

6. INFORMATION ON THE SUPERMAX GROUP... cont'd

Supermax has successfully obtained the various product certification as shown in section (iii) as a testament to its successful R&D program. The Supermax Group has currently six(6) personnel in R&D to continuously identify and research into the production processes. The Group also has 26 formally qualified chemists to ensure the quality of production and undertake product and process development.

(vi) Synergies within the Group

With a current total of eighteen (18) production lines and a production capacity of 972 million pieces of gloves per annum, the Supermax Group is able to improve its efficiency and productivity through economies of scale:-

- Machinery downtime is minimised so that less time is required to change the sizes, type of the moulds or the material content of the dip (ie. latex or nitrile).
- In addition, where there are any shortage of stocks for a particular factory, supply can usually be obtained from the Group's other factories.
- Certain facilities available in the newer factories can be shared amongst the Group. For instance warehousing and chlorination facilities of the Meru factory are shared with the Group's Sungai Buloh factory.

(vii) Production Lines/Shift and Capacity of factories

Supermax's current production capacity as of May 2000 is as follows:-

Factories	No. of Production Lines	No. of Shifts Per Day	Capacity (million pieces per annum)
SGM	5	3	270
MGM, Meru	10	3	540
MGM, Lingui	3	3	162
Total	18		972

(viii) Market share/Coverage

The Supermax Group, with a total production output of 730 million pieces of gloves in 1999 versus the total Malaysian production for latex gloves of approximately 21.8 billion pieces in 1999 has an approximate 3.3% share of total Malaysian production (*Source: Update Letter dated 26 June 2000 on the Industry Assessment Report by Vital Consulting Sdn Bhd ("Vital's Letter")*). According to Vital's Report, the US constitutes about 55% of Malaysia's export market for latex gloves in 1998. Vital's Letter states that Supermax's average annual sales to USA customers from January 1996 to May 1999 only constitutes about 21% of its total sales and this reduces its reliance on the USA market. The Group has also managed to capture some market share in the hospital market in countries other than the US as follows:-

- Hong Kong and Kuwait: Supermax supplies natural rubber latex examination gloves in most Hong Kong and Kuwait public hospitals;
- Great Britain: The Group has in July 1999 received an order from a UK distributor which will position the Group as one of the four suppliers of latex examination gloves to the National Health Service;
- United Arab Emirates : The Group had in June 1999 received confirmation of two private hospitals for regular supply;
- Northern Italy; and
- Kenya.

With its success in penetrating the hospital markets for these countries, Supermax is also attempting to enter other hospital markets in the Middle East and Australia. The Group is also currently testing a new form of distribution for selling its latex examination gloves using shrink wrap packaging through hardware and discount stores in the US.

6. INFORMATION ON THE SUPERMAX GROUP... cont'd**6.7 Information on Subsidiaries**

The details of the subsidiaries of Supermax are as follows:-

Subsidiary	Date and Place of Incorporation	Total Issued & Paid-up Share Capital	Par Value (RM)	Principal Activities	Effective Interest
SGM	13 June 1991, Malaysia	1,761,548	1.00	Manufacturing and sales of latex gloves	100%
MGM	28 November 1991, Malaysia	2,000,000	1.00	Manufacturing and sales of latex gloves	100%
SLP	28 July 1977, Malaysia	142,278	1.00	Trading, export and commission agency of latex gloves	100%

(i) Information on SGM

SGM was incorporated on 13 June 1991 in Malaysia as a private limited company under the Companies Act, 1965. The principal activity of the company is the manufacture and sale of latex gloves. SGM has no subsidiary or associated company.

As at 31 May 2000, SGM has 202 employees.

SGM's authorised share capital is RM5,000,000 comprising 5,000,000 Shares while its issued and paid-up share capital is RM1,761,548 comprising 1,761,548 Shares.

The changes in its issued and paid-up share capital since incorporation are as follows:-

Date of allotment	No. of Shares	Type of issue	Total (RM)
13.6.1991	2	Cash	2
1.6.1991	2	Cash	4
10.2.1992	399,996	Cash	400,000
18.4.1997	599,000	Capitalisation of debt	999,000
29.4.1997	762,548	Bonus Issue	1,761,548

The financial record of SGM based on its audited accounts after making the necessary adjustments for the past six(6) financial years/periods is as follows:-

Year/Period ended	30.6.1995	30.6.1996	30.6.1997	6 mths to	31.12.1998	31.12.1999
	RM'000	RM'000	RM'000	31.12.1997	RM'000	RM'000
Turnover	6,896	13,230	18,821	10,997	22,464	21,068
Profit Before Taxation	115	1,137	1,960	1,135	2,171	816
Taxation	(38)	(185)	(191)	(318)	(563)	100
Profit after Taxation	77	952	1,769	817	1,608	916
Weighted average number of Shares ('000)	1,163	1,163	1,262	1,762	1,762	1,762
Gross earnings per share (RM)	0.10	0.98	1.55	*1.29	1.23	0.46
Net earnings per share (RM)	0.07	0.82	1.40	*0.93	0.91	0.52
Dividend rate (%)	-	-	-	-	-	51.09#

* Annualised

6. INFORMATION ON THE SUPERMAX GROUP... cont'd

Notes:

- (i) Turnover and profits grew over the years in view of business expansion.
- (ii) Turnover and profit before tax for the financial year ended 30 June 1996 grew significantly because of two new production lines commissioned during the year. Profit after taxation for the financial year ended 30 June 1996 grew because of the increased production and reinvestment allowance claimed.
- (iii) There were no extraordinary items or exceptional items during the periods under review.
- # Tax-exempt dividends paid-out prior to the Acquisitions

(ii) Information on MGM

MGM was incorporated on 28 November 1991 in Malaysia as a private limited company under the Companies Act, 1965. The company was founded by the Promoters for the manufacture and sale of latex gloves. MGM has no subsidiary or associated company. As at 31 May 2000, MGM has 286 employees.

MGM's authorised share capital is RM5,000,000 comprising 5,000,000 Shares while its issued and paid-up share capital is RM2,000,000 comprising 2,000,000 Shares.

