will hold its forthcoming AGM in Selangor where the location is accessible. Shareholders who are unable to attend the AGM in person can authorise another person online via TIIH Online website as their proxy/proxies to cast votes on his/her behalf as per his/her instructions.

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 Related Party Transactions of a Revenue or Trading Nature ("RPT")
Save as disclosed in Note 33 of the financial statements for the financial year under review, there were no material contracts or RPT involving the interest of the Directors and/or major shareholders of the Company.

AUDIT & RISK MANAGEMENT COMMITTEE STATEMENT

1. OBJECTIVE

The Audit & Risk Management Committee ("ARMC") assists 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 ARMC provides oversight on maintaining appropriate standards of responsibility, integrity and accountability to the stakeholders of the Company.

The scope and responsibilities of the ARMC 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 ARMC is in compliance with the Main Market Listing Requirements and the principles guided by the Malaysian Code of Corporate Governance.

The ARMC 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 ARMC members are:-

Name	Directorship	Designation in ARMC
Lee Mei Hsiang *(Appointed on 20 July 2023)*	Independent	Chairman
Lim Wai Loong	Independent	Member
Lin, Po-Chih	Independent	Member
Chee Chung Yen *(Resigned w.e.f 20 July 2023)*	Independent	Chairman

The Chairman of the ARMC, Ms Lee Mei Hsiang, is a graduate from Royal Melbourne Institute of Technology, Australia with a Bachelor of Business (Accounting) degree as well as Charles Sturt University, Australia with a Master of Business Administration in Marketing degree. She is also a Chartered Accountant registered with the Malaysian Institute of Accountants and a Certified Practising Accountant with CPA Australia. Accordingly, Superlon fulfills the requirement under paragraph 15.09(1)(c)(i) of the Main Market Listing Requirement. Mr Lim Wai Loong, a member of the ARMC is a Certified Financial Planner. Mr Lin, Po-Chih also has experience in the field of accounting and finance.

The Chairman of the ARMC is not the Chairman of the Board. The Company has in place a policy to require a former key audit partner to observe a cooling-off period of at least three years, before being appointed as a member of the ARMC. Since the incorporation of the Company, none of the members of the Board are former key audit partners. The ARMC has in place policies and procedures to assess the suitability, objectivity and independence of the external auditor.

All ARMC members are financially literate and are able to review, assess and appraise matters under the purview of the ARMC including the financial reporting process.

3. MEETINGS AND MINUTES

The ARMC meets at least five (5) times a year without the presence of the Executive Directors and management, except when their attendance is requested by the ARMC. 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 ARMC 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 ARMC convened meetings with the External Auditors in June 2022, August 2022 and March 2023. Matters discussed included the audit review matters in relation to their annual audit as well as auditor's independence. The Internal Auditors attended the ARMC meeting quarterly in June 2022, September 2022, December 2022 and March 2023 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)

The company secretary prepares and keeps the minutes of each meeting and distributes the minutes to all members of the Board after the tabling for confirmation at the next meeting. During the FYE 2023, five (5) ARMC meetings were convened. The record of attendance of ARMC members during their membership is as follows:

Name	Attendance (Attended/ Held)	% Of Attendance
Lee Mei Hsiang (Chairman) *(Appointed on 20 July 2023)*	–[1]	–
Lim Wai Loong	5/5	100%
Lin, Po-Chih	5/5	100%
Chee Chung Yen (Chairman) *(Resigned w.e.f 20 July 2023)*	5/5	100%

Note
1. *She was appointed as the Chairman of ARMC subsequent to the FYE 2023.*

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

During the FYE 2023, the main activities undertaken by the ARMC 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 2022 for recommendation to the Board for approval;
- Reviewed the Audited Financial Statements of the Company for the FYE 2022 and recommended the same for the Board's approval;
- Reviewed and recommended amendments to the Risk Management Framework for the Board's approval;
- Reviewed and recommended amendments to the Anti-Bribery and Corruption Framework for the Board's approval;
- Reviewed and recommended the Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control, Sustainability Statement and the Corporate Governance Overview Statement for inclusion into the Annual Report 2022 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 2022;
- 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 2023 for the Board's notation.

5. INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to external consultant firms which report to the ARMC and assist 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 ARMC 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.

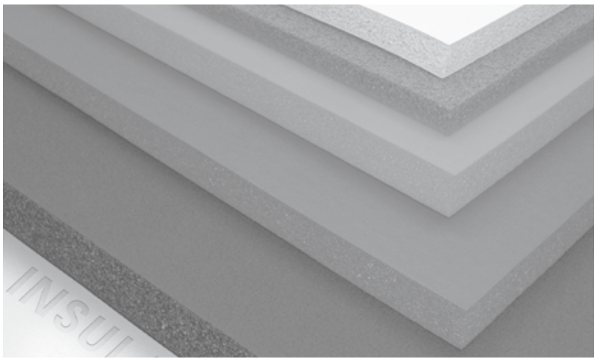
AUDIT & RISK MANAGEMENT COMMITTEE STATEMENT (CONT'D)

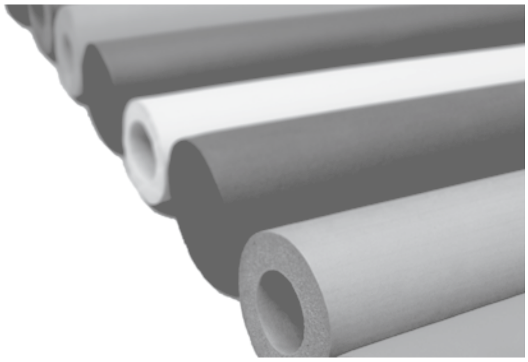
5. INTERNAL AUDIT FUNCTION (CONT'D)

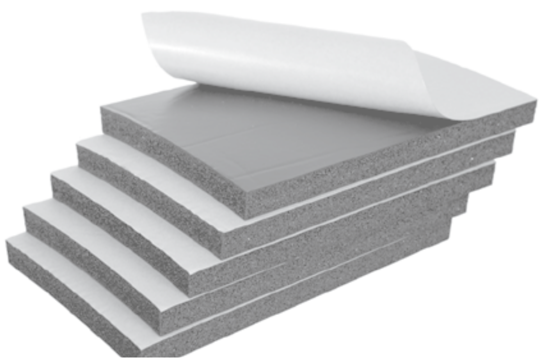
The key audit areas for FYE 2023 were:-

Subsidiaries in	Key Audit Areas
Malaysia	• Inventory management and storage • Human resource management • Compliance with anti-corruption and anti-bribery policy and practices • Information technology
Vietnam	• Production management • Inventory management • Sales and marketing • Credit control and collection • Procurement function

The total fees charged by the external consultant firms for the internal audit services amounted to RM37,500 in FYE 2023.







STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

1. BOARD'S RESPONSIBILITY

The Board is committed to maintaining an effective risk management and a sound internal controls system to safeguard the assets of Superlon Group 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 implemented 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;
- Adoption 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 assesses 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 ARMC 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 to identify, evaluate, monitor and manage 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 report to the ARMC on areas requiring improvement where necessary.

The risk assessment framework encompasses 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.

As part of the risk management initiatives, the Head of each business unit is tasked with risk identification and assessment. Any new significant risks identified and the corresponding mitigation plans and internal controls are developed during periodic management meetings. Subsequently, these are brought to the attention of the Executive Directors, ARMC 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.

3. INTERNAL AUDIT

Superlon outsources its internal audit functions to independent professional services firms to review the effectiveness and adequacy of the internal controls system and to address any weaknesses identified. The Internal Audit teams independently review 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 ARMC 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 ARMC.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

3. INTERNAL AUDIT (CONT'D)

The ARMC reviews the Internal Audit programme annually in consultation with the Internal Auditors and assesses the reports of the Internal Audit process quarterly. Periodically, the ARMC 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 integrated 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 in Malaysia and Vietnam 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;
- The main subsidiaries in Malaysia and Vietnam 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 ARMC meets at least once every quarter and reviews the adequacy, integrity and effectiveness of the system of internal control of the Group. The ARMC 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;
- The Company reviews the insurance coverage on major assets periodically to ensure adequate coverage is in place against any mishap that could result in material loss;
- The Company continues to maintain its cyber security and has implemented the preventive measures and controls, including firewalls, to increase its local network and internet security; and
- The Company adopted the Anti-Bribery and Corruption Policy and Whistle-blowing Policy that outlines the guiding principles on its commitment to conduct business in an honest and ethical manner and embed a culture of transparency and accountability into its day-to-day business operations.

5. CONCLUSION

The Board is of view 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. The Group endeavours to continuously focus on measures to protect and enhance shareholders' value and business sustainability.

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

Our Group anchors the management of economic, environment and social ("EES") impacts into our operations and remains committed to achieving sustainability targets and goals whilst attaining sustainable growth. This Sustainability Statement is guided by the Sustainability Reporting Guide and Toolkits issued by Bursa Securities and summarises our Group's key sustainablity efforts through robust sustainability governance, creating long-term value to stakeholders.

This statement encapsulates the information relating to the governance structure, key stakeholders and EES areas of focus of our nitrile butadiene rubber ("NBR") insulation manufacturing division over the period from 1 May 2022 to 30 April 2023 ("FYE 2023").

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 our Group and takes into consideration the sustainability issues during decision making. The stewardship and the sustainability governance are set out in the figure below:-

BOARD OF DIRECTORS

- Aligning our Group's business objectives to sustainability issues
- Reviewing the robustness of the existing business strategies from time-to-time in withstanding material sustainability risks while pursuing the opportunities
- Communicating sustainability-incorporated business strategy to the stakeholders
- Reviewing the accuracy and completeness of the sustainability disclosures as required by laws and/or rules

CEO & KEY MANAGEMENT

- Advising and recommending the sustainability-related strategies to the Board of Directors
- Implementing sustainability strategies approved by the Board of Directors
- Assessing the cost versus benefit of implementing sustainability strategies
- Reporting the material sustainability matters identified from time-to-time to the Board of Directors
- Monitoring the progress of initiatives towards achieving sustainability targets and goals
- Overseeing the overall management of stakeholder engagement

2. ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS ("SDG")

We established our sustainability goals and targets based on the Sustainable Development Goals ("SDG") set by the United Nations with the aim of transforming the world for the better. These SDGs address a broad range of social issues, environmental issues, inequalities and innovations. At Superlon, we support these global ambitions where it is most relevant to our business nature, and we believe can have the greatest impact. Aligning our initiatives to achieve these universal targets serves to create and sustain positive changes in EES sustainability for all walks of life; ensuring global well-being of human beings.

SUSTAINABILITY STATEMENT (CONT'D)

2. ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS ("SDG") (CONT'D)

Selected Sustainability Goals and Targets

We have set out below our selected sustainability goals and targets:-

No.	SDGs	Key Sustainability Matters	Our Goals/ Target	FYE 2022	FYE 2023
1	Target 9.5: We provide comprehensive services to our clients by exploring new technologies and solutions through innovation to add value	Customer's expectations	To achieve responsiveness to customer needs with a target score of 4.6	4.51	4.65
2	Target 8.6: We are committed to ensuring the well-being of our employees by providing professional development and training Target 8.7: We are committed to eliminate the labour practices of using child and forced labour. We also comply with the minimum wage set by our government Target 8.8: We protect labour rights and promote safe and secure working environment for all workers	Employee interests Workplace Safety	To maintain zero child and forced labour	0	0
3			To create more interactive training methods such as video to increase the effectiveness and retention of education material – cumulative videos created	18 videos	21 videos
4			To maintain at least 72 hours per annum of workplace safety training	83.5 hours	125.0 hours
5			To maintain zero incidents of work-related injuries	0 incident of work-related injuries	0 incident of work-related injuries
6			To maintain zero work-related fatalities	0 work-related fatalities	0 work-related fatalities
7			To ensure zero chemical spillage / leakage by inspection	0 leakage	0 leakage
8			To comply by all times minimum wage set by government	Complied with minimum wage set by government	Complied with minimum wage set by government

SUSTAINABILITY STATEMENT (CONT'D)

2. ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS ("SDG") (CONT'D)

Selected Sustainability Goals and Targets (Cont'd)

We have set out below our selected sustainability goals and targets (Cont'd):-

	SDGs	Key Sustainability Matters	Our Goals/ Target	FYE 2022	FYE 2023
9	12 RESPONSIBLE CONSUMPTION AND PRODUCTION Targets 12.4: We have been working towards monitoring and management of noise and gas emissions as well as wastewater discharged Targets 12.5 and 12.6: We have adopted sustainability practices such as monitoring our water and electricity consumption and integrated sustainability information into this year's reporting as a yardstick for future enhancements	Customer's expectations Resources management	To maintain noise limits within the permissible standards required by Department of Environment ("DOE") in Malaysia and Ministry of Natural Resources and Environmental ("MNRE") in Vietnam	Met	Met
10			To maintain the air emission within the permissible standards required by DOE and MNRE	Met	Met
11			To maintain the wastewater discharged within the permissible standards required by DOE and MNRE	Met	Met
12	16 PEACE, JUSTICE AND STRONG INSTITUTIONS Target 16.5: We have in place an Anti-bribery and Corruption Policy as well as a Whistleblowing Policy and Procedure to address potential misconduct in the workplace facilitating a conducive work environment		Anti-bribery and Corruption Policy in place	Met	Met
13			Whistleblowing Policy and Procedure in place	Met	Met

3. IDENTIFYING AND PRIORITISING MATERIAL SUSTAINABILITY MATTERS

Our Group targets to manage the key material sustainability risks identified which will lead to effective sustainability management within the NBR insulation manufacturing division. Sustainability risks are considered material if they had significant EES impacts or influence the assessment and decisions of stakeholders of our Group. The process of identifying and prioritising the material sustainability matters entails the following:-

(a) Stakeholder prioritisation
(b) Materiality assessment of sustainability matters

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

3.1. Stakeholder prioritisation and key stakeholder engagement

Our Group has collaborative platforms with stakeholders to evaluate their ability to exercise influence over as well as their financial and non-financial dependence on our Group. Meaningful engagements with stakeholders enhance our understanding of the Group's EES exposures and guide our sustainability strategy formulation of our Group, thereby creating value that resonates with the stakeholders by effectively 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 our Group without suffering any act of reprisal.