The changes in its issued and paid-up share capital since incorporation are as follows:-

Date of allotment	No. of Shares	Type of issue	Total (RM)
28.11.1991	2	Cash	2
23.12.1991	99,998	Cash	100,000
5.4.1993	400,000	Cash	500,000
15.5.1996	250,000	Cash	750,000
20.11.1996	180,000	Cash	930,000
18.4.1998	1,070,000	Cash	2,000,000

The financial record of MGM based on its audited accounts after making the necessary adjustments for the past six(6) financial years/periods is as follows:-

Year/Period ended	30.4.1995 RM'000	30.4.1996 RM'000	30.4.1997 RM'000	8 mths to 31.12.1997 RM'000	31.12.1998 RM'000	31.12.1999 RM'000
Turnover	9,039	11,258	11,713	8,389	20,247	31,894
Profit Before Taxation	364	816	710	1,319	2,439	4,083
Taxation	(141)	(158)	(226)	(265)	(693)	(100)
Profit after Taxation	223	658	484	1,054	1,746	3,983
Weighted average number of Shares ('000)	500	500	804	930	1,643	1,762
Gross earnings per share (RM)	0.73	1.63	0.88	*2.12	1.48	2.32
Net earnings per share (RM)	0.45	1.32	0.60	*1.70	1.06	2.26
Dividend rate (%)	-	-	-	-	-	150#

* Annualised

Tax-exempt dividends paid out prior to the Acquisitions

6. INFORMATION ON THE SUPERMAX GROUP... cont'd

Notes:

- (i) *Turnover and profits grew over the years in line with business expansion over the years.*
- (ii) *Profits for the financial year ended 30 April 1995 reduced despite increasing turnover due to higher interest expenses incurred in view of additional export credit financing utilised as a result of the increase in volume of business.*
- (iii) *The profits for the financial year ended 30 April 1996 grew significantly because of lower latex cost incurred that year whilst pricing for latex gloves increased hence increasing profit margins. Reinvestment allowances claims contributed to increase in profit after tax as well.*
- (iv) *Meanwhile, the profits for the financial year ended 30 April 1997 reduced because pricing for latex gloves decreased in view of continuing low cost of latex. Due to certain non-deductible expenses, a higher effective tax rate was incurred.*
- (v) *In the financial period ended 31 December 1997, the profits was significantly high because of higher selling price in RM and continuing low cost of latex.*
- (vi) *Turnover for the financial year ended 31 December 1998 grew significantly as a new plant with five (5) new production lines commenced operations.*
- (vii) *There were no extraordinary items or exceptional items during the periods under review*

(iii) Information on SLP

SLP was incorporated on 28 July 1977 in Malaysia as a private limited company under the Companies Act, 1965. The company is principally involved in the trading, export and commission agency of latex gloves. It has no subsidiary or associated company. As at 31 May 2000, SLP currently has 14 employees.

SLP's authorised share capital is RM500,000 comprising 500,000 Shares while its issued and paid-up share capital is RM142,278 comprising 142,278 Shares.

The changes in its issued and paid-up share capital since incorporation are as follows:-

Date of allotment	No. of Shares	Type of issue	Total (RM)
28.7.1977	2	Cash	2
25.1.1978	1,000	Cash	1,002
22.2.1978	6,032	In kind *	7,034
10.4.1978	18,043	In kind #	25,077
3.5.1978	1	Cash	25,078
8.8.1979	1,500	Cash	26,578
13.9.1979	700	Cash	27,278
30.12.1979	15,000	Cash	42,278
5.5.1993	100,000	Cash	142,278

Being consideration for furniture & fittings purchased from the previous owners

* *Being consideration paid for the purchase of assets and sole proprietorship business from the previous owners*

6. INFORMATION ON THE SUPERMAX GROUP... cont'd

The financial record of SLP based on its audited accounts after making the necessary adjustments for the past five(5) financial years is as follows:-

Year ended 31 December	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	20,243	28,479	32,811	41,060	53,206
Profit Before Taxation	236	1,960	1,253	2,864	4,893
Taxation	(56)	(555)	(336)	(784)	-
Profit after Taxation	180	1,405	917	2,080	4,893
Number of Shares ('000)	142	142	142	142	142
Gross earnings per share (RM)	1.66	13.80	8.82	20.17	34.46
Net earnings per share (RM)	1.27	9.89	6.46	14.65	34.46
Dividend rate (%)	-	-	-	-	773.13#

Notes:

- (i) *The increase in turnover and profits is reflective of the expanding geographical and customer base internationally. SLP appointed distributors in various countries to service its customers.*
- (ii) *Profit after taxation for the financial year ended 31 December 1997 reduced because higher overseas promotion expenses were incurred in view of aggressive marketing strategies adopted.*
- (iii) *There were no extraordinary items or exceptional items during the periods under review*
- # *Tax-exempt dividends paid prior to the Acquisitions*

6.8 Prospects and Future Plans of the Group

The Supermax Group intends to expand its production capacity. The expansion will take place on 2 fronts, increasing the number of lines available and also diversifying their product range. Part of the proceeds to be raised from the Rights Issue, Special Issue and Public Issue will be utilised to part finance the construction and setting-up of two new factories to be located in their existing vacant industrial land, Lot 5128, Meru, Klang and Lot 38, Putra Industrial Park., Sungai Buloh. Lot 5128, Meru, Klang will contain six (6) production lines whilst ten(10) production lines will be housed in the Lot 38 factory, Putra Industrial Park, Sungai Buloh. One of these factories will have clean room facilities to enable the production of clean room gloves. The new products which Supermax intend to produce include sterile low protein latex surgical gloves, sterile powder free latex surgical gloves and non sterile latex powder free high risk gloves.

Supermax is continuously looking into improving the quality and profitability of its existing products as well as to develop (and increasingly focus on) new value-added products which generate better margins including non-chlorinated powder free gloves, sterile examination gloves and sterile surgical gloves. To improve the production efficiency and reduce reliance on labour, continuous efforts will be made to increase automation including mechanical auto-stripping and auto-packaging facilities.

As at May 2000, Supermax's current production capacity is 972 million pieces of gloves per annum. Upon the eventuality of its current intention to increase total production lines to 31 lines by end 2002, Supermax's production capacity will increase to approximately 1.41 billion pieces of gloves per annum.

6. INFORMATION ON THE SUPERMAX GROUP... *cont'd*

The Supermax Group is predominantly an OBM. The majority portion of the gloves manufactured by the Group are sold under the Group's own brands, namely SUPERGLOVES, SUPERMAX, MAXTER and MEDIC-DENT. Stanley Thai has marketed the SUPERGLOVES brand ever since 1987 and MAXTER and MEDIC-DENT brands since 1991. SUPERGLOVES is a registered trademark of the Group and the rest of the brands are pending registration at the Trade Mark Office. It is advantageous for Supermax to be an OBM as the brands enable Supermax to distinguish itself from other brands. Moreover, since Supermax owns its own brands, it is able to retain its control over quality, pricing, the target market for its sales, production quantum and reputation of the gloves it sells under its brand names. The Group believes that this will help the Group to preserve its margins.

Supermax's products meet the stringent international quality standards. The Group's accreditation and quality certification are listed above in section 6.6.6(iii).

6. INFORMATION ON THE SUPERMAX GROUP ... cont'd

6.9 Summary of Properties

The properties owned by the Supermax Group are set out below:-

Location	Existing Use	Age of Buildings	Method of Valuation	Land Area/ (Built-up Area)	Tenure	Market Value / Valuation Date (RM)	Net Book Value (31/12/99)	Value Approved by SC (9/2/2000)
OWNER OCCUPATION								
Lot 42, Jalan BRP 9/2 Putra Industrial Park Bukit Rahman Putra Sungai Buloh Selangor Darul Ehsan	Factory cum Office Building	5 Years	Comparison, Summation (Cost) and Investment methods	1.5 acres/ (36,600 sq ft)	Freehold	4,000,000 15/6/1999	RM3,506,378	RM4,000,000
Lot 6070, Mukim of Kapar District of Kelang Selangor Darul Ehsan	Factory cum office building@	2 Years	Comparison, Summation (Cost) and Investment methods	5.0063 acres / (127,861 sq ft)	Freehold	13,000,000 15/6/1999	RM13,688,972	RM13,000,000
INVESTMENT / FUTURE DEVELOPMENT								
Lot 38, Putra Industrial Park Bukit Rahman Putra Sungai Buloh Selangor Darul Ehsan	Vacant industrial land	N/A	Comparison method	5.6337 acres	Freehold	4,800,000 15/6/1999	*RM4,000,000	RM4,000,000
Lot No.5128 Mukim of Kapar, District of Kelang Selangor Darul Ehsan	Under Construction #	N/A	Comparison method	4.6875 acres	Freehold	2,200,000 15/6/1999	RM4,932,148^	RM2,200,000
Lot 512 & Lot 1784 Mukim of Ijok District of Kuala Selangor Selangor Darul Ehsan	Agriculture Land (pending conversion to industrial land)	N/A	Comparison method	Lot 512 : 3.8438 acres Lot 1784 : 1.98 acres	Lot 512 - Freehold Lot 1784 - Leasehold 99 Years (Expiry: 3/8/2057)	600,000 15/6/1999	RM709,379	RM600,000

Location	Existing Use	Age of Buildings	Method of Valuation	Land Area/ (Built-up Area)	Tenure	Market Value / Valuation Date (RM)	Net Book Value (31/12/99)	Value Approved by SC (9/2/2000)
Suite No. 708, 6 th Floor (Level 7), Menara Atlas (Tower A), Plaza Pantai Off Jalan Pantai Baru Kuala Lumpur	Stratified office Lot	1 Year	Comparison and Investment methods	1235 sq ft	Freehold	400,000 15/6/1999	RM643,759	RM400,000
Lot 6068, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan	Vacant Industrial Land	N/A	Comparison method	5,00625 acres	Freehold	3,700,000 15/1/2000	**RM3,707,000	n/a
TOTAL								RM24,200,000

Notes:-

- (a) No revaluation has been incorporated or proposed to be incorporated into the accounts of the Supermax Group
- * Based on purchase price on 6 May 1999, being the date of the sale and purchase agreement for the property concerned
- ** Based on purchase price on 19 January 2000, being the date of the sale and purchase agreement for the property concerned
- @ The building is currently operating with a temporary certificate of fitness which is valid until 25 September 2000. The Company will endeavour its best to obtain the permanent certificate of fitness as soon as possible.
- # The Company has yet to obtain the approval for the building plan but has procured the approval of the Majlis Perbandaran Klang ("MPK") to commence with construction works.
- ^ As at the time of valuation date, the property was valued as a parcel of vacant industrial land. The net book value as at 31 December 1999 includes the construction costs incurred post-valuation of property.

The open market valuation of the properties are based on valuations carried out by an independent firm of professional valuers Jones Lang Wootton. The Valuer's Letter on the Landed Properties is set out in Section 13 of this Prospectus.

7. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

7.1 Board of Directors

A brief profile on the Board of Directors of Supermax is as follows:-

Y.M. DR RAJA LOPE BIN RAJA SHAHROME, aged 62, was appointed the Chairman of Supermax on 18 June 2000 and is a Director of MGM since September 1999. He has extensive experience in the banking industry, which includes 18 years in Bank Negara Malaysia, during which he was appointed as the head of the Economic Research Department in 1976. He joined the then UMBC Bank Berhad in 1979 in charge of the Bank's International division and was subsequently appointed as Executive Vice President in 1986. He was also appointed to the Board of UMBC Bank Berhad and became the chairman of UMBC Securities Berhad and UMBC Insurance Berhad, among others. He was appointed as advisor in the Pacific Bank Berhad between 1993 to 1995 before joining Rating Agency Malaysia Berhad in October 1995 as an Executive Director. He is currently an Executive Director of Arab-Malaysian Bank Berhad a nominee of Danamodal National Berhad. Y.M. Dr Raja Lope bin Raja Shahrome obtained his Bachelor of Arts (Honours) from the University of Malaya in Singapore in 1960, Master of Arts from the Wharton School of Finance, University of Pennsylvania in 1972 and his Ph. D from the University of London in England in 1975. The Company views that his expertise in the financial sector will contribute positively to the Company.

MR THAI KIM SIM, STANLEY, aged 39, is the founder and Managing Director of Supermax Group. He was appointed to the Board of Supermax on 18 June 2000. He started his early business training with Mulpha International Berhad after graduating from the University of Windsor, Ontario, Canada with a Bachelor of Commerce degree (Honours Business Administration) in 1982. As the Managing Director, his responsibilities include developing and planning the overall strategic business direction for the Supermax group of companies. His responsibilities also extend to business development whereby he has successfully secured business partnerships with distributions in North America, Western Europe, Australia, New Zealand, Middle East and Latin American countries.

As the founder of the Supermax Group, he also brings to bear extensive experience in the latex glove industry. Mr Thai has also been actively involved in international trade since 1983 whereby he has participated actively in overseas trade promotions and programmes organised by the MITI and a strong advocate to promote "*Made in Malaysia for the World*" program of Malaysia External Trade Development Corporation ("MATRADE").

MS TAN BEE GEOK, CHERYL, aged 38, is the co-founder and Operations and Administration Director of Supermax Group. She was appointed to the Board of Supermax on 18 June 2000. After returning from the University of Windsor, Ontario, Canada with a Bachelor of Commerce degree (Honours Business Administration) in 1983, she received her early business training in credit administration with a local financial institution prior to the Supermax Group. Currently, she is principally responsible for the finance, operations and administration of the Supermax Group. She brings to bear hands-on operational experience specifically in the latex glove industry including managing the financial aspects, cashflow projections and formulations of key administration matters of the Group.

DR TAN JOO CHAI, aged 38, is appointed as a Director of Supermax on 18 June 2000. He is also the Managing Director of Tropical Interest Sdn Bhd ("TISB") which is principally in designing, constructing and, commissioning of pollution control system. Dr Tan has vast technical experience in designing air pollution system, sewage and industrial wastewater treatment systems. Through his leadership, TISB expanded to Johor Bahru, Muar and Penang. TISB also undertakes projects in Singapore, Malaysia and South Thailand. Dr Tan graduated with a Bachelor of Applied Science (First Class Honours with Distinction) Degree in Civil Engineering, Masters of Applied Science in Structural Engineering from the University of Windsor, Ontario, Canada, in 1985 and 1987 respectively. Subsequently, he obtained a PhD in Environmental Engineering from the University of Singapore in 1992.

7. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES... cont'd

MR TING HENG PENG, aged 39, is appointed as a Director of Supermax on 18 June 2000. He is a graduate of University of Windsor, Ontario, Canada with a Bachelor of Commerce degree (Honours Business Administration) in 1982. Upon graduation, he went to England where he read law at the University of Essex. He obtained his Bachelor of Laws (Honours) in 1985. Following his admission as a barrister of Lincoln's Inn, London in 1986 he came back to Malaysia and was called to the Malaysian Bar in 1987. He has been in legal practice as advocate and solicitor in a legal firm of Amin-Tan & Co. since 1987.

MR TAN GEOK SWEE @ TAN CHIN HUAT, aged 49, is appointed as a Director of Supermax on 18 June 2000. He completed the Senior Cambridge studies in 1969. He is also the Managing Director of MIFF Sdn Bhd, whose business is to organise exhibitions. One of which is the Malaysian International Furniture Fair ("MIFF") series which has promoted Malaysian furniture to over 140 countries around the world. Mr Tan is actively involved with the Malaysian Furniture Industry Council and is currently the Executive Advisor. Mr Tan was also on the Board of the Malaysian Timber Industry Board, Malaysian Forest Research Development Board and the Malaysian Furniture Design Centre.

CAPTAIN DATO' MOHAMED JOHAN BIN DATO MOHD YUSOF, aged 39 is appointed as a Director of Supermax on 18 June 2000. He obtained his Commercial Pilot License from the Philippines Airlines Aviation Training School in Manila, Philippines in 1981. In 1985, he obtained his Air Transport Pilot License from the Department of Civil Aviation. He is currently a captain of a Boeing 777 in Malaysian Airline System Sdn Bhd ("MAS"). He is also the President of Malaysian Airlines Pilots Association and the President of the Asean Pilots League.

In the business field, Captain Dato' Mohamed Johan was a director of Road Builders (M) Holdings Berhad, a listed company on the KLSE from 1993 to 1997. From 1997 to 1999, he was a shareholder and the Chairman of CitiAxis Sdn Bhd, an interior decorator and building contractor.

EN ZAIT BIN MD ISA, aged 51, is appointed as a Director of Supermax on 18 June 2000. He graduated with a Bachelor's Degree in Economics majoring in Accountancy from University Malaya in 1972. He then obtained a Diploma in Management from Malaysian Institute of Management in 1982. From 1976, En Zait bin Md Isa had served in the IT division of various companies including IBM Malaysia Sdn Bhd, PNB and United Asian Bank Berhad("UAB"), now known as Bumiputera-Commerce Bank. In September 1986, he took up the position of General Manager in Computer Processing Services Sdn Bhd, a company involved in marketing of software development services and development of multimedia based project and services.

In September 1987, he ventured on his own business under the name of Software Craft Corporation Sdn Bhd. His roles there include project development, evaluation of corporate business opportunities and identifying strategic business partners.

Currently, he is the Vice President (Special Projects) of Multimedia Development Corporation, a company involved in establishing an internet based virtual stock exchange that allows small and medium entrepreneurs with Multimedia Super Corridor ("MSC") status to have early IPOs.

7. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES... cont'd

7.2 Management Team

The Board of Directors of Supermax are assisted by an experienced management team. Particulars on the management team are as follows:-

MR TAN BOW KOK, aged 36, is the General Manager in manufacturing for the Supermax Group since August 1999. He obtained a Bachelor of Technology with Honours in Polymer Technology from University Science Malaysia in 1988. He has extensive experience in glove manufacturing from various glove factories such as London Rubber Corporation in Malaysia for 5 years and Ansell Kedah Sdn Bhd for a year.

MR ER LAM CHAN, aged 30, is the Finance Manager. Prior to joining SLP in June 1999, he was the Audit Senior with Kassim Chan & Co, a Public Accountant firm, where he worked for four(4) years. Before joining Kassim Chan & Co, he was with P.C. Cheong and Co., a Public Accountant firm since 1995. Mr Er is an Associate member of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom having graduated in 1996 and a member of the Malaysian Institute of Accountants (Public Accountant).

MS WEE YU MING, PRISCILLA, aged 37, is the Senior Quality Assurance Manager in SGM. She obtained a degree in Chemical Engineering from University of New South Wales, Sydney, Australia in 1992. She is responsible for assuring the consistent high quality of products as well as maintaining the company's quality system to comply with the various local and overseas' quality system to comply with certification requirements. She is also responsible for product development. Ms Wee has been with Supermax Group for the last six (6) years having started as a QA Chemist in early 1993.

MR KHOO SENG YIK, aged 31, is the Production Manager in SGM. He is currently responsible for process control in the factory. Having worked for more than eight (8) years in SGM, Mr Khoo has a high level of experience working within the latex glove industry. Mr Khoo obtained his Bachelor of Science Degree in Chemistry from the University of Malaya in 1992.

MS YEE WAI LIN, IVY, aged 32, is the Personnel and Administration Manager. She completed her Sijil Pelajaran Malaysia studies in 1985. Ms Yee comes with extensive experience having worked with Great Eastern Life Assurance for 2 years, First Malaysian Finance Berhad for 3 years before secondment to Arab-Malaysian Finance Berhad for another 3 years prior to joining SGM in 1992. Within the period with SGM, Ms Yee has gained a wide breadth of experience within the Personnel and Administration Division having worked in purchasing, operations, administration and personnel departments.

MR CHIN BENG SENG, aged 31, is the Production Manager in MGM. He joined MGM as a Production Chemist in December 1993 and was promoted to his current position in August 1998. He is responsible for the running of a number of processing lines in the manufacturing plant. Mr Chin has more than six (6) years working experience in the latex glove industry. Mr Chin is a qualified Biochemist having obtained his degree from the National University of Malaysia in November 1993.

EN MOHAMMAD ARSHAD BIN MAT SALIM, aged 29, is the Chlorination Manager in MGM. He joined MGM in October 1994 as a Compounding Chemist and was promoted to his current position in February 1999. He is responsible for running and overseeing the production process control in the production department. Prior to joining MGM, he worked in research for 6 months at University Malaya. En Mohammad Arshad holds a Bachelor of Science (Hons) in Chemistry from University Malaya in 1994.

7. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES... cont'd

MR ENG YEE KONG, aged 31 is the Production Manager of MGM since February 1999. He obtained a degree in Business Administration from National Cheng-Chi University, Taiwan in 1993. He has 4 years working experience in rubber gloves manufacturing. Prior to joining MGM, he was a Marketing Manager with a manufacturer of ceramic former and as a Production Manager with a producer of rubber gloves.

MS TAN BEE HONG, CONNIE, aged 39, is the Manager of Human Resource and Administration. Ms Tan started her career after completing a Secretarial / Administration course with Stamford College in 1980, with a legal firm where she was there for five(5) years. Thereafter she joined Arab-Malaysian Finance Berhad where she was there for nine(9) years before joining MGM in July 1998 assuming her current position.