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

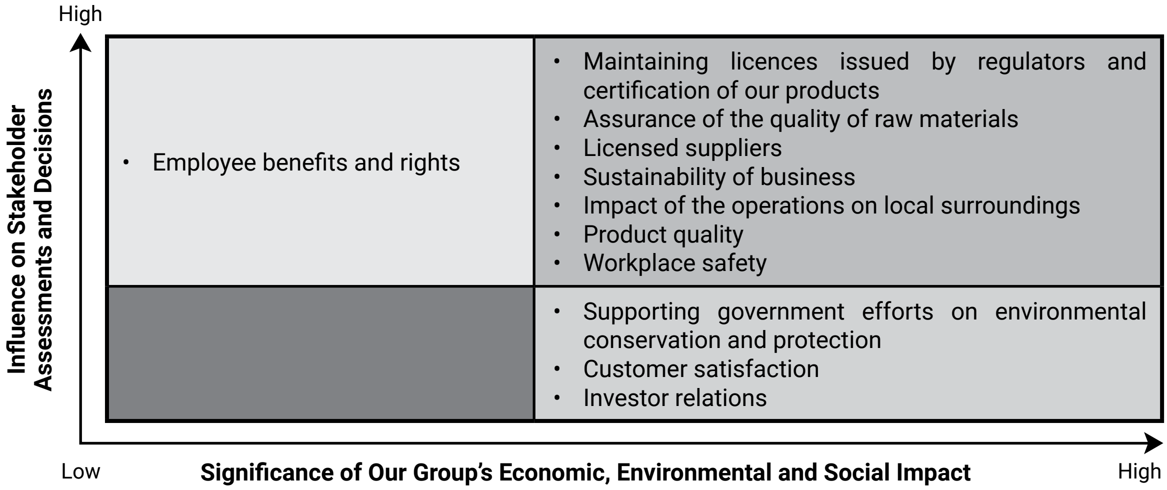
Stakeholder group	Engagement channels	Sustainability concerns
Employees	• Satisfaction survey • Dialogue & engagement • Appraisal • Intranet, departmental meetings & notices	• Workplace safety • Career progression • Equal opportunity and gender diversity • Employee benefits • Training
Investors	• AGM/EGM • Investors' briefing • Announcements • Press releases • Feedback on investor relations	• Sustainability of business • Investor relationship • Outlook and prospects • Return on investment
Customers	• After-sales service • Support centre • Events, dialogue sessions, roadshows and engagement sessions • Feedback to management • Satisfaction survey	• Product quality • Customers' satisfaction • Price competitiveness
Local Community/ Society	• Recruitment drives in local community • Philanthropic activities	• Impact of the operations have on local surroundings • Contribute to livelihood of local community
Supplier & Contractor	• Supplier review and assessments • Request for proposals • Evaluations • Relationship management	• Licensed suppliers • Price competitiveness • Sustainability efforts of suppliers
Regulators	• Compliance with listing requirements • Compliance with industry standards • Formal meetings	• Maintaining licences issued by regulator and certification of our products
Governments	• Formal meetings • Seminar & forums • Collaboration programme • Discussions on government initiatives	• Supporting government efforts on environmental conservation and protection • Laws and regulations • Code of conduct, anti-bribery and corruption policy and whistleblowing policy and procedures

SUSTAINABILITY STATEMENT (CONT'D)

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

3.2. Materiality assessment of sustainability matters

Superlon periodically reviews the list of material sustainability matters and devises a mapping of sustainability prioritisation taking into account the significance of our Group's EES impact and influence of each material sustainability matter on stakeholder assessments and decisions:-



4. MANAGING MATERIAL SUSTAINABILITY MATTERS

4.1. Responsible sourcing

Our Group assesses a spectrum of criteria including quality, timeliness of supply as well as sustainability aspect of suppliers during procurement process as we recognise that creation of corporate value rests on a sustainable and socially responsible supply chain. Ultimately, a long-term competitive advantage can be achieved by aligning our success to responsible procurement practices.

Key stakeholders	Key material sustainability matters	Sustainability efforts and/or achievements
SUPPLIERS	**Product quality**	Our research and development team is responsible for the production, planning and control of the raw materials at the manufacturing facilities. Formalised procedures are implemented for new suppliers screening with periodic assessments of on-going suppliers to ensure the raw materials consistently meet our quality requirements.
	Licensed suppliers	Our Group sources chemicals from suppliers which are approved by the DOE and MNRE as a measure to prioritise the safety and quality of our products. To ensure compliance with government requirements as well as our sustainable policies, we periodically inspect relevant licences and/or certification of our suppliers.
	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 2023, we did not observe any issue associated with the non-compliance of suppliers with green practices.

4. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

4.2 Customers' expectation

Our Group exports to various countries. Hence, competitive pricing plays a vital role in keeping abreast with customers' expectations as raw material pricing and geopolitical matters have influence over our product pricing. Additionally, 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**	***Competitive practice*** In the face of global competition and increasing interest of customers on price competitiveness, 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. ***Resolving grievance of customers*** Our Group believes that customer satisfaction is of utmost importance to our operating philosophy. Diverse communication channels, verbal or written, are readily available to cater for customers' feedback on the products and services offered by any company within our 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. ***Transparency of product information*** Our product information including specification, characteristics and application, coupled with the pictures of products, are detailed on the company website and product brochures 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. Product seminars are regularly conducted to educate the consumers about product knowledge and provide guidance on the proper installation and the safe usage of the products by taking into consideration the substances that can potentially cause environmental or social impact. Our Group takes the 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.

SUSTAINABILITY STATEMENT (CONT'D)

4. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

4.3 Compliance

Our Group enacts policies and procedures to effectively address any corruption and non-compliances as well as promote good corporate governance practices, thereby ensuring compliance with rules, laws, and regulations. Our thermal insulation products are eco-friendly to households and allow a longer lifespan of the air-conditioning systems, which subsequently serves to conserve and protect the environment.

<table>
<tr><th>Key stakeholders</th><th>Key material sustainability matters</th><th>Sustainability efforts and/or achievements</th></tr>
<tr><td rowspan="2">GOVERNMENTS / REGULATORS</td><td>Maintaining licences issued by regulators and certification of our products</td><td>Our Group has obtained the necessary licences to ensure the uninterrupted continuity of business operations. In addition to being licensed by the local authorities to operate, we have received numerous international certifications which enhance our market coverage capability, including:-

(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;
(j) Green building product certificates; and
(k) Other certifications.</td></tr>
<tr><td>Supporting government efforts on environmental conservation and protection</td><td><u>Monitoring of noise and gas emission</u>
The Environmental Quality Act and Law on Environmental Protection are complied with via promoting an environmentally sound and sustainable development as advocated by the governments of Malaysia and Vietnam respectively. Annual internal assessments are conducted 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 has devised monitoring procedures as the noise and hazardous gas emission control mechanisms.
<table>
<tr><th colspan="2">Noise level regulated by DOE</th></tr>
<tr><td>Day</td><td><75 dBA</td></tr>
<tr><td>Night</td><td><75 dBA</td></tr>
</table>
<table>
<tr><th colspan="2">Noise level regulated by MNRE</th></tr>
<tr><td>Factory</td><td><85 dBA</td></tr>
<tr><td>Office</td><td><65 dBA</td></tr>
</table></td></tr>
</table>

4. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

4.3. Compliance (Cont'd)

Key stakeholders	Key material sustainability matters	Sustainability efforts and/or achievements
GOVERNMENTS / REGULATORS (CONT'D)	**Supporting government efforts on environmental conservation and protection (Cont'd)**	Our Group engages accredited laboratories annually to measure the noise level within our factories. We are pleased to report that the noise level of each factory examined during FYE 2023 are compliant with the limits of DOE and MNRE. 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. Our Group will continue to monitor noise levels to facilitate compliance and mitigate any negative impact on the surrounding community. Gas emissions from manufacturing facilities in Malaysia Dark smoke shade : within permissible limit Sulphur dioxide : < 100 mg/m^3 Particulate emitted : < 50 mg/m^3 Gas emissions from manufacturing facilities in Vietnam Dust: < 200 mg/Nm^3 Hydrogen sulfide: < 7.5 mg/Nm^3 Methanethiol: < 15 mg/Nm^3 Our Group is committed to environmental protection through installation of the filtering and exhausting system at each factory to filter and remove solid particles prior to discharging the smoke arose from production to the outside atmosphere. Regular maintenance is scheduled 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. We engage accredited laboratories annually to report on air emission of each factory in operation. The smoke, particulate matter and gaseous substances emitted from every factory in operation during FYE 2023 were within the limits set out in the Environmental Quality (Clean Air) Regulations 2014 and Law on Environmental Protection. 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 and MNRE, demonstrating the effectiveness of combustion practice. As with wastewater, our Group is very stringent on its processes when it comes to discharging any by-products into the environment.

SUSTAINABILITY STATEMENT (CONT'D)

4. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

4.3. Compliance (Cont'd)

Key stakeholders	Key material sustainability matters	Sustainability efforts and/or achievements
GOVERNMENTS REGULATORS (CONT'D)	**Supporting government efforts on environmental conservation and protection (Cont'd)**	***Reduction and treatment of waste*** Aimed 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 improved the savings in our costs for local sales by 6.81% in FYE 2023. Besides that, disposal of non-hazardous waste comprising domestic waste and recyclable waste is handled by licensed disposers while hazardous waste regulated under the Environmental Quality (Scheduled Wastes) Regulations 2005 and Law on Environmental Protection is disposed off using contractors licensed by DOE and MNRE. E-waste is disposed off for recycling via accredited vendors.

4.4. Corporate social responsibility

Our Group takes cognisance of the importance of the social pillar. We strive to uplift and strenghten our local community by prioritising local suppliers, fostering career opportunities within the community as well as actively participate in philanthropy and volunteering activities. 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**	***Hire locals in the neighbourhood and talent retention*** **50.2%** of the total hires are local hires Factory workers retention rate: **66.6%** **92.7%** of the local staff live within 10km radius from Superlon Office staff retention rate: **74.3%** Our Group proactively promotes the employment of the local workforce whenever possible, as part of our dedication to develop the skills of local labour. This approach not only provides job opportunities for the local community but also brings cost advantages through reduced recruitment expenses and lower employee turnover rates for our Group. We believe these efforts enhance the attractiveness of our Group as an employer.

4. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

4.4. Corporate social responsibility (Cont'd)

Key stakeholders	Key material sustainability matters	Sustainability efforts and/or achievements
LOCAL COMMUNITY/ SOCIETY (CONT'D)	**Impact of the operations have on local surroundings (Cont'd)**	***Being supportive of local suppliers*** Our Group opts for partnerships with qualified and licensed local suppliers located in proximity to our operations in the course of procurement with the aim to support the growth of local businesses as well as reduce the environmental impact and associated transportation costs. Our operations in Malaysia and Vietnam aim to source materials from the suppliers within the same locality whilst balancing dependency on any single supplier. Currently, approximately 66% of the local purchases are from various suppliers within the locality. ***Community investment*** As part of our community investment, monetary contributions were made during FYE 2023 to various charitable organisations including Badan Kebajikan Anggota Perkhidmatan Hasil, Police Administrative and Civilian Staff Union (PACSU), Berita Kesatuan Pekerja Bomba dan Penyelamat. Additionally, we offer practical training opportunities to undergraduates from local universities, nurturing them to gain valuable hands-on experience in the industry.

4.5. Employee Interest

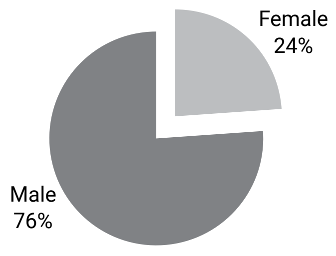
Our Group operates in a labour-intensive manufacturing industry and is committed to investing in safety, health and development of our employees. We safeguard employee interest by providing a safe, fair and equitable working environment as well as protecting labour rights for all employees through compliance with applicable employment laws. We have implemented occupational health and safety procedures as well as conducted internal and external training programmes to the employees to look after their well-being.

4.5.1. Employee benefits and rights

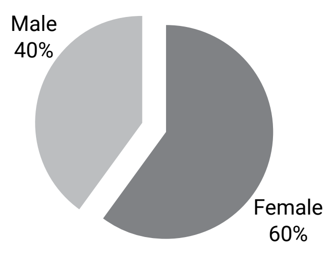
Workforce diversity

We highly esteem our employees and embrace 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 value the competency and reliability of a potential candidate.