EN KAMARUZAINI BIN CHE SEMAN, aged 30, is the Senior Production Process Chemist. He is currently responsible for assisting in production management, maintenance and wastewater treatment. En Kamaruzaini has been with MGM for the last five(5) years having worked as Quality Assurance Chemist, Production Chemist, Compounding Chemist, Process and Control Chemist. En Kamaruzaini holds a Bachelor of Science (Hons) degree from University of Malaya in July 1994.

7.3 *Employees*

As at 31 May 2000, the Supermax Group employed a total workforce of 502 employees and the management of the Group enjoys a good relationship with its employees. None of its employees are members of any union.

7.4 *Audit Committee*

Supermax set up an Audit Committee on 19 June 2000 which comprises the following Board members:-

Name	Responsibility	Directorship
Ting Heng Peng	Chairman	Independent Non-Executive Director
Dr Tan Joo Chai	Member	Independent Non-Executive Director
Thai Kim Sim, Stanley	Member	Chief Executive Officer cum Group Managing Director

The function of the Audit Committee include the review of audit plan and audit report with the Auditors, review of the scope of internal audit procedures, review of balance sheets and profit and loss accounts, review the appointment of Auditors, to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the companies within the group and undertake such other responsibilities as may be agreed to by the committee and the Board.

7.5 *Family Relationship among Directors and Senior Executive Officers*

Thai Kim Sim, Stanley and Tan Bee Geok, Cheryl are husband and wife. Connie Tan Bee Hong, who is the Manager of the Human Resources and Administrative Department of MGM, is the sister of Tan Bee Geok, Cheryl and hence sister-in-law of Thai Kim Sim, Stanley. Tan Geok Swee @ Tan Chin Huat, a Director of Supermax is also the brother of Tan Bee Geok, Cheryl as well as Connie Tan Bee Hong and hence brother-in-law of Thai Kim Sim, Stanley whereas Tan Jit Wei, the Business Executive of SLP is the nephew of Tan Bee Geok, Cheryl. Apart from the above, the Directors and the Senior Executive Officers of the Group are not related to one another.

8. INDUSTRY OVERVIEW

8.1 Overall Malaysian Economy

The Malaysian economy has recovered in 1999 from the severe deflationary impact of the regional financial crisis which had resulted in a 7.5% contraction of the economy in 1998. Real Gross Domestic Product ("GDP"), which had contracted by an unprecedented 10.9% and 10.3% in the third and fourth quarter of 1998, registered a significantly milder contraction of 1.3% in the subsequent first quarter before recovering with a positive growth of 4.1% in the second quarter of 1999. Monthly analysis of the performance of the economy indicates that the downward trend reached its trough in January 1999 before bottoming out beginning in February. The recovery subsequently strengthened and real GDP growth is expected to further accelerate to an average annual rate of 7.2% during the second half of 1999, against 1.4% real growth in the first half.

The economic recovery has been underpinned by policies initiated by the National Economic Action Council in line with its National Economic Recovery Plan as well as other favourable domestic and external developments. The imposition of selective exchange controls and the pegging of the ringgit at RM1.00 = USD0.2632 (USD1 = RM3.80) since 2 September 1998 brought stability and, consequently, confidence in the financial markets. Reforms introduced by the Government to strengthen and restructure the banking system have enabled the banking sector to carry out its intermediation function more effectively and, thereby, support the economic recovery process. These policy initiatives, coupled with the strong pick up in the external demand following improvements in economic conditions in East Asia as well as continued robust growth in the US, have spurred output increases especially in the manufacturing sector. A recovery in agriculture output, underpinned by a significant improvement in palm oil yield, has also contributed towards the positive growth in the economy.

Malaysia's economic recovery is expected to gather further momentum in 2000. Underlying this positive outlook is an economy that is becoming increasingly more resilient to external shocks and systemic risks, made possible by recent policy measures to strengthen the nation's external reserves position, financial system and the corporate sector. In addition, the prevailing low rate of inflation and the nation's large surplus resource position allow further demand stimulus measures to be taken in 2000 to sustain the economic recovery process within the context of maintaining macroeconomic stability. The year 2000 should see a stronger and a more broad-based recovery of the Malaysian economy, if the external environment remains favourable. Macroeconomic stability will be sustained, with the external payments current account position projected to continue to record a large surplus, thereby, increasing further the nation's external reserve position, while inflation rate is expected to stabilise at the 1999 level. Nevertheless, there are downside risks associated with external developments that could pose a threat to Malaysia's economic recovery process. Thus, the focus of macroeconomic policy would continue to be the promotion of economic growth, while enhancing the resilience and competitiveness of the economy. (Source : *Economic Report 1999/2000*)

8.2 The Global Economy

Global economic and financial conditions have improved significantly after two years of economic and financial turbulence in emerging markets and a marked slowdown in the world economy. In 1999, world output is expected to grow to 3% from 2.5% in 1998. While the near-term outlook for the global economy is generally good, important challenges has to be addressed, including macroeconomic instability, the uneven pattern of growth among the major industrial, concerns over the external debt situation of the US, as well as the fragility and vulnerability of the emerging market economics to shifts in market sentiment. (Source : *Economic Report 1999/2000*)

8. INDUSTRY OVERVIEW ... cont'd

8.3 The Latex Glove Manufacturing Industry

Malaysia is the third largest producer of natural rubber in the world after Thailand and Indonesia. With an annual production of 767,000 tonnes in 1999 (Source : Bank Negara Malaysia, Annual Report, 1999).

Production of Rubber Gloves

The Rubber Glove industry in Malaysia continued to show favourable trends with an average annual growth rate of 9.7% in production output between 1995 and 1999. In 1999, the production of Rubber Gloves reached 21.8 billion pieces, an increase of 2.8% over the previous year. (Source: Monthly Manufacturing Statistics, March 2000, Department of Statistics).

For the first quarter of year 2000, production of total gloves grew by 4.4% compared to the same period in 1999 (Source: Monthly Manufacturing Statistics, March 2000, Department of Statistics).

Export Demand

From 1995 to 1999, export quantity of total gloves (including surgical and non-surgical) grew at an average annual rate of 12.6%. In 1999, export quantity of surgical gloves amounted to 3.9 billion pieces, a growth of approximately 77.2% over the previous year to reach the value of RM1.1 billion. However in 1999, the export quantity of total gloves fell by 4.2% and value declined by 11.4%. In 1999, export quantity of total gloves reached 17.1 billion pieces, which was valued at RM3.7 billion. This decline was probably due to the unprecedented growth in export quantity in 1998, which registered a high 46.2% increase for total gloves. (Source: Monthly Trade Statistics, Department of Statistics).

However production of total gloves continued to experience growth of 2.8% in 1999. For the first quarter of 2000, production of total gloves grew by 4.4% compared to the same period in 1999 (Source: Monthly Manufacturing Statistics, March 2000, Department of Statistics).

8.4 Outlook and Growth for the Industry

The latex gloves industry is expected to continue to grow due to the following factors:-

- Strong production growth trends where an average annual rate of 9.7% was registered between 1995 and 1999; (Source : Extracted from the Industry Assessment Report by Vital Factor Consulting Sdn Bhd ("Vital's Report dated 8 August 1999"))
- Strong export value growth trends where the average annual rate of 12.6% was registered between 1995 and 1999; (Source : Vital's Report dated 8 August 1999)
- Availability of natural resources wherein Malaysia is the world's third largest producer of natural rubber, hence continually increasing cost competitiveness; (Source : Vital's Report dated 8 August 1999)
- Existence of strong user industries, particularly the healthcare, dental, high technology and electronics and food manufacturing industries, requiring the continuing use of latex gloves; and
- Improvement of production technology and increase of automation to continuously increase production efficiency and competitiveness.

9. FINANCIAL INFORMATION

9.1 Profit and Dividend Record

Supermax was incorporated on 21 February 1997 and has not commenced operations prior to the Acquisitions. As such, it does not have any profit or dividend records.

A summary of the proforma consolidated audited results of the Supermax Group for the five(5) financial years ended 31 December 1995 to 1999 which has been prepared for illustrative purposes only on the assumption that the current structure of the Group has been in existence throughout the period under review and based on the audited accounts of:-

- (a) Supermax for the financial period from 21 February 1997 (date of incorporation) to 31 December 1997 and for the two financial years ended 31 December 1999;
- (b) SGM for the financial years ended 30 June 1995 to 1997, the six months ended 31 December 1997 and the two financial years ended 31 December 1999;
- (c) MGM for the financial years ended 30 April 1995 to 1997, eight months ended 31 December 1997 and the two financial years ended 31 December 1999; and
- (d) SLP for the financial years ended 31 December 1995 to 1999.

In view of the different financial year-ends of the subsidiary companies of Supermax Group, the proforma group profit and loss accounts presented for the financial years ended 31 December 1995 to 1997 have been arrived at by prorating the audited profit and loss accounts of SGM and MGM as mentioned above on time apportionment basis.

Year ended	31.12.1995 RM'000	31.12.1996 RM'000	31.12.1997 RM'000	31.12.1998 RM'000	31.12.1999 RM'000
Turnover	22,754	31,354	36,337	48,929	55,223
PBT	1,528	4,254	4,923	7,472	9,792
Taxation	(320)	(947)	(1,090)	(2,039)	-
PAT	1,208	3,307	3,833	5,433	9,792
Gross EPS (sen) *	9.4	26.3	30.4	46.2	60.5
Net EPS (sen) *	7.5	20.4	23.7	33.6	60.5
Dividend rate (%)	-	-	-	-	#30.9%

Notes:-

- * Assuming that the Acquisitions had taken effect throughout the years and the share capital of the Group is 16,185,084 Shares.
- (i) The growth in turnover from 1995 to 1999 is mainly attributable to significant business expansion through increasing production capacity. The Directors expanded the Group's geographical and customer base through appointing distributors in many countries to service its customers.
- (ii) Growth in the PBT and PAT throughout the years was in line with the growth in turnover whilst the EPS increased reflecting the improvement in production efficiency and economies of scale from the business expansion.
- (iii) There were no extraordinary items or exceptional items for the periods under review.
- # Tax-exempt dividends paid out prior to the Acquisitions.

9. FINANCIAL INFORMATION... cont'd

9.2 Working Capital, Borrowings and Contingent Liabilities

(i) Working Capital

The Directors of Supermax are of the opinion that after taking into consideration the cashflow forecast, banking facilities available and gross proceeds from the Rights Issue, Special Issue and Public Issue, the Group will have adequate working capital for its present and foreseeable requirements.

(ii) Borrowings

As at 22 June 2000 (being the last practicable date prior to the printing of this Prospectus), the total bank borrowings of the Group utilised amounted to approximately RM17 million comprising term loans of RM12.8 million and trade facilities of RM4.2 million.

(iii) Contingent Liabilities and Capital Commitments

As at 22 June 2000 (being the last practicable date prior to the printing of this Prospectus):-

- a) the Group does not have any contingent liabilities.
- b) the Group has capital commitments as follows:-

<i>Approved and contracted for:-</i>	RM'000
Construction costs for Lot 5128, Off Jalan Kenangan, 6 th Mile, Off Jalan Meru, Klang	119
Purchase of new plant and machinery	655
	<u>774</u>

9.3 Proforma Consolidated Profit Forecast

The Directors of Supermax forecast that, barring any unforeseen circumstances, the consolidated PBT and PAT for the year ending 31 December 2000 will be as follows:-

	Pre-Acquisition RM'000	Post-Acquisition RM'000	Profit Forecast RM'000
Consolidated profit before taxation	4,589	8,523	13,112
Consolidated profit after taxation	3,333	6,192	9,525
Gross EPS (sen)	**25.0	**39.3	32.8
Net EPS (sen)	**18.2	**28.6	23.8

** Annualised

The principal bases and assumptions upon which the above proforma consolidated profit forecast has been made are set out below. Nevertheless, in the light of the current economic environment in Malaysia and in the Asia Pacific region, certain assumptions, including interest and exchange rates, may differ significantly from actual should the economic situation differ significantly from the date of this profit forecast.

9. FINANCIAL INFORMATION... cont'd

1. The following exercises have been completed in June 2000:-
 - a) Acquisition of 100% equity interest in SGM for a total purchase consideration of RM5,941,630 to be satisfied by way of an issue of 5,658,695 new ordinary shares of RM1.00 each in Supermax at an issue price of RM1.05;
 - b) Acquisition of 100% equity interest in MGM for a total purchase consideration of RM6,244,862 to be satisfied by way of an issue of 5,947,487 new ordinary shares of RM1.00 each in Supermax at an issue price of RM1.05;
 - c) Acquisition of 100% equity interest in SLP for a total purchase consideration of RM4,807,844 to be satisfied by way of an issue of 4,578,900 new ordinary shares of RM1.00 each in Supermax at an issue price of RM1.05;
 - d) Rights issue of 9,714,916 new ordinary shares of RM1.00 each in Supermax at an issue price of RM1.10 per ordinary share on the basis of approximately 3 new ordinary shares for every 5 existing ordinary shares held after the acquisition of the aforementioned subsidiary companies;
 - e) Special issue of 8,000,000 new ordinary shares of RM1.00 each in Supermax at an issue price of RM2.00 per ordinary share;

However, the proforma consolidated forecast profit before and after taxation for the financial year ending 31 December 2000 has been forecasted based on the assumption that the above acquisitions in 1(a) to 1(c) of the subsidiary companies have been effected as of 1 January 2000.