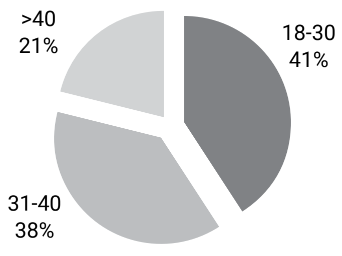
Workforce by Gender as at 30 April 2023



Office by Gender as at 30 April 2023



Workforce by Age Group as at 30 April 2023



While our Group appreciates diverse opinions and perspectives contributed by women and different age groups, we note that women are typically less willing to be employed as factory workers due to the nature of the work involved. Consequently, male and younger workers constitute a larger portion of the workforce. Nonetheless, we are able to maintain the gender balance in our office hire with a majority of our office workforce represented by women. Our Group remains dedicated to hiring workers based on their competency and qualifications.

SUSTAINABILITY STATEMENT (CONT'D)

4. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

4.5. Employee Interest (Cont'd)

4.5.1. Employee benefits and rights (Cont'd)

Well-being

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

<table>
<tr><th>AWARDS AND INCENTIVES</th><th>MEDICAL CARE</th></tr>
<tr><td rowspan="3">• 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
• Eligible employees who perform overtime as and when requested by our Group are compensated by 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 month
• Long service awards and incentives are given to employees who have worked with the company for durations of 10, 15 and 20 years</td><td>• 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</td></tr>
<tr><td>INSURANCE</td></tr>
<tr><td>• Our employees are covered by various schemes including the government social security protection scheme, our Group's hospitalisation and surgical insurance policy and/or the foreign worker compensation and hospitalisation scheme
• Personal accident insurance coverage is provided to eligible employees</td></tr>
</table>

Employee safeguarding

Our Group complies with labour laws and strictly adheres to the code of practices in relation to employment practices. We uphold fair treatment in the workplace as guided by our employment handbook and contracts which outline the terms of employment and compensation. During the on-boarding session, all new employees will receive a briefing on the actions taken by our Group to respect employee rights. Furthermore, our employee handbook provides clear guidance and grievance procedures on various matters.

4.5.2. Workplace safety

Prohibition of child and forced labour	Our Group complies with the legal requirements on the minimum employment age as defined by the labour law and ensures that all employees are above eighteen years old. We have zero tolerance to forced or compulsory labour. We only place the factory workers in jobs where they possess the necessary capabilities. Moreover, we comply with the minimum wage set by the governments. To enhance our operational performance, we utilise the employee face recognition attendance software, track overtime hours and observe the rest days.
Training	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 reinforce their knowledge and skills. If mass production is necessary to cope with increasing demand, the workers will perform their duties according to the scheduled shift rotation to minimise the risk of injuries.

4. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

4.5. Employee Interest (Cont'd)

4.5.2. Workplace safety (Cont'd)

Safe working environment	 ***Fire Drill Training*** Safety issues will always be prioritised in the agenda of the staff meetings and the key performance indicator in employees' performance evaluation. Training and meetings pertaining to safety and health are conducted regularly. Other safety trainings include emergency drills are also conducted for employees to increase vigilance. As a measure to limit accidents, employees wear mandatory safety gear such as safety goggles, gloves, boots and face masks when entering the factory compound. Supervisors at the factory closely monitor the work practices performed by the employees to ensure strict adherence to safety procedures. Additionally, random medical surveillance is performed on selected employees exposed to the raw materials on an annual basis. Our safety procedures have been enhanced with the standard operating procedures ("SOPs") recommended by the government during Covid-19 pandemic. Employees are reminded to comply with the SOPs and maintain hygiene during endemic. The COVID-19 pandemic saw the introduction of new risk and our Group will improvise the standard precaution as and when required in the face of any potential spread of infectious diseases.
Covid-19 measures to protect our employees	Notwithstanding the endemicity of COVID-19, we stay alert and continue to apply the key measures recommended by the governments, including but not limited to:- (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 SOPs and preventive measures; (c) Personal protective equipment such as face masks and alcohol-based sanitisers are made available to employees if required; and (d) Regular sanitisation of common touchpoints, locations, and public areas

SUSTAINABILITY STATEMENT (CONT'D)

4. MANAGING MATERIAL SUSTAINABILITY MATTERS (CONT'D)

4.6. Investors' Interest

We maintain a rapport with shareholders and investors through regular and effective communication with them and assign key contact persons to handle issues and concerns raised. Our investor relations section which is available on the Company's website provides relevant corporate information including the board charter, annual reports, and announcements made to Bursa Securities, etc. so that investors are well-informed of all significant developments within our Group.

Our Group's senior management is committed to engaging with analysts periodically to convey the past performance, strategy and future plans of our Group. During the AGM, any queries posed by minority shareholder watch group are made transparent in the presence of the shareholders and addressed.

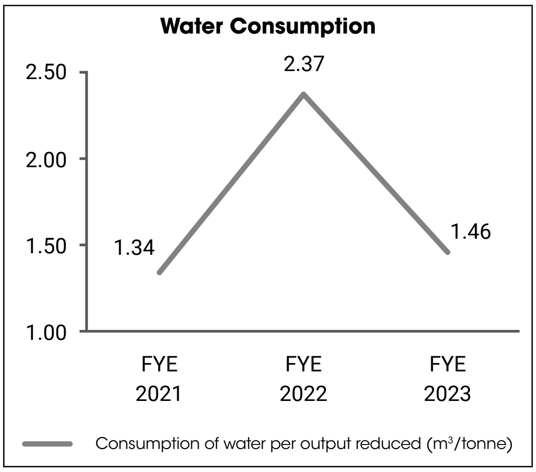
4.7. Other Sustainability efforts

Our Group is aware of the impact of our thermal insulation manufacturing activities on the environment and strives to diligently monitor our water and electricity consumption:

Water consumption

In FYE 2022, water consumption per output increased to 2.37 m^3 due to, amongst others, reduced production efficiency as a result of temporary operational cessation and restriction of operations in compliance with various stages of Movement Control Order in Selangor and National Recovery Plan of Malaysia. The water consumption per output reduced to pre-Movement Control Order levels, reported as 1.46 m^3 per tonne in FYE 2023 as compared to 2.37 m^3 per tonne in FYE 2022, which is attributable to the enhanced production efficiency during the endemic.

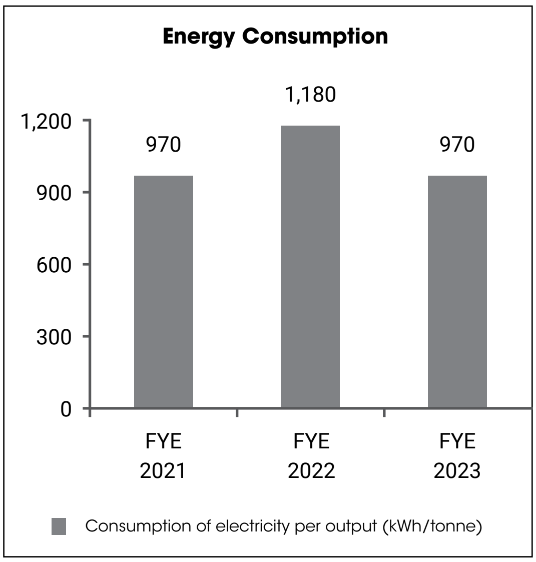
We are environmentally mindful and have been constantly looking for water recycling opportunities to minimise water consumption for factory operations and raising water saving awareness among employees.



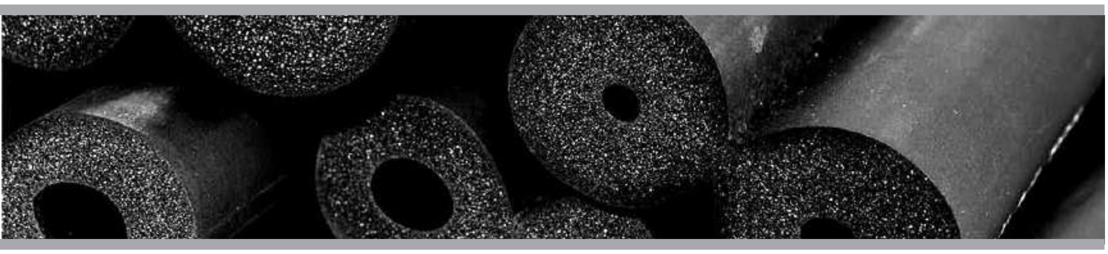
Energy consumption

Our Group recorded approximately 1,180 kWh (FYE 2021 : 970 kWh) of electricity consumed by Superlon for every tonne of output produced in FYE 2022 mainly due to reduced production efficiency as a result of the temporary cessation and restriction of operations in compliance with the various stages of Movement Control Order in Selangor and National Recovery Plan of Malaysia. Our Group saw an improvement of the energy consumption from approximately 1,180 kWh per tonne of output to 970 kWh per tonne. This notable accomplishment is primarily owing to the improved production efficiency of our Group.

As a measure to conserve electricity usage, Superlon continuously identifies opportunities such as increased usage of green energy and progressive implementation of smart LED lighting system to improve our energy efficiency, taking into consideration both the long-term financial and non-financial implications.



FINANCIAL
STATEMENTS



FINANCIALS

page **46**
Directors' Report

page **51**
Statement by Directors

page **51**
Statutory Declaration

page **52**
Independent Auditors' Report

page **55**
Statements of Financial Position

page **56**
Statements of Profit or Loss and Other Comprehensive Income

page **58**
Statements of Changes in Equity

page **61**
Statements of Cash Flows

page **63**
Notes to the Financial Statements

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 2023.

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	2,275,834	10,974,638

DIVIDENDS

Dividends paid or declared by the Company since 30 April 2022 are as follows:-

An interim dividend of approximately 0.80 sen per ordinary share on 158,721,842 ordinary shares amounting to RM 1,269,774 in respect of the financial year ended 30 April 2023 was declared on 2 December 2022 and subsequently paid on 16 January 2023. The payment was made to shareholders whose names appeared in the Company's Record of Depositors on 19 December 2022.

The directors do not recommend the payment of any further dividends for the financial year.

On 30 June 2023, the Company declared an interim dividend approximately 0.75 sen per ordinary share on 158,716,842 ordinary shares amounting to RM 1,190,376 in respect of the financial year ending 30 April 2024 and payable on 15 September 2023 to shareholders whose names appeared in the Company's Record of Depositors on 21 August 2023. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriate if retained profits in the financial year ending 30 April 2024.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 5,000 of its issued ordinary shares from the open market at an average price of RM0.65 per share. The total consideration paid for the purchase was RM3,247 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 30 April 2023, the Company held as treasury shares a total of 1,283,158 of its 160,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM 427,744. The details on the treasury shares are disclosed in Note 16 to the financial statements.

DIRECTORS' REPORT (CONT'D)

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.

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' REPORT (CONT'D)

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 (also known as Jessica Hsiu-Lin Liu)	
Liu Han-Chao	
Liu Jeremy	
Ongi Cheng San	
Chun Kwong Pong	
Lin, Po-Chih	
Lim Wai Loong	
Chee Chung Yen	(Resigned w.e.f 20 July 2023)
Lee Mei Hsiang	(Appointed on 20 July 2023)

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	
Koo Thien Yui	(Appointed on 21 April 2023)

DIRECTORS' INTERESTS

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

The Company

		Number of Ordinary Shares			
		At 01.05.2022	**Bought**	**Sold**	**At 30.04.2023**
Liu Lee, Hsiu-Lin (also known as Jessica Hsiu-Lin Liu)	– Direct	35,860,548	–	–	35,860,548
	– 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	4,085,400	–	4,415,400

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 (also known as Jessica Hsiu-Lin Liu) direct interest in the Company.

By virtue of their shareholdings in the Company, Mdm. Liu Lee, Hsiu-Lin (also known as Jessica Hsiu-Lin 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 interests, 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, options over unissued shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 33 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:

	The Group RM	The Company RM
Directors		
Directors of the Company		
Executive directors:-		
Short-term employee benefits	1,742,065	14,750
Defined contribution benefits (EPF)	307,881	–
	2,049,946	14,750
Non-executive directors:-		
Short-term employee benefits:		
- fees	180,000	180,000
- other benefits	16,250	16,250
	196,250	196,250
Total directors' remuneration	2,246,196	211,000

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM 64,250 and RM NIL respectively.

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.

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

The auditors' remuneration of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Audit fees		
- Auditors' remuneration	94,000	41,500
- Auditors' remuneration of other auditors	36,260	–
Non-audit fees	5,000	5,000
	135,260	46,500

Signed in accordance with a resolution of the directors dated 18 August 2023.

Liu Lee, Hsiu-Lin (also known as Jessica Hsiu-Lin Liu)

Liu Han-Chao

STATEMENT BY DIRECTORS

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

We, Liu Lee, Hsiu-Lin (also known as Jessica Hsiu-Lin 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 55 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 2023 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 18 August 2023.

Liu Lee, Hsiu-Lin (also known as Jessica Hsiu-Lin 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 55 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,
at Kuala Lumpur in the Federal Territory
on this 18 August 2023

Ongi Cheng San

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

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 2023 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 55 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 2023, 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**
The Group held inventories with carrying amount of RM 22,918,508 as at 30 April 2023. The carrying value of inventories is stated at the lower of cost and net realisable value. 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.	Our procedures included, amongst others : • 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 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.