2. The following are expected to be completed in August 2000:-
 - f) Offer for sale of 4,000,000 ordinary shares of RM1.00 each in Supermax at an offer price of RM2.00 per ordinary share;
 - g) Public issue of 6,100,000 new ordinary shares of RM1.00 each in Supermax at an issue price of RM2.00 per ordinary share; and
 - h) Listing of and quotation for the entire enlarged issued and paid-up capital of Supermax, comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.
3. There will be no significant changes in the prevailing economic and political conditions in Malaysia and elsewhere that may directly or indirectly affect the activities or performance of the Group and the business of the Group's major customers and suppliers.
4. There will be no material changes to present legislation and Government regulations, including taxation and guidelines of regulatory authorities which will affect the Group's activities or the markets in which the Group operates.
5. Inflation rates will remain at current levels.
6. Existing financial facilities will remain available and the level of interest rates will not change materially from those presently prevailing. Supermax Group will also be able to obtain additional financing facilities at interest rates approximate to those currently available, when required.

9. **FINANCIAL INFORMATION... cont'd**

7. There will be no significant changes in the prices of raw materials, labour and overheads.
8. There will be no major breakdown or disruption of manufacturing facilities, major industrial disputes or any abnormal factors or changes, including Year 2000 compliant issues, both domestic and overseas, which will adversely affect the Group's operations.
9. There will be no significant changes in the present management structure, operating and accounting policies adopted by the Group.
10. There will be no significant changes in the principal activities, composition and structure of the Group.
11. The current trend of increasing demand of the Group's products will be maintained.
12. The Group will continue to maintain the current profit margins on its products.
13. Foreign currency exchange rate will not fluctuate significantly from those forecasted which is reasonably converted and translated at RM3.80 : US\$1.00.
14. There will be no major acquisition or disposal of fixed assets and investments other than those budgeted.
15. The existing terms and conditions of the contracts and agreements entered into by the Group will remain in force.

9. FINANCIAL INFORMATION... cont'd

9.4 Auditors' Letter on the Proforma Consolidated Profit Forecast of the Supermax Group for the Financial Year Ending 31 December 2000
(Prepared for inclusion in this Prospectus)

27 June 2000

The Board of Directors
Supermax Corporation Berhad
Level 14, Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Gentlemen:

SUPERMAX CORPORATION BERHAD
PROFORMA CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING
DECEMBER 31, 2000

As requested, we have reviewed the accounting policies and calculations for the consolidated profit forecast of Supermax Group, for which the Directors are solely responsible, for the year ending December 31, 2000, prepared for inclusion in this Prospectus dated 30 June 2000 in connection with the following :

- a) Public issue of 6,100,000 new ordinary shares of RM1.00 each in Supermax at an issue price of RM2.00 per ordinary share;
- b) Offer for sale of 4,000,000 ordinary shares of RM1.00 each in Supermax at an offer price of RM2.00 per ordinary share; and
- c) Listing of and quotation for the entire enlarged issued and paid-up capital of Supermax comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE.

In our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the bases of the assumptions made by the Directors as set out in the accompanying statement and are presented on a basis consistent with the accounting policies normally adopted by Supermax Group.

However, if the economic environment changed significantly caused by further adverse economic development in the Asia Pacific region which will affect the bases and assumptions used in the consolidated profit forecast, the operations of the Group may be affected accordingly. Furthermore, it should be noted that there will usually be differences between forecast and actual results, because of unforeseen events and circumstances and those differences may be material.

Yours very truly

KASSIM CHAN & CO.
AF 0080
Public Accountants

TAN BUN POO
1304/5/02 (J/PH)
Partner

9. FINANCIAL INFORMATION... cont'd

9.5 Dividend Forecast and Policy

Subject to the prevailing laws and legislation, it will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Supermax Group.

On the basis of the proforma consolidated profit forecast and on the assumption that the present basis for calculating taxation and the rates of taxation will be unchanged, the Directors of Supermax Group anticipate that they will be in a position to propose, based on the enlarged issued share capital of RM40,000,000, a gross dividend of 5% for the financial year ending 31 December 2000.

The intended appropriation of the proforma forecast consolidated profit for the financial year ending 31 December 2000 will be as follows:-

	Forecast 31.12.2000 RM'000
Proforma Consolidated profit before taxation	13,112
Less : Taxation	<u>(3,587)</u>
Proforma Consolidated profit after taxation	9,525
Less : Proposed Dividend	<u>(1,440)</u>
Proforma Consolidated retained profit for the year	<u>8,085</u>
Net dividend per share (sen)	3.6
Net dividend yield based on the issue price of RM2.00 per Share (%)	1.8
Net dividend cover (times)	6.6

9. FINANCIAL INFORMATION... cont'd

9.6 Proforma Consolidated Balance Sheets of Supermax Group (Prepared for inclusion in this Prospectus)

Proforma Consolidated Balance Sheets of the Supermax Group as of 31 December 1999 together with the Notes and assumptions thereto:-

	Per Audited Account as of 31.12.1999 RM'000	Proforma 1 After Acquisition of SGM, MGM and SLP RM'000	Proforma 2 After Proforma I and Rights Issue RM'000	Proforma 3 After Proforma 2 and Special Issue RM'000	Proforma 4 After Proforma 3 and Public Issue RM'000
FIXED ASSETS	-	34,487	34,487	34,487	34,487
EXPENDITURE CARRIED FORWARD	355	355	355	355	355
CURRENT ASSETS					
Stocks	-	3,100	3,100	3,100	3,100
Trade debtors	-	4,271	4,271	4,271	4,271
Trade debtors, deposits & prepayments	-	3,329	3,329	3,329	3,329
Fixed deposits with a licensed bank	-	380	380	380	380
Cash on hands and banks	-	3,482	14,169	30,169	41,169
Total Current Assets	-	14,562	25,249	41,249	52,249
CURRENT LIABILITIES					
Trade creditors	-	(5,414)	(5,414)	(5,414)	(5,414)
Other creditors and accrued expenses	(355)	(9,448)	(9,448)	(9,448)	(9,448)
Term loans-current portion	-	(1,629)	(1,629)	(1,629)	(1,629)
Bank borrowings	-	(2,535)	(2,535)	(2,535)	(2,535)
Hire purchase creditor-current portion	-	(101)	(101)	(101)	(101)
Provision for taxation	-	(1,124)	(1,124)	(1,124)	(1,124)
Total Current Liabilities	(355)	(20,251)	(20,251)	(20,251)	(20,251)
NET CURRENT ASSETS/(LIABILITIES)	(355)	(5,689)	4,998	20,998	31,998
LONG TERM AND DEFERRED LIABILITIES					
Term loans- non-current portion	-	(5,901)	(5,901)	(5,901)	(5,901)
Hire-purchase and finance lease creditors- non-current portion	-	(101)	(101)	(101)	(101)
Provision for deferred taxation	-	(894)	(894)	(894)	(894)
Total long-term and deferred Liabilities	-	(6,896)	(6,896)	(6,896)	(6,896)
NET ASSETS	-	22,257	32,944	48,944	59,944
Represented by:					
SHARE CAPITAL	.*	16,185	25,900	33,900	40,000
SHARE PREMIUM	-	809	1,781	9,781	14,681
RESERVE ON CONSOLIDATION	-	5,263	5,263	5,263	5,263
UNAPPROPRIATED PROFIT	-	-	-	-	-
SHAREHOLDERS' EQUITY	-	22,257	32,944	48,944	59,944
Net tangible assets per ordinary shares (RM)	-	1.35	1.26	1.43	1.49