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
03516/08/2024 J
Chartered Accountant

Muar, Johor Darul Takzim
Date : 18 August 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2023

	Note	The Group 2023 RM	The Group 2022 RM (Restated)	The Company 2023 RM	The Company 2022 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	64,160,616	63,596,286
Property, plant and equipment	6	88,930,421	88,840,093	–	–
Intangible assets	7	1,333,868	1,333,868	–	–
Right-of-use assets	8	6,782,042	2,297,381	–	–
Other investment	9	46,667	46,667	–	–
Deferred tax assets	20	24,224	116,551	–	–
		97,117,222	92,634,560	64,160,616	63,596,286
CURRENT ASSETS					
Inventories	10	22,918,508	32,945,590	–	–
Trade receivables	11	13,700,036	14,852,193	–	–
Other receivables, deposits and prepayments	12	3,455,977	3,609,376	1,000	1,000
Amount owing by subsidiaries	13	–	–	9,047,236	122,343
Current tax assets		1,071,858	3,253,277	29,877	31,241
Deposits with licensed banks	14	42,830,727	15,471,627	500,000	350,000
Cash and bank balances		10,427,064	11,173,942	109,731	45,653
		94,404,170	81,306,005	9,687,844	550,237
TOTAL ASSETS		191,521,392	173,940,565	73,848,460	64,146,523
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	15	41,433,182	41,433,182	41,433,182	41,433,182
Treasury shares	16	(427,744)	(424,497)	(427,744)	(424,497)
Reserves	17	103,750,497	101,782,840	32,618,474	22,913,610
TOTAL EQUITY		144,755,935	142,791,525	73,623,912	63,922,295
NON-CURRENT LIABILITIES					
Lease liabilities	18	4,019,571	80,033	–	–
Loans and borrowings	19	23,398,037	7,281,418	–	–
Deferred tax liabilities	20	6,286,720	6,989,069	–	–
		33,704,328	14,350,520	–	–
CURRENT LIABILITIES					
Trade payables	21	4,434,031	5,024,704	–	–
Other payables and accruals	22	3,543,549	3,376,843	224,548	224,228
Lease liabilities	18	844,301	186,790	–	–
Loans and borrowings	19	4,201,886	8,096,135	–	–
Current tax liabilities		37,362	114,048	–	–
		13,061,129	16,798,520	224,548	224,228
TOTAL LIABILITIES		46,765,457	31,149,040	224,548	224,228
TOTAL EQUITY AND LIABILITIES		191,521,392	173,940,565	73,848,460	64,146,523

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 2023

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
REVENUE	23	108,448,164	92,054,092	11,000,000	3,100,000
COST OF SALES		(86,628,412)	(69,713,088)	–	–
GROSS PROFIT		21,819,752	22,341,004	11,000,000	3,100,000
OTHER INCOME		1,254,367	1,336,437	666,419	1,287,540
SELLING AND DISTRIBUTION EXPENSES		(8,243,144)	(7,225,756)	–	–
ADMINISTRATIVE EXPENSES		(8,686,125)	(8,463,277)	(687,617)	(659,554)
OTHER EXPENSES		(437,274)	(54,410)	–	(5,039)
FINANCE COSTS		(1,069,252)	(412,285)	–	–
NET IMPAIRMENT LOSS ON FINANCIAL ASSETS	24	(438,763)	(117,608)	–	–
PROFIT BEFORE TAXATION	25	4,199,561	7,404,105	10,978,802	3,722,947
INCOME TAX EXPENSE	27	(1,923,727)	(1,193,893)	(4,164)	(1,080)
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		2,275,834	6,210,212	10,974,638	3,721,867
OTHER COMPREHENSIVE INCOME	28				
Items that Will Not be Reclassified Subsequently to Profit or Loss					
Revaluation of property, plant and equipment		669,685	1,570,229	–	–
Items that Will be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		291,912	1,613,901	–	–
TOTAL OTHER COMPREHENSIVE INCOME		961,597	3,184,130	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,237,431	9,394,342	10,974,638	3,721,867

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 2023

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		2,275,834	6,210,212	10,974,638	3,721,867
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:-					
OWNERS OF THE COMPANY		3,237,431	9,394,342	10,974,638	3,721,867
EARNINGS PER ORDINARY SHARE (SEN)	29				
- Basic		1.43	3.91		
- 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 2023

The Group			Non-distributable			Distributable	
	Note	Share capital RM	Treasury shares RM	Revaluation reserve RM	Foreign exchange translation reserve RM	Retained profits RM	Total equity RM
Balance at 1 May 2022		41,433,182	(424,497)	25,593,608	1,597,824	74,591,408	142,791,525
Profit after taxation for the financial year		–	–	–	–	2,275,834	2,275,834
Purchase of treasury shares		–	(3,247)	–	–	–	(3,247)
Other comprehensive income for the financial year:							
- Foreign currency translation differences for foreign operations		–	–	–	291,912	–	291,912
- Revaluation of property, plant and equipment		–	–	669,685	–	–	669,685
Total comprehensive income for the financial year		–	(3,247)	669,685	291,912	2,275,834	3,234,184
Distributions to owners of the Company:							
- Dividends to owners of the Company	30	–	–	–	–	(1,269,774)	(1,269,774)
Total transactions with owners		–	–	–	–	(1,269,774)	(1,269,774)
Amortisation of revaluation reserve		–	–	(141,216)	–	141,216	–
Balance at 30 April 2023		41,433,182	(427,744)	26,122,077	1,889,736	75,738,684	144,755,935

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

The Group

	Note		Non-distributable			Distributable	
		Share capital RM	Treasury shares RM	Revaluation reserve RM	Foreign exchange translation reserve RM	Retained profits RM	Total equity RM
Balance at 1 May 2021		41,433,182	(424,497)	24,149,547	(16,077)	70,630,817	135,772,972
Profit after taxation for the financial year		–	–	–	–	6,210,212	6,210,212
Other comprehensive income for the financial year:							
- Foreign currency translation differences for foreign operations		–	–	–	1,613,901	–	1,613,901
- Revaluation of property, plant and equipment		–	–	1,570,229	–	–	1,570,229
Total comprehensive income for the financial year		–	–	1,570,229	1,613,901	6,210,212	9,394,342
Distributions to owners of the Company:							
- Dividends to owners of the Company	30	–	–	–	–	(2,380,828)	(2,380,828)
- Deregistered subsidiary		–	–	–	–	5,039	5,039
Total transactions with owners		–	–	–	–	(2,375,789)	(2,375,789)
Amortisation of revaluation reserve		–	–	(126,168)	–	126,168	–
Balance at 30 April 2022		41,433,182	(424,497)	25,593,608	1,597,824	74,591,408	142,791,525

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

The Company

	Note	Share capital RM	Non-distributable Treasury shares RM	Distributable Retained profits RM	Total equity RM
Balance at 1 May 2021		41,433,182	(424,497)	21,572,571	62,581,256
Profit after taxation and total comprehensive income for the financial year		–	–	3,721,867	3,721,867
Distributions to owners of the Company:					
- Dividends to owners of the Company	30	–	–	(2,380,828)	(2,380,828)
Total transaction with owners		–	–	(2,380,828)	(2,380,828)
Balance at 30 April 2022 / 1 May 2022		41,433,182	(424,497)	22,913,610	63,922,295
Profit after taxation and total comprehensive income for the financial year		–	–	10,974,638	10,974,638
Distributions to owners of the Company:					
- Purchase of treasury shares		–	(3,247)	–	(3,247)
- Dividends to owners of the Company	30	–	–	(1,269,774)	(1,269,774)
Total transaction with owners		–	(3,247)	(1,269,774)	(1,273,021)
Balance at 30 April 2023		41,433,182	(427,744)	32,618,474	73,623,912

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		4,199,561	7,404,105	10,978,802	3,722,947
Adjustments for:					
Depreciation of property, plant and equipment		4,737,069	4,722,950	–	–
Depreciation of right-of-use assets		573,536	780,575	–	–
Dividend income		–	–	(11,000,000)	(3,100,000)
Gain on derecognition of right-of-use assets		(52)	(10,433)	–	–
Gain on disposal of property, plant and equipment		(947)	(205,823)	–	–
Impairment loss on trade receivables		616,762	117,608	–	–
Loss on deregistered of subsidiary		–	–	–	5,039
Reversal of impairment loss on trade receivables		(177,999)	–	–	–
Property, plant and equipment written off		43,842	3,532	–	–
Reversal of inventories previously written down		(227,896)	(65,819)	–	–
Inventories written down		350,329	56,568	–	–
Unrealised gain on foreign exchange		(139,703)	(309,638)	(648,575)	(1,283,126)
Interest expense		973,732	381,931	–	–
Interest expense on lease liabilities		95,520	30,354	–	–
Interest income		(655,440)	(129,540)	(17,844)	(4,414)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		10,388,314	12,776,370	(687,617)	(659,554)
Inventories		9,904,649	(8,050,071)	–	–
Trade and other receivables, deposits and prepayments		774,414	2,601,573	–	–
Trade and other payables and accruals		(65,949)	(2,669,038)	320	1,181
CASH GENERATED FROM/(FOR) OPERATIONS		21,001,428	4,658,834	(687,297)	(658,373)
Interest received		655,440	129,540	17,844	4,414
Tax refund		2,287	–	–	–
Tax paid		(429,538)	(1,050,182)	(2,800)	(32,442)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		21,229,617	3,738,192	(672,253)	(686,401)
FORWARD		21,229,617	3,738,192	(672,253)	(686,401)

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

STATEMENTS OF CASH FLOWS (CONT'D)

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
FORWARD		21,229,617	3,738,192	(672,253)	(686,401)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Dividend received		–	–	11,000,000	3,100,000
Investment in subsidiary		–	–	(30)	–
(Decrease)/Increase of fixed deposits with maturity period more than three months		(24,915,000)	597,159	(300,000)	–
Proceeds from disposal of property, plant and equipment		1,030	279,625	–	–
Product development expenditure		–	(37,540)	–	–
Purchase of property, plant and equipment	31(a)	(4,157,911)	(4,099,650)	–	–
Net advance to subsidiaries		–	–	(8,840,893)	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(29,071,881)	(3,260,406)	1,859,077	3,100,000
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid	30	(1,269,774)	(2,380,828)	(1,269,774)	(2,380,828)
Drawdown of multi currency trade loans	31(b)	8,205,227	27,325,896	–	–
Drawdown of bill payables	31(b)	1,844,920	–	–	–
Drawdown of term loans	31(b)	19,634,000	1,026,000	–	–
Interest paid	31(b)	(1,069,252)	(412,285)	–	–
Purchase of treasury shares		(3,247)	–	(3,247)	–
Repayment of lease liabilities	31(b)	(451,626)	(721,043)	–	–
Repayment of multi currency trade loans	31(b)	(14,407,424)	(24,384,444)	–	–
Repayment of term loans	31(b)	(1,542,412)	(773,875)	–	–
Repayment of hire purchases payables	31(b)	(288,715)	(250,583)	–	–
Repayment of bill payables	31(b)	(976,770)	–	–	–
NET CASH FROM/(FOR) FINANCING ACTIVITIES		9,674,927	(571,162)	(1,273,021)	(2,380,828)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,832,663	(93,376)	(86,197)	32,771
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(135,441)	1,270,607	275	627
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		24,979,942	23,802,711	395,653	362,255
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31(d)	26,677,164	24,979,942	309,731	395,653

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

1. GENERAL INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 August 2023.

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: Reference to the Conceptual Framework
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020

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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non- current	1 January 2024
Amendment to MFRS 101: Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
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 112: International Tax Reform – Pillar Two Model Rules	1 January 2023

The adoption of the above accounting standards and/or interpretations (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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(b) Amortisation of 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(g) Impairment of trade receivables

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

(h) Deferred tax assets

Deferred tax assets are recognised for all 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 20 to the financial statements.

Critical judgements made in applying accounting policies

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

4.2 Basis of consolidation

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

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

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

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (Cont'd)

(a) Business combinations (Cont'd)

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

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

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

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

(c) Loss of control

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Functional and foreign currencies (Cont'd)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (Cont'd)

(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).

(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 subsequently 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (Cont'd)

(b) Financial liabilities

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

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Financial instruments (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Property, plant and equipment (Cont'd)

Freehold land and buildings are revalued periodically, at least once in every five 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Research and development expenditure

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

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

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

(iv) its intention to complete and the ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

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

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

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

4.9 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Leases (Cont'd)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Impairment (Cont'd)

(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.

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).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Income taxes (Cont'd)

(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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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) Interest income

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

(c) Rental income

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2023	**2022**
	RM	**RM**
Unquoted shares, at cost		
At 1 May	43,583,715	43,587,615
Additions	30	–
Deregistered *	–	(3,900)
	43,583,745	43,583,715
At 30 April		
Less : Accumulated impairment loss		
At 1 May / At 30 April	(2,302,929)	(2,302,929)
	41,280,816	41,280,786
Contribution to a subsidiary		
At 1 May	22,315,500	21,033,000
Foreign exchange	564,300	1,282,500
At 30 April	22,879,800	22,315,500
	64,160,616	63,596,286

* On 28 May 2021, a subsidiary of the Company, Superlon Hong Kong Company Limited had been deregistered.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of subsidiaries are as follows:-

Name of subsidiaries	Principal activities	Principal place of business/ country of incorporation	Percentage of issued share capital held by parent	
			2023	2022
Subsidiaries of the Company				
Superlon Worldwide Sdn. Bhd. ("SWSB")	Design, test and manufacture of thermal insulation materials mainly for the heating, ventilation, air-conditioning and refrigeration ("HVAC&R") industry; and trading of HVAC&R parts and equipments.	Malaysia	100%	100%
Superlon Solutions Sdn. Bhd. ("SSOL")	Trading of HVAC&R parts and equipments.	Malaysia	100%	100%
Acoustec Concept Sdn. Bhd. ("ACT")	Dormant.	Malaysia	100%	100%
Superlon Worldwide (India) Private Limited ("SWI") ^	Dormant.	India	100%	100%
Superlon Singapore Private Limited ("SSGP") ^	Investment holding company.	Singapore	100%	100%
ACR Pro Pty Ltd ("ACR")#	Dormant.	Australia	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 :

^ *These subsidiaries were audited by other firms of chartered accountants.*
# *Not required to be audited under the laws of the country of incorporation.*

On 21 April 2023, the Company acquired 10 ACR shares, representing 100% of total issued share capital of ACR for total cash consideration of AUD 10. The acquisition was completed on 21 April 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

The Group
2023

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 2022	33,690,000	34,999,924	48,749,468	3,483,871	3,021,417	–	123,944,680
Additions	–	–	809,498	85,000	104,936	3,092,760	4,092,194
Disposal	–	–	–	(3,610)	(122)	–	(3,732)
Reclassification	–	(1,932,450)	–	–	1,932,450	–	–
Revaluation surplus	–	669,685	–	–	–	–	669,685
Transfer *	–	(570,178)	–	–	–	–	(570,178)
Write-off	–	–	(41,739)	–	(33,947)	–	(75,686)
Foreign currency translation differences	–	9,941	41,041	571	23,414	52,358	127,325
At 30 April 2023	33,690,000	33,176,922	49,558,268	3,565,832	5,048,148	3,145,118	128,184,288
Less : Accumulated depreciation							
At 1 May 2022	–	2,596,054	28,426,578	1,964,884	2,117,071	–	35,104,587
Charge for the financial year	–	829,931	3,292,545	430,220	184,373	–	4,737,069
Disposal	–	–	–	(3,609)	(40)	–	(3,649)
Reclassification	–	(222,966)	–	–	222,966	–	–
Transfer *	–	(570,178)	–	–	–	–	(570,178)
Write-off	–	–	(15,680)	–	(16,164)	–	(31,844)
Foreign currency translation differences	–	(3,281)	17,439	313	3,411	–	17,882
At 30 April 2023	–	2,629,560	31,720,882	2,391,808	2,511,617	–	39,253,867
Carrying amount							
At 30 April 2023	33,690,000	30,547,362	17,837,386	1,174,024	2,536,531	3,145,118	88,930,421
Carrying amount							
- At cost	–	–	17,837,386	1,174,024	2,536,531	3,145,118	24,693,059
- At valuation	33,690,000	30,547,362	–	–	–	–	64,237,362
At 30 April 2023	33,690,000	30,547,362	17,837,386	1,174,024	2,536,531	3,145,118	88,930,421

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

The Group
2022

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 2021	32,750,000	34,752,979	46,677,689	3,280,100	2,975,620	596,564	121,032,952
Additions	–	–	3,880,293	648,531	38,182	59,105	4,626,111
Disposal	–	–	(1,926,470)	(451,030)	(3,700)	–	(2,381,200)
Reclassification	–	–	655,669	–	–	(655,669)	-
Revaluation surplus	940,000	891,090	–	–	–	–	1,831,090
Transfer *	–	(1,046,358)	–	–	–	–	(1,046,358)
Write-off	–	–	(910,540)	–	(12,244)	–	(922,784)
Foreign currency translation differences	–	402,213	372,827	6,270	23,559	–	804,869
At 30 April 2022	33,690,000	34,999,924	48,749,468	3,483,871	3,021,417	–	123,944,680
Less : Accumulated depreciation							
At 1 May 2021	–	2,805,599	27,993,440	1,884,194	1,834,215	–	34,517,448
Charge for the financial year	–	805,406	3,169,829	459,037	288,678	–	4,722,950
Disposal	–	–	(1,926,463)	(380,257)	(678)	–	(2,307,398)
Transfer *	–	(1,046,358)	–	–	–	–	(1,046,358)
Write-off	–	–	(907,125)	–	(12,127)	–	(919,252)
Foreign currency translation differences	–	31,407	96,897	1,910	6,983	–	137,197
At 30 April 2022	–	2,596,054	28,426,578	1,964,884	2,117,071	–	35,104,587
Carrying amount							
At 30 April 2022	33,690,000	32,403,870	20,322,890	1,518,987	904,346	–	88,840,093
Carrying amount							
- At cost	–	6,290,580	20,322,890	1,518,987	904,346	–	29,036,803
- At valuation	33,690,000	26,113,290	–	–	–	–	59,803,290
At 30 April 2022	33,690,000	32,403,870	20,322,890	1,518,987	904,346	–	88,840,093

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

	The Group	
	2023 RM	2022 RM
Carrying amount		
Freehold land	33,690,000	33,690,000
Factory buildings	25,459,613	26,113,290
Motor vehicles	935,596	1,263,611
	60,085,209	61,066,901

(b) On 30 April 2023, the Group's freehold land and buildings were revalued based on independent professional valuation. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income as disclosed in Note 28 to the financial statements and accumulated in equity under the revaluation reserve.

(c) On 30 April 2022, the Group's freehold land and buildings were revalued based on independent professional valuation. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income as disclosed in Note 28 to the financial statements and accumulated in equity under the revaluation reserve.

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

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Freehold land	–	33,690,000	–	33,690,000
Factory buildings	–	30,547,362	–	30,547,362
	–	64,237,362	–	64,237,362
2022				
Freehold land	–	33,690,000	–	33,690,000
Factory buildings	–	26,113,290	–	26,113,290
	–	59,803,290	–	59,803,290

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

	The Group	
	2023 RM	2022 RM
Carrying amount		
Freehold land	12,614,180	12,614,180
Factory buildings	22,938,697	18,991,248
	35,552,877	31,605,428

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

7. INTANGIBLE ASSETS

	The Group	
	2023 RM	2022 RM
Trademark (Note a)	1,000,000	1,000,000
Product development expenditure (Note b)	333,868	333,868
	1,333,868	1,333,868

(a) Trademark

Cost		
At 1 May / At 30 April	1,000,000	1,000,000

(b) Product development expenditure

Cost		
At 1 May	2,179,925	2,142,385
Additions	–	37,540
At 30 April	2,179,925	2,179,925
Less : Accumulated amortisation		
At 1 May	1,846,057	1,846,057
Amortisation	–	–
At 30 April	1,846,057	1,846,057
Carrying amount	333,868	333,868

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 12.8% (2022 : 15.3%).

- 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

The Group 2023

	At 1 May 2022 RM	Additions/ Modifications RM	Derecognition RM	Depreciation charges RM	Foreign currency translation differences RM	At 30 April 2023 RM
Carrying amount						
Leasehold land	2,033,948	–	–	(56,991)	10,156	1,987,113
Buildings	263,433	5,002,117	(1,701)	(516,545)	47,625	4,794,929
	2,297,381	5,002,117	(1,701)	(573,536)	57,781	6,782,042

The Group 2022

	At 1 May 2021 RM	Additions/ Modifications RM	Derecognition RM	Depreciation charges RM	Foreign currency translation differences RM	At 30 April 2022 RM
Carrying amount						
Leasehold land	1,969,531	–	–	(55,475)	119,892	2,033,948
Buildings	1,193,015	305,500	(509,982)	(725,100)	–	263,433
	3,162,546	305,500	(509,982)	(780,575)	119,892	2,297,381

The Group leases certain leasehold land and buildings 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 number of hostels and factory that run between 1 year to 6 years, with an option to renew the lease after that date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. OTHER INVESTMENT

	The Group 2023 RM	The Group 2022 RM
Golf club membership	46,667	46,667

10. INVENTORIES

	The Group 2023 RM	The Group 2022 RM
Raw materials	14,638,942	18,321,395
Work-in-progress	1,365,106	3,463,147
Finished goods	3,745,679	5,938,062
Trading stock	3,168,781	5,222,986
	22,918,508	32,945,590
Recognised in profit or loss:-		
Inventories recognised as cost of sales	86,628,412	69,713,088
Inventories written down	350,329	56,568
Reversal of inventories previously written down	(227,896)	(65,819)

11. TRADE RECEIVABLES

	The Group 2023 RM	The Group 2022 RM
Trade receivables	15,987,820	16,701,472
Less: Allowance for impairment losses	(2,286,498)	(1,847,735)
Less: Foreign currency translation differences	(1,286)	(1,544)
	13,700,036	14,852,193
Allowance for impairment losses:-		
At 1 May	1,847,735	1,730,127
Additions (Note 24)	616,762	117,608
Reversal (Note 24)	(177,999)	–
At 30 April	2,286,498	1,847,735

The Group's normal trade terms are cash against documents to 90 days credit (2022: 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 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Deposits to suppliers	890,936	1,551,068	–	–
Deposits	741,343	466,410	1,000	1,000
Goods and services tax recoverable	1,195,568	988,473	–	–
Prepayments	515,740	513,356	–	–
	3,343,587	3,519,307	1,000	1,000
Sundry receivables	225,424	203,103	–	–
Less : Allowance for impairment losses	(113,034)	(113,034)	–	–
	112,390	90,069	–	–
	3,455,977	3,609,376	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 2023 RM	The Company 2022 RM
Current		
Non-trade balances	9,047,236	122,343

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

14. DEPOSITS WITH LICENSED BANKS

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Fixed deposits with licensed banks	42,830,727	15,121,627	500,000	–
Short-term deposits with licensed banks	–	350,000	–	350,000
	42,830,727	15,471,627	500,000	350,000

(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 2.8% - 4.9% (2022: 0.1% - 3.4%) per annum and 3.6% - 4.0% (2022: 1.7%) 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 30 to 365 days (2022: 14 to 365 days) and 94 to 185 days (2022: 30 days) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. SHARE CAPITAL

	The Group / The Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Issued and fully paid-up:-				
Ordinary shares				
At 1 May / 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.

16. TREASURY SHARES

	The Group / The Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
At 1 May	1,278,158	424,497	1,278,158	424,497
Addition	5,000	3,247	–	–
At 30 April	1,283,158	427,744	1,278,158	424,497

During the financial year, the Company purchased 5,000 (2022:NIL) of its issued ordinary shares from the open market at an average price of RM0.65 (2022:NIL) per share. The total consideration paid for the purchase was RM3,247 (2022:NIL) including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

17. RESERVES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable				
Revaluation reserve	26,122,077	25,593,608	–	–
Foreign exchange translation reserve	1,889,736	1,597,824	–	–
	28,011,813	27,191,432	–	–
Distributable				
Retained profits	75,738,684	74,591,408	32,618,474	22,913,610
	103,750,497	101,782,840	32,618,474	22,913,610

(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.

18. LEASE LIABILITIES

	The Group	
	2023 RM	2022 RM (Restated)
At 1 May	266,823	1,202,781
Additions / Modifications	5,002,117	305,500
Derecognition	(1,753)	(520,415)
Interest expense recognised in profit or loss (Note 25)	95,520	30,354
Repayment of principal	(451,626)	(721,043)
Repayment of interest expense	(95,520)	(30,354)
Foreign currency translation differences	48,311	–
At 30 April	4,863,872	266,823
Analysed by:-		
Current liabilities	844,301	186,790
Non-current liabilities	4,019,571	80,033
	4,863,872	266,823

19. LOANS AND BORROWINGS

		The Group	
		2023 RM	2022 RM (Restated)
Current			
Secured	- Multi currency trade loans	579,800	7,028,453
	- Bill payables	868,150	–
	- Hire purchases payables	225,903	288,715
	- Term loans	2,528,033	778,967
		4,201,886	8,096,135
Non-current			
Secured	- Hire purchases payables	471,641	697,544
	- Term loans	22,926,396	6,583,874
		23,398,037	7,281,418
		27,599,923	15,377,553
Total borrowings			
Secured	- Multi currency trade loans	579,800	7,028,453
	- Bill payables	868,150	–
	- Hire purchases payables	697,544	986,259
	- Term loans	25,454,429	7,362,841
		27,599,923	15,377,553

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. LOANS AND BORROWINGS (CONT'D)

Bank borrowings

(a) The bank borrowings are secured by the following:-

(i) A registered first party charge over the Group's freehold land and factory buildings (Note 6); and

(ii) Corporate guarantee by the Company

(b) The interest rates (per annum) and profile of bank borrowings are summarised below:-

	The Group			
	2023 %	2022 %	2023 RM	2022 RM
Fixed rate borrowings	4.0 - 11.4	1.6 - 11.4	2,145,494	8,014,712
Floating rate borrowings	4.3 - 5.5	3.3 - 3.5	25,454,429	7,362,841

(c) The hire purchases payables of the Group amounting to RM 279,474 (2022: RM 480,544) is guaranteed by one of the directors of the Company.

20. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group	
	2023 RM	2022 RM
At 1 May	6,872,518	6,269,061
Recognised in profit or loss (Note 27)	(608,962)	331,955
Recognised in other comprehensive income (Note 28)	–	260,861
Foreign exchange translation differences	(1,060)	10,641
At 30 April	6,262,496	6,872,518
Presented after appropriate offsetting as follows:-		
Deferred tax (assets)	(24,224)	(116,551)
Deferred tax liabilities	6,286,720	6,989,069
At 30 April	6,262,496	6,872,518

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 2021	(298)	(82,940)	(83,238)
Recognised in profit or loss	–	(33,319)	(33,319)
Foreign exchange translation differences	6	–	6
At 30 April 2022 / 1 May 2022	(292)	(116,259)	(116,551)
Recognised in profit or loss	284	92,035	92,319
Foreign exchange translation differences	8	–	8
At 30 April 2023	–	(24,224)	(24,224)

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

(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 2021	6,431,056	(90,002)	11,245	6,352,299
Recognised in profit or loss	221,504	125,703	18,067	365,274
Recognised in other comprehensive income	260,861	–	–	260,861
Foreign exchange translation differences	10,635	–	–	10,635
At 30 April 2022 / 1 May 2022	6,924,056	35,701	29,312	6,989,069
Recognised in profit or loss	(446,212)	(267,720)	12,652	(701,280)
Foreign exchange translation differences	(1,069)	–	–	(1,069)
At 30 April 2023	6,476,775	(232,019)	41,964	6,286,720

21. TRADE PAYABLES

The normal trade terms granted to the Group are cash against documents to 60 days credit (2022: cash against documents to 60 days credit) from the date of invoices.

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits from customers	506,188	416,655	–	–
Accruals	2,318,991	1,973,963	180,000	180,000
Sales tax payable	230,126	173,192	–	–
Withholding tax	2,378	448	–	–
Sundry payables	485,866	812,585	44,548	44,228
	3,543,549	3,376,843	224,548	224,228

(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 72,971 (2022: RM 72,066) payable for purchase of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. REVENUE

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers				
Recognised at a point in time				
Sales of thermal insulation materials products, parts and equipments	108,448,164	92,054,092	–	–
Revenue from other sources				
Dividend income	–	–	11,000,000	3,100,000
	108,448,164	92,054,092	11,000,000	3,100,000

The other information on the disaggregation of revenue is disclosed in Note 34 to the financial statements.

24. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	The Group	
	2023 RM	2022 RM
Trade receivables		
Impairment losses	616,762	117,608
Reversal of impairment losses	(177,999)	–
	438,763	117,608

25. PROFIT BEFORE TAXATION

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit before taxation is arrived at after charging:-				
Auditors' remuneration	94,000	92,000	41,500	40,500
Auditors' remuneration of other auditors	36,260	37,620	–	–
Depreciation of property, plant and equipment	4,737,069	4,722,950	–	–
Depreciation of right-of-use assets	573,536	780,575	–	–
Interest on:-				
- bill payables	7,390	–	–	–
- hire purchases payables	53,633	48,885	–	–
- lease liabilities	95,520	30,354	–	–
- multi currency trade loans	97,621	97,145	–	–
- term loans	815,088	235,901	–	–
Inventory written down	350,329	56,568	–	–
Loss on foreign exchange:-				
- realised	352,180	–	–	–
Loss on deregistered of subsidiary	–	–	–	5,039
Property, plant and equipment written off	43,842	3,532	–	–
Short-term leases:-				
- factory equipment	14,900	18,060	–	–
- office equipment	8,880	8,880	–	–
- premises	–	36,503	–	–
And crediting:-				
Gain on disposal of property, plant and equipment	(947)	(205,823)	–	–
Gain on foreign exchange:-				
- realised	–	(195,727)	–	–
- unrealised	(139,703)	(309,638)	(648,575)	(1,283,126)
Gain on derecognition of right-of-use assets	(52)	(10,433)	–	–
Interest income on financial assets measured at amortised cost	(655,440)	(129,540)	(17,844)	(4,414)
Fair value gain on financial assets measured at fair value through profit or loss	–	(58,925)	–	–
Rental income	–	(3,350)	–	–
Reversal of inventories previously written down	(227,896)	(65,819)	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. STAFF COSTS

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Executive directors' remuneration (excluding benefits-in-kind) (Note 32)	2,049,946	2,306,246	14,750	16,250
Other staff costs				
Short-term employee benefits	9,312,558	8,794,334	–	–
Defined contribution plan (EPF)	341,421	365,402	–	–
Other staff related expenses	781,644	956,500	–	–
	10,435,623	10,116,236	–	–
Total staff costs	12,485,569	12,422,482	14,750	16,250

27. INCOME TAX EXPENSE

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Current tax: -				
- current tax expense	2,562,799	888,249	4,163	984
- (over)/underprovision in prior year	(30,110)	(26,311)	1	96
	2,532,689	861,938	4,164	1,080
Deferred tax (Note 20): -				
- origination of temporary differences	(589,288)	301,220	–	–
- (over)/underprovision in prior year	(19,674)	30,735	–	–
	(608,962)	331,955	–	–
	1,923,727	1,193,893	4,164	1,080

27. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation	4,199,561	7,404,105	10,978,802	3,722,947
Tax at statutory income tax rate of 24%	1,007,895	1,776,985	2,634,912	893,507
Tax effect of different tax rate in other countries	94,816	(112,353)	–	–
Tax effect of non-deductible expense	929,572	525,991	9,251	159,427
Tax effect of non-taxable income	(90,168)	(134,345)	(2,640,000)	(1,051,950)
Tax saving arising from double deduction expenses	(135,813)	(133,467)	–	–
Deferred tax asset not recognised during the financial year	98,554	–	–	–
Reversal/(Effect) of tax incentive	68,655	(733,342)	–	–
(Over)/underprovision in prior year:-				
- Current tax expense	(30,110)	(26,311)	1	96
- Deferred tax expense	(19,674)	30,735	–	–
	1,923,727	1,193,893	4,164	1,080

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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.

28. OTHER COMPREHENSIVE INCOME

	The Group	
	2023 RM	2022 RM
Items that will not be reclassified subsequently to profit or loss		
Revaluation of property, plant and equipment (Note 6)	669,685	1,831,090
Less: Deferred tax (Note 20)	–	(260,861)
	669,685	1,570,229
Items that will be reclassified subsequently to profit or loss		
Foreign currency translation differences:		
- changes during the financial year	291,912	1,613,901
	961,597	3,184,130

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. 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.

	The Group	
	2023	**2022**
	RM	**RM**
Profit after taxation attributable to owners of the Company	2,275,834	6,210,212
	Units	**Units**
Weighted average number of ordinary shares in issue	158,720,897	158,721,842
Basic earnings per ordinary share (sen)	1.43	3.91

(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.

30. DIVIDENDS

	The Group / The Company	
	2023	**2022**
	RM	**RM**
An interim dividend approximately of 0.80 (2022: 0.75) sen per ordinary share on 158,721,842 (2022: 158,721,842) ordinary shares in respect of current financial year	1,269,774	1,190,414
A second interim dividend approximately of Nil (2022: 0.75) sen per ordinary share on 158,721,842 (2022: 158,721,842) ordinary shares in respect of current financial year	–	1,190,414
	1,269,774	2,380,828

On 30 June 2023, the Company declared an interim dividend approximately 0.75 sen per ordinary share on 158,716,842 ordinary shares amounting to RM 1,190,376 in respect of the financial year ending 30 April 2024 and payable on 15 September 2023 to shareholders whose names appeared in the Company's Record of Depositors on 21 August 2023.

31. 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	
	2023	**2022**
	RM	**RM**
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 6)	4,092,194	4,626,111
Less: Finance under hire purchases payables (Note 31 (b))	–	(587,000)
Less: Unpaid balance included in sundry payables (Note 22 (b))	(72,971)	(72,066)
Add: Cash paid in respect of acquisition in previous financial year	138,688	132,605
Cash disbursed for purchase of property, plant and equipment	4,157,911	4,099,650

	The Group	
	2023	**2022**
	RM	**RM**
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)	5,002,117	305,500
Less: Additions/modifications of lease liabilities (Note 31 (b))	(5,002,117)	(305,500)
Cash disbursed for addition of right-of-use assets	–	–

31. CASH FLOW INFORMATION (CONT'D)

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

The Group

	Term loans RM	Multi currency trade loans RM	Bill payables RM	Hire purchases payables RM	Lease liabilities RM	Total RM
2023						
At 1 May	7,362,841	7,028,453	–	986,259	266,823	15,644,376
<u>Changes in financing cash flows</u>						
Proceeds from drawdown	19,634,000	8,205,227	1,844,920	–	–	29,684,147
Repayment of borrowing principal	(1,542,412)	(14,407,424)	(976,770)	(288,715)	(451,626)	(17,666,947)
Repayment of borrowing interests	(815,088)	(97,621)	(7,390)	(53,633)	(95,520)	(1,069,252)
	17,276,500	(6,299,818)	860,760	(342,348)	(547,146)	10,947,948
<u>Non-cash changes</u>						
Additional/modifications of lease liabilities	–	–	–	–	5,002,117	5,002,117
Derecognition of lease liabilities	–	–	–	–	(1,753)	(1,753)
Foreign exchange adjustment	–	(246,456)	–	–	48,311	(198,145)
Finance charges recognised in profit or loss	815,088	97,621	7,390	53,633	95,520	1,069,252
	815,088	(148,835)	7,390	53,633	5,144,195	5,871,471
At 30 April	25,454,429	579,800	868,150	697,544	4,863,872	32,463,795

31. CASH FLOW INFORMATION (CONT'D)

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

The Group

	Term loans RM	Multi currency trade loans RM	Bill payables RM	Hire purchases payables RM	Lease liabilities RM	Total RM
2022						
At 1 May	7,110,716	3,844,418	–	649,842	1,202,781	12,807,757
<u>Changes in financing cash flows</u>						
Proceeds from drawdown	1,026,000	27,325,896	–	–	–	28,351,896
Repayment of borrowing principal	(773,875)	(24,384,444)	–	(250,583)	(721,043)	(26,129,945)
Repayment of borrowing interests	(235,901)	(97,145)	–	(48,885)	(30,354)	(412,285)
	16,224	2,844,307	–	(299,468)	(751,397)	1,809,666
<u>Non-cash changes</u>						
Additional/modifications of lease liabilities	–	–	–	–	305,500	305,500
Acquisition new hire purchases payables	–	–	–	587,000	–	587,000
Derecognition of lease liabilities	–	–	–	–	(520,415)	(520,415)
Foreign exchange adjustment	–	242,583	–	–	–	242,583
Finance charges recognised in profit or loss	235,901	97,145	–	48,885	30,354	412,285
	235,901	339,728	–	635,885	(184,561)	1,026,953
At 30 April	7,362,841	7,028,453	–	986,259	266,823	15,644,376

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. CASH FLOW INFORMATION (CONT'D)

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

	The Group 2023 RM	The Group 2022 RM
Payment of short-term leases	23,780	63,443
Interest paid on lease liabilities	95,520	30,354
Payment of lease liabilities	451,626	721,043
	570,926	814,840

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

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Deposits with licensed banks (Note 14)	42,830,727	15,471,627	500,000	350,000
Cash and bank balances	10,427,064	11,173,942	109,731	45,653
	53,257,791	26,645,569	609,731	395,653
Less : Fixed deposits with maturity period more than 3 months	(26,580,627)	(1,665,627)	(300,000)	–
	26,677,164	24,979,942	309,731	395,653

32. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

		The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
(a)	**Directors**				
	Directors of the Company				
	Executive directors:-				
	Short-term employee benefits	1,742,065	1,971,065	14,750	16,250
	Defined contribution benefits (EPF)	307,881	335,181	–	–
		2,049,946	2,306,246	14,750	16,250
	Non-executive directors:-				
	Short-term employee benefits :				
	- fees	180,000	180,000	180,000	180,000
	- other benefits	16,250	16,250	16,250	16,250
		196,250	196,250	196,250	196,250
	Directors of Subsidiaries				
	Non-executive directors:-				
	Short-term employee benefits :				
	- fees	35,875	43,889	–	–
	Total directors' remuneration	2,282,071	2,546,385	211,000	212,500
	Estimated monetary value of benefits-in-kind				
	Executive directors of the Company	64,250	64,250	–	–

		The Group	
		2023 RM	2022 RM
(b)	**Other key management personnel**		
	Short-term employee benefits	1,251,030	1,153,244
	Defined contribution benefits (EPF)	117,035	113,124
	Total compensation for other key management personnel	1,368,065	1,266,368
	Estimated monetary value of benefits-in-kind		
	Other key management personnel of the Company	13,000	13,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group 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.

(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Subsidiaries				
- Advances to subsidiaries	–	–	9,020,000	100,000
- Dividend income	–	–	(11,000,000)	(3,100,000)
- Settlement of advance by subsidiary	–	–	(100,000)	(100,000)
Director				
- Repayment of lease liability	40,197	40,708	–	–
- Interest on lease liability	1,803	1,292	–	–
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.

34. OPERATING SEGMENTS

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

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

Business segments	Business activities
Insulation materials	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.