* This represents RM2.00 comprising 2 ordinary shares of RM1.00 each

9. FINANCIAL INFORMATION... cont'd

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF SUPERMAX CORPORATION BERHAD

1. The proforma consolidated balance sheets of Supermax Group has been prepared based on the accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements. The proforma consolidated balance sheets are prepared for illustrative purposes only and are based on the audited balance sheet of Supermax as of December 31, 1999 and on the assumptions that the following transaction have been effected on that date :

Proforma 1

Proforma 1 incorporates acquisition of the following subsidiary companies :

- a) 100% equity interest in SGM for a total purchase consideration of RM5,941,630 to be satisfied by way of an issue of 5,658,695 new ordinary shares of RM1.00 each in Supermax at an issue price of RM1.05 per ordinary share giving rise to a share premium of RM282,935. The acquisition of SGM has been accounted for using the acquisition method of accounting based on the audited accounts of SGM as of December 31, 1999.
- b) 100% equity interest in MGM for a total purchase consideration of RM6,244,862 to be satisfied by way of an issue of 5,947,487 new ordinary shares of RM1.00 each in Supermax at an issue price of RM1.05 per ordinary share giving rise to a share premium of RM297,375. The acquisition of MGM has been accounted for using the acquisition method of accounting based on the audited accounts of MGM as of December 31, 1999.
- c) 100% equity interest in SLP for a total purchase consideration of RM4,807,844 to be satisfied by way of an issue of 4,578,900 new ordinary shares of RM1.00 each in Supermax at an issue price of RM1.05 per ordinary share giving rise to a share premium of RM228,944. The acquisition of SLP has been accounted for using the acquisition method of accounting based on the audited accounts of SLP as of December 31, 1999.

Proforma 2

Proforma 2 incorporates Proforma 1 and the rights issue of 9,714,916 new ordinary shares of RM1.10 each in Supermax at an issue price of RM1.10 per ordinary share on the basis of approximately 3 new ordinary shares for every 5 existing ordinary shares held after the acquisition of the aforementioned subsidiary companies giving to a share premium of RM971,492.

Proforma 3

Proforma 3 incorporates Proforma 2 and the special issue of 8,000,000 new ordinary shares of RM1.00 each in Supermax to Bumiputera investors approved by the Ministry of International Trade and Industry at an issue price of RM2.00 per ordinary share giving rise to a share premium of RM8,000,000.

9. FINANCIAL INFORMATION... cont'd

Proforma 4

Proforma 4 incorporates Proforma 3 and the public issue of 6,100,000 new ordinary shares of RM1.00 each in Supermax at an issue price of RM2.00 per ordinary share giving rise to a share premium of RM6,100,000.

The estimated listing expenses amounting to RM1,200,000 have been written off against the share premium account.

2. The gross proceeds from the rights issue, special issue and public issue amounting to RM38,886,408 are assumed to be included in cash and bank balances and will be utilised as follows:-

	RM'000
Construction of factory cum office and warehouse	15,593
Purchase of plant and machinery	11,900
Working capital	10,194
Listing expenses	1,200
	<u>38,887</u>

3. The movements in issued and paid-up share capital and reserves of Supermax Group are as follows :-

	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Reserve on Consolidation RM'000
Per audited accounts as of 31.12.1999	-	-	-	-
Acquisition of SGM, MGM and SLP	16,185	809	-	5,263
Proforma 1	<u>16,185</u>	<u>809</u>	-	<u>5,263</u>
Rights Issue	<u>9,715</u>	<u>972</u>	-	-
Proforma 2	<u>25,900</u>	<u>1,781</u>	-	<u>5,263</u>
Special Issue	<u>8,000</u>	<u>8,000</u>	-	-
Proforma 3	<u>33,900</u>	<u>9,781</u>	-	<u>5,263</u>
Public Issue	<u>6,100</u>	<u>6,100</u>	-	-
Listing Expenses	<u>-</u>	<u>(1,200)</u>	-	-
Proforma 4	<u>40,000</u>	<u>14,681</u>	-	<u>5,263</u>

9. FINANCIAL INFORMATION... *cont'd*

9.7 *Auditors' Letter on the Proforma Consolidated Balance Sheets*
(Prepared for inclusion in this Prospectus)

27 June 2000

The Board of Directors
Supermax Corporation Berhad
Level 14, Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Gentlemen

SUPERMAX CORPORATION BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 1999

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Supermax Group as at December 31, 1999, together with the notes and assumptions thereto, for which the Directors of Supermax Corporation Berhad are solely responsible, as set out in this Prospectus dated 30 June 2000 in connection with the following listing exercise:

- a) Public issue of 6,100,000 ordinary shares of RM1.00 each in Supermax at an issue price of RM2.00 per ordinary share;
- b) Offer for sale of 4,000,000 ordinary shares of RM1.00 each in Supermax at an offer price of RM2.00 per ordinary share; and
- c) Listing of and quotation for the entire enlarged issued and paid-up capital of Supermax, comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets of Supermax Group as at December 31, 1999, which have been prepared for illustrative purposes only, have been properly presented on the bases and assumptions set out in the notes and assumptions to the Proforma Consolidated Balance Sheets.

Yours very truly,

KASSIM CHAN & CO.
AF 0080
Public Accountants

TAN BUN POO
1304/5/02 (J/PH)
Partner

10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SIMILAR BUSINESSES

10.1 Similar Businesses

Details on the interest of Directors or substantial shareholders of the Group or persons connected to the Directors or substantial shareholders in any similar business as the Group are as follows:-

	Thai Kim Sim, Stanley		Tan Bee Geok, Cheryl		Issued and paid-up share capital	Principal activities
	% of equity		% of equity			
	Direct	Indirect	Direct	Indirect		
Mexpo International Inc. *	-	100	-	100	USD10,000	Trading of latex gloves

* Deemed interest by virtue of direct interest held by Thai Tim Kok, being Thai Kim Sim, Stanley's brother and Tan Bee Geok, Cheryl's brother-in-law.

On-going Business Transactions with Mexpo International Inc.

Mexpo International Inc. is one of the distributors of Supermax based in the USA.

In respect of the above, there should not be any current or potential conflict of business due to the following :-

i) Autonomous Management

Mexpo International Inc. ("Mexpo") and the Supermax Group are each run by autonomous management. Mr Thai Tim Kok does not have any decision-making powers in Supermax and similarly, Mr Thai Kim Sim, Stanley does not have any decision-making powers in the management of Mexpo.

ii) Arms-length Transactions

Further, the transactions with Mexpo are transacted on an arms-length basis on terms similar to those with other distributors. The Supermax Group's sales to Mexpo for the last three years ranged at approximately between 2.7% to 7.3% of the Group's total annual turnover. The audit committee of Supermax will periodically review any related transactions to ensure that these transactions are carried out on an arms-length basis and on commercial terms which are not detrimental to the Supermax Group.