34. OPERATING SEGMENTS (CONT'D)

(a) Business segments

	Insulation materials RM	HVAC&R parts and equipments RM	Investment holdings RM	Eliminations RM	Consolidated RM
2023					
Revenue					
- Investment income	–	–	11,000,000	(11,000,000)	–
- External sales	97,603,583	27,372,079	–	(16,527,498)	108,448,164
Total revenue	97,603,583	27,372,079	11,000,000	(27,527,498)	108,448,164
Cost of sales	(76,855,119)	(26,001,731)	–	16,228,438	(86,628,412)
Gross profit	20,748,464	1,370,348	11,000,000	(11,299,060)	21,819,752
Other income					1,254,367
Unallocated corporate expenses					(17,805,306)
Profit from operation					5,268,813
Finance costs					(1,069,252)
Profit before taxation					4,199,561
Income tax expense					(1,923,727)
Profit after taxation					2,275,834
2022					
Revenue					
- Investment income	–	–	3,100,000	(3,100,000)	–
- External sales	77,330,891	27,235,776	–	(12,512,575)	92,054,092
Total revenue	77,330,891	27,235,776	3,100,000	(15,612,575)	92,054,092
Cost of sales	(56,483,651)	(25,134,202)	–	11,904,765	(69,713,088)
Gross profit	20,847,240	2,101,574	3,100,000	(3,707,810)	22,341,004
Other income					1,336,437
Unallocated corporate expenses					(15,861,051)
Profit from operation					7,816,390
Finance costs					(412,285)
Profit before taxation					7,404,105
Income tax expense					(1,193,893)
Profit after taxation					6,210,212

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Africa, America and Europe	9,374,349	8,503,379	–	–
Asia (excluding Malaysia) and Oceania	56,428,460	44,071,478	23,127,216	13,696,416
Malaysia	42,645,355	39,479,235	73,919,115	78,774,926
	108,448,164	92,054,092	97,046,331	92,471,342

(c) Major customer

There is no single customer that contributed 10% or more to the Group's revenue.

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

35. CAPITAL COMMITMENTS

	The Group	
	2023 RM	2022 RM
Purchase of property, plant and equipment	713,540	740,455

36. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price 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.

36.1 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

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

The Group 2023	USD RM	SGD RM	Others RM	RM RM	Total RM
Financial assets					
Trade receivables	7,461,391	42,105	1,586,204	4,610,336	13,700,036
Other receivables	–	–	14,061	98,329	112,390
Deposits with licensed banks	9,745,100	–	3,420,000	29,665,627	42,830,727
Cash and bank balances	3,446,529	524,285	1,868,164	4,588,086	10,427,064
	20,653,020	566,390	6,888,429	38,962,378	67,070,217
Financial liabilities					
Trade payables	(1,128,318)	–	(389,250)	(2,916,463)	(4,434,031)
Other payables and accruals	(167,175)	(33,444)	(1,337,515)	(1,266,723)	(2,804,857)
Loans and borrowings	(579,800)	–	–	(27,020,123)	(27,599,923)
	(1,875,293)	(33,444)	(1,726,765)	(31,203,309)	(34,838,811)
Net financial assets	18,777,727	532,946	5,161,664	7,759,069	32,231,406
Less : Net financial assets denominated in the respective entities functional currencies	(7,485,943)	–	(5,089,705)	(7,759,069)	(20,334,717)
Currency exposure	11,291,784	532,946	71,959	–	11,896,689

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

The Group 2022	**USD RM**	**SGD RM**	**Others RM**	**RM RM**	**Total RM**
Financial assets					
Trade receivables	7,164,558	16,694	2,854,406	4,816,535	14,852,193
Other receivables	–	–	8,675	81,394	90,069
Deposits with licensed banks	8,700,000	–	756,000	6,015,627	15,471,627
Cash and bank balances	4,966,974	392,791	554,158	5,260,019	11,173,942
	20,831,532	409,485	4,173,239	16,173,575	41,587,831
Financial liabilities					
Trade payables	(1,244,809)	–	(471,599)	(3,308,296)	(5,024,704)
Other payables and accruals	(195,749)	(31,188)	(346,933)	(2,212,678)	(2,786,548)
Loans and borrowings	(7,028,453)	–	–	(8,349,100)	(15,377,553)
	(8,469,011)	(31,188)	(818,532)	(13,870,074)	(23,188,805)
Net financial assets	12,362,521	378,297	3,354,707	2,303,501	18,399,026
Less : Net financial assets denominated in the respective entities functional currencies	(2,937,991)	–	(3,308,969)	(2,303,501)	(8,550,461)
Currency exposure	9,424,530	378,297	45,738	–	9,848,565

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

The Company **2023**	**USD** **RM**	**RM** **RM**	**Total** **RM**
Financial assets			
Cash and bank balances	11,162	98,569	109,731
	11,162	98,569	109,731
Net financial assets	11,162	98,569	109,731
Less : Net financial assets denominated in the Company's functional currency	–	(98,569)	(98,569)
Currency exposure	11,162	–	11,162

2022	**USD** **RM**	**RM** **RM**	**Total** **RM**
Financial assets			
Cash and bank balances	10,887	34,766	45,653
	10,887	34,766	45,653
Net financial assets	10,887	34,766	45,653
Less : Net financial assets denominated in the Company's functional currency	–	(34,766)	(34,766)
Currency exposure	10,887	–	10,887

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Effects on profit after taxation				
USD				
- strengthened by 5%	429,088	358,132	424	414
- weakened by 5%	(429,088)	(358,132)	(424)	(414)
SGD				
- strengthened by 5%	20,252	14,375	–	–
- weakened by 5%	(20,252)	(14,375)	–	–
Others				
- strengthened by 5%	2,734	1,738	–	–
- weakened by 5%	(2,734)	(1,738)	–	–

There is no impact on the Group's equity.

(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 19 to the financial statements.

Interest rate risk sensitivity analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have 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.

(iii) Equity price risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 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 Nil (2022 : 2) trade receivables, the balance of each is equal to or more than 10% of total balances constituting approximately Nil (2022 : 33%) of its trade receivables (excluding 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			
	2023		2022	
	RM	% of total	RM	% of total
By country:-				
Africa, America and Europe	1,965,825	14.3	2,229,228	15.0
Asia (excluding Malaysia) and Oceania	7,123,876	52.0	7,846,895	52.8
Malaysia	4,610,335	33.7	4,776,070	32.2
	13,700,036	100.0	14,852,193	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.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 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 against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 to 120 days (2021: 90 to 120 days)

Trade receivables

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

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

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 24 months (2022: 24 months) before the reporting 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 trade receivables to settle their debts using the linear regressive analysis as the key macroeconomic factor of the forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

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

Trade receivables (Cont'd)

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for impairment losses

The Group 2023	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying amount RM
Current (not past due)	6,532,573	–	–	6,532,573
1 to 30 days past due	5,158,174	(84,499)	–	5,073,675
31 to 60 days past due	1,939,544	(177,693)	–	1,761,851
61 to 90 days past due	404,602	(238,477)	–	166,125
91 to 120 days past due	5,295	(5,295)	–	–
	14,040,188	(505,964)	–	13,534,224
Credit impaired:- More than 120 days past due	1,947,632	(1,781,820)	–	165,812
	15,987,820	(2,287,784)	–	13,700,036

2022	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying amount RM
Current (not past due)	6,998,537	–	(4,641)	6,993,896
1 to 30 days past due	3,503,206	–	(37,592)	3,465,614
31 to 60 days past due	2,287,456	–	(13,622)	2,273,834
61 to 90 days past due	1,621,897	–	(17,469)	1,604,428
91 to 120 days past due	482,992	–	(14,034)	468,958
	14,894,088	–	(87,358)	14,806,730
Credit impaired:- More than 120 days past due	1,807,384	(1,760,978)	(943)	45,463
	16,701,472	(1,760,978)	(88,301)	14,852,193

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

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 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.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

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

Amount owing by subsidiaries (Non-trade balances) (Cont'd)

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

Allowance for impairment losses

The Company **2023**	**Gross amount RM**	**Lifetime loss allowance RM**	**Carrying amount RM**
Low credit risk	9,047,236	–	9,047,236

2022	**Gross amount RM**	**Lifetime loss allowance RM**	**Carrying amount RM**
Low credit risk	122,343	–	122,343

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.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

(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.

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):-

The Group 2023	Contractual annual interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
Non-derivative financial liabilities						
Trade payables	–	4,434,031	4,434,031	4,434,031	–	–
Other payables and accruals	–	2,804,857	2,804,857	2,804,857	–	–
Lease liabilities	3.3 - 4.7	4,863,872	5,663,676	1,087,074	4,576,602	–
Loans and borrowings:-						
- Multi currency trade loans	4.5	579,800	579,800	579,800	–	–
- Bill payables	4.6	868,150	868,150	868,150	–	–
- Hire purchases payables	4.0 - 11.4	697,544	734,289	253,188	481,101	–
- Term loans	4.3 - 5.5	25,454,429	31,713,777	3,638,538	12,857,071	15,218,168
		39,702,683	46,798,580	13,665,638	17,914,774	15,218,168

2022	Contractual annual interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
Non-derivative financial liabilities						
Trade payables	–	5,024,704	5,024,704	5,024,704	–	–
Other payables and accruals	–	2,786,548	2,786,548	2,786,548	–	–
Lease liabilities	3.3 - 4.3	266,823	273,586	192,326	81,260	–
Loans and borrowings:-						
- Multi currency trade loans	1.6 - 3.1	7,028,453	7,028,453	7,028,453	–	–
- Hire purchases payables	4.0 - 11.4	986,259	1,076,637	342,348	734,289	–
- Term loans	3.3 - 3.5	7,362,841	8,786,415	1,009,920	3,206,634	4,569,861
		23,455,628	24,976,343	16,384,299	4,022,183	4,569,861

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial risk management policies (Cont'd)

(c) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The Company 2023	Contractual annual interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
Other payables and accruals	–	224,548	224,548	224,548	–	–
Financial guarantee contract in relation to corporate guarantee to certain subsidiaries *	–	–	33,161,727	5,086,488	12,857,071	15,218,168
		224,548	33,386,275	5,311,036	12,857,071	15,218,168

2022	Contractual annual interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
Other payables and accruals	–	224,228	224,228	224,228	–	–
Financial guarantee contract in relation to corporate guarantee to certain subsidiaries *	–	–	15,814,868	8,038,373	3,827,034	3,949,461
		224,228	16,039,096	8,262,601	3,827,034	3,949,461

* 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.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 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.

36.3 Classification of financial instruments

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets				
Designated at fair value through profit or loss				
Other investment	46,667	46,667	–	–
Amortised cost				
Trade receivables	13,700,036	14,852,193	–	–
Other receivables	112,390	90,069	–	–
Amount owing by subsidiaries	–	–	9,047,236	122,343
Deposits with licensed banks	42,830,727	15,471,627	500,000	350,000
Cash and bank balances	10,427,064	11,173,942	109,731	45,653
	67,070,217	41,587,831	9,656,967	517,996
Financial liabilities				
Amortised cost				
Trade payables	4,434,031	5,024,704	–	–
Other payables and accruals	2,804,857	2,786,548	224,548	224,228
Lease liabilities	4,863,872	266,823	–	–
Loans and borrowings	27,599,923	15,377,553	–	–
	39,702,683	23,455,628	224,548	224,228

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 Gains or (losses) arising from financial instruments

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets				
Fair value through profit or loss				
Net gains recognised in profit or loss	–	58,925	–	–
Amortised cost				
Net (losses)/gains recognised in profit or loss	(182,377)	667,224	666,419	1,287,541
Financial liabilities				
Amortised cost				
Net (losses) recognised in profit or loss	(530,495)	(757,938)	–	–

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 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:-

The Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2023								
Financial assets								
Other investment	–	25,000	–	–	–	–	25,000	46,667
Financial liabilities								
Term loans	–	–	–	–	(25,454,429)	–	(25,454,429)	(25,454,429)
2022								
Financial assets								
Other investment	–	25,000	–	–	–	–	25,000	46,667
Financial liabilities								
Term loans	–	–	–	–	(7,362,841)	–	(7,362,841)	(7,362,841)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 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:-

The fair value of other investment is estimated based on references to current available counterparty quotation of respective golf club.

(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.

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 21359, Lot 174667, Tempat Sungei Jaty, Mukim Klang, Daerah Klang, Selangor	Land and Building (Factory and Office)	30/03/1996 / 27/04/2022	27 years / Freehold	19,128	117,014/ 90,712
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 / 27/04/2022	7 years / Freehold	19,769	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 / 27/04/2022	18 years / Freehold	20,253	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 / 10/04/2023	4.5 years / Long lease up to 28 October 2057	5,088	- / 68,949

ANALYSIS OF SHAREHOLDINGS
AS AT 31 JULY 2023

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	61	1.50	1,588	0.00
100 – 1,000	936	23.06	423,016	0.27
1,001 – 10,000	1,969	48.51	10,046,504	6.33
10,001 – 100,000	946	23.31	27,361,054	17.24
100,001 – less than 5%	146	3.60	85,024,132	53.57
5% and above	1	0.02	35,860,548	22.59
TOTAL	4,059	100.00	158,716,842	100.00

* *Excluding the 1,283,158 shares held in treasury*

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name	Direct interest No. of shares	%	Indirect interest No. of shares	%
Liu Lee, Hsiu-Lin (also known as Jessica Hsiu-Lin 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 No. of shares	%	Indirect interest No. of shares	%
Chun Kwong Pong	1,000,000	0.63	–	–
Liu Lee, Hsiu-Lin (also known as Jessica Hsiu-Lin 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	4,494,200	2.83	–	–
Lee Mei Hsiang	–	–	–	–

* *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	22.25
2.	JEREMY LIU	7,140,000	4.50
3.	LIU HAN-CHAO	7,140,000	4.50
4.	YAYASAN GURU TUN HUSSEIN ONN	6,013,000	3.79
5.	COVINGTON PACIFIC LTD	5,246,600	3.31
6.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FONG SILING*	5,000,000	3.15
7.	LIN, PO-CHIH	4,494,200	2.83
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	3,259,100	2.05
9.	FANG, MEI-LING	1,837,800	1.16
10.	CHIN CHIN SEONG	1,270,000	0.80
11.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANDREW LIM ENG GUAN*	1,250,000	0.79
12.	MERCSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA*	1,245,000	0.78
13.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAN LEONG KIAT*	1,200,000	0.76
14.	TANG CHIN HONG	1,118,800	0.70
15.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *CIMB COMMERCE TRUSTEE BERHAD FOR MAYBANK MALAYSIA SMALLCAP FUND*	1,100,000	0.69
16.	FANG, PEI-CHING	1,035,000	0.65
17.	CHONG CHEONG LEONG	1,029,000	0.65
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEOH HUI PENG*	1,010,000	0.64
19.	CHUN KWONG PONG	1,000,000	0.63
20.	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANDREW LIM ENG GUAN*	915,200	0.58
21.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR TOH HOOI HAK*	867,300	0.55
22.	FAN FOO MIN	860,000	0.54
23.	LIM BOON LIAT	800,000	0.50
24.	LEOW KIM SOON	790,204	0.50
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN*	784,400	0.49
26.	LIEW CHEE MING	720,000	0.45
27.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TANG CHONG HEE*	688,800	0.43
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM CHEN TEE*	650,000	0.41
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIEW TEK KUAN*	643,900	0.41
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SOW SOON CHIAN*	600,000	0.38

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of SUPERLON HOLDINGS BERHAD ("Superlon" or "the Company") will be held at Botanic Room, Botanic Resort Club, No. 1, Jalan Ambang Botanic, Bandar Botanic, 41200 Klang, Selangor on Friday, 22 September 2023 at 10.00 a.m. to transact the following business:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2023 together with the Directors' and Auditors' Reports thereon.

2. To approve the following payments to Directors:

   (1) Directors' fees of up to RM230,000 for the financial year ending 30 April 2024 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 Annual General Meeting to 31 October 2024. **(Ordinary Resolution 2)**

3. To re-elect the following Directors who retire in accordance with Clause 93 of the Company's Constitution:

   (1) Mr Lim Wai Loong **(Ordinary Resolution 3)**
   (2) Mr Lin, Po-Chih **(Ordinary Resolution 4)**

4. To re-elect Ms Lee Mei Hsiang, the Director who retire in accordance with Clause 101 of the Company's Constitution. **(Ordinary Resolution 5)**

5. To re-appoint 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:

6. **Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** **(Ordinary Resolution 7)**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant regulatory authorities (where applicable), the Directors of the Company be hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being ("Proposed General Mandate").

THAT such approval on the Proposed General Mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;

(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is the earlier.

THAT the Directors of the Company be hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for such New Shares on the Main Market of Bursa Malaysia Securities Berhad.

AND THAT authority be hereby given to the Directors of the Company, to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation thereto as to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 10 of the Company's Constitution, approval be hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer New Shares arising from the issuance and allotment of the New Shares pursuant to Sections 75 and 76 of the Companies Act 2016 AND THAT the Directors of the Company are exempted from the obligation to offer such New Shares first to the existing shareholders of the Company."

7. **Proposed renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital** **(Ordinary Resolution 8)**

"THAT, subject to compliance with the Companies Act 2016, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, regulations, guidelines, the approvals of all relevant governmental and/or regulatory authorities, the Company be hereby given full authority, to seek shareholders' approval for the renewal of authority for the Company to purchase such amount of ordinary shares in the Company ("Shares") through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

(i) the aggregate number of Shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total issued share capital 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 Companies Act 2016) 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 Malaysia Securities Berhad in accordance with the relevant rules of Bursa Malaysia Securities Berhad 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 Companies Act 2016, rules, regulations, guidelines, requirements and/or orders of Bursa Malaysia Securities Berhad and any other relevant authorities for the time being in force;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

(i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by 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 authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate."

8. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016.

By order of the Board

NG MEI WAN
(SSM Practicing Certificate No. 201908000801) (MIA 28862)
Company Secretary

Kuala Lumpur
24 August 2023

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 14 September 2023 shall be regarded as members and be entitled to attend, participate, speak and vote at the Seventeenth Annual General Meeting.

2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.

3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

5. 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. Any alterations in the proxy form must be initialed by the member.

6. In the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Seventeenth Annual General Meeting as his/her/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy, have been duly completed by the member(s).

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the 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 or lodged electronically via TIIH Online website at https://tiih.online not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Seventeenth Annual General Meeting to vote by way of poll. For electronic lodgement, please refer to the Administrative Guide of Seventeenth Annual General Meeting.

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 Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

9. Item 2 of the Agenda - Ordinary Resolutions no. 1 & 2
Approval of Directors' fees for the financial year ending 30 April 2024 and meeting attendance allowances from the date of the forthcoming Annual General Meeting to 31 October 2024

Directors' fees approved for the financial year ended 30 April 2023 was RM230,000 and the meeting attendance allowances of up to RM45,500 for the period from 21 September 2022 to 31 October 2023. The Directors' fees and meeting attendance allowances proposed are calculated based on the anticipated number of scheduled Board and Committee Meetings for 2023/2024 and assuming that all the Non-Executive Directors will hold office until the conclusion of the next Annual General Meeting.

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

10. **Item 6 of the Agenda - Ordinary Resolution no. 7**
Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

(a) The proposed Ordinary Resolution 7, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the Seventeenth Annual General Meeting to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company up to an amount not exceeding ten percent (10%) of the total number of issued shares capital of the Company. This authority, unless revoked or varied at a general meeting shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.

(b) The General Mandate is a renewal of the previous mandate obtained at the last Annual General Meeting held on 21 September 2022 which will expire at the conclusion of the forthcoming Annual General Meeting.

(c) As at the date of this Notice, the Company did not issue any new ordinary shares based on the previous mandate obtained at the last Annual General Meeting.

(d) The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for purpose of funding current and/or future investment project(s), working capital, repayment of bank borrowings and/or acquisitions.

(e) By voting in favour the proposed Ordinary Resolution 7, the shareholders of the Company shall agree to waive and deemed to have waived their statutory pre-emptive right and thus will allow the Directors to issue New Shares to any person under the General Mandate without having to offer the New Shares to all existing shareholders of the Company prior to issuance of the New Shares.

11. **Item 7 of the Agenda - Ordinary Resolution no. 8**
Proposed renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital

The proposed Ordinary Resolution 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 total issued and paid-up share capital of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.

Further details are set out in the Statement to Shareholders dated 24 August 2023.

12. **ANNUAL REPORT**

The Annual Report for the financial year ended 30 April 2023 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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

1. Details of individuals standing for election as Directors

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

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   Please refer to item 10 – Explanatory Notes to the Agenda for Ordinary Resolution 7 on the proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.

ADMINISTRATIVE GUIDE
FOR THE SEVENTEENTH ANNUAL GENERAL MEETING

Date and Time	:	Friday, 22 September 2023 at 10.00 a.m.
Venue	:	Botanic Room, Botanic Resort Club, No. 1, Jalan Ambang Botanic, Bandar Botanic, 41200 Klang, Selangor

REGISTRATION

1. The registration will commence at 9.00 a.m. on Friday, 22 September 2023 and will remain open until the conclusion of the Seventeenth Annual General Meeting or such time may be determined by the Chairman of the Meeting.
2. Please present your original Identification Card (MYKAD) or passport (for Non-Malaysian) to the registration staff for registration.
3. Please note that no person will be allowed to register on behalf of another person, even with the original MYKAD or passport of that person.
4. Upon verification, shareholders or proxies are required to write their names and sign on the Attendance List placed on the registration table. Shareholders or proxies will also be given identification wristbands for voting purposes.

PROXY APPOINTMENT

You may submit your proxy form at the Company's Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively to submit your proxy appointment electronically via TIIH Online website at https://tiih.online website not less than forty-eight (48) hours before the time appointed for holding the Seventeenth Annual General Meeting or any adjournment thereof, otherwise the proxy form shall not be treated as valid.

Please do read and follow the procedures below to submit proxy form electronically.

ELECTRONIC LODGMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via TIIH Online website are summarised below:

Procedure	**Action**
i. Steps for individual shareholders	
Register as a User with TIIH Online	• 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	• 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 HOLDINGS BERHAD 17TH 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)

Procedure	Action
ii. Steps for corporate or institutional shareholders	
Register as a User With TIIH Online	• Access TIIH Online at https://tiih.online. • Under the "e-Services", the authorised or nominated representative of the corporate 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. *(Note: The representative of a corporate 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.)*
Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online. • Select the corporate event: **"SUPERLON HOLDINGS BERHAD 17TH AGM – 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 HOLDINGS BERHAD 17TH AGM – 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.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose determining who shall be entitled to attend the Seventeenth Annual General Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **14 September 2023** and only a depositor whose name appears on such Record of Depositors shall be entitled to attend or appoint proxies to attend on his/her behalf at the Seventeenth Annual General Meeting.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar at:

Tricor Investor & Issuing House Services Sdn Bhd		
Telephone Number	General Line	+603-2783 9299
Contact Person	Ms Nor Faeayzah	+603-2783 9274 Nor.Faeayzah@my.tricorglobal.com
	Ms Nur Shafikah	+603-2783 9293 nur.shafikah@my.tricorglobal.com
	Mr Ashvinder Singh	+603-2783 7962 ashvinder.singh@my.tricorglobal.com
Fax Number	+603-2783 9222	
Email	is.enquiry@my.tricorglobal.com	

This page is intentionally left blank

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. __________________
(FULL NAME IN CAPITAL 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 (in capital letters):	**Contact No.:** **Email Address:**

and/or

Full Name (in capital letters):	**NRIC/Passport No.:**
Full Address (in capital letters):	**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 Seventeenth Annual General Meeting of the Company held at Botanic Room, Botanic Resort Club, No. 1, Jalan Ambang Botanic, Bandar Botanic, 41200 Klang, Selangor on Friday, 22 September 2023 at 10.00 a.m. and at any adjournment thereof in respect of my/our* shareholding in the manner indicated below:-.

No.	Ordinary Resolutions	For	Against
1.	Payment of Directors' fees of up to RM230,000 for the financial year ending 30 April 2024		
2.	Payment of Directors' meeting attendance allowances of up to RM45,500 for the period from the date of forthcoming Annual General Meeting to 31 October 2024		
3.	Re-election of Mr Lim Wai Loong as Director		
4.	Re-election of Mr Lin, Po-Chih as Director		
5.	Re-election of Ms Lee Mei Hsiang as Director		
6.	Re-appointment of Messrs Crowe Malaysia PLT as Auditors		
7.	Renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8.	Renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital		

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 __________ 2023

____
Signature of Shareholder(s) or Common Seal

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 14 September 2023 shall be regarded as members and be entitled to attend, participate, speak and vote at the Seventeenth Annual General Meeting.
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

5. 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. Any alterations in the proxy form must be initialed by the member.
6. In the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Seventeenth Annual General Meeting as his/her/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy, have been duly completed by the member(s).
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the 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 or lodged electronically via TIIH Online website at https://tiih.online not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Seventeenth Annual General Meeting to vote by way of poll. For electronic lodgement, please refer to the Administrative Guide of Seventeenth Annual General Meeting.

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 Seventeenth Annual General Meeting (including any adjournment thereof).

1st Fold Here

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

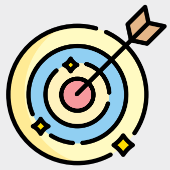
2nd Fold Here

Fold This Flap For Sealing

VISION

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

MISSION



To be recognised globally as a reliable and sustainable manufacturer of quality thermal insulators.

To build a global brand name within the thermal insulation industry.

To continuously be innovative in the application of elastomeric acrylonitrile butadiene rubber across other industries.

1992

Incorporated in a rented production space in Balakong, South of Kuala Lumpur, Malaysia

1993

Malaysia's first Superlon insulation products started production

1996

Superlon acquired its own factory in Klang to cope with increasing demand and market expansion

1998

LRQA CERTIFIED ISO 9001 UKAS MANAGEMENT SYSTEMS

Superlon received ISO 9001 certification for quality management systems

2005

GOLDEN BULL AWARD 金牛奖 百强中小企业 The Outstanding Business Award

Superlon was awarded with the Golden Bull Award as the most outstanding SME

2006

LRQA CERTIFIED ISO 14001 UKAS MANAGEMENT SYSTEMS

- Superlon received ISO14001 certification for environmental management systems
- Awarded by Asia Pacific Entrepreneur for brand excellence

SUPERLON HOLDINGS BERHAD
REGISTRATION NO. : 200601020659 (740412-X)

Lot 2567, Jalan Sungai Jati
41200 Klang, Selangor Darul Ehsan, Malaysia
Tel: 603-3382 1688   Fax: 603-3381 5788
Email: corporate@superlon.com.my

www.superlon.com.my

ISO 9001 - 0049898

ISO 14001 - 0049874