

SUPERMAX CORPORATION BERHAD

(Company No. 420405-P)
(Incorporated in Malaysia under the Companies Act, 1965)

1. SUMMARY

The information set out below is derived from, and should be read in conjunction with, the full text of this Prospectus.

1.1 *History and Principal Activities*

Supermax was incorporated in Malaysia on 21 February 1997 under the Companies Act, 1965 as a private limited company under the name of Supermax Corporation Sdn Bhd. Subsequently on 14 July 1999, it was converted to a public limited concern and assumed its current name. It is principally an investment holding company with its wholly-owned subsidiaries involved in the manufacturing, trading and export of latex gloves. The history of the Supermax Group can be traced back to 1987 when the Promoters and founding members, Thai Kim Sim, Stanley and his spouse Ms Tan Bee Geok, Cheryl started a trading business to distribute latex gloves. The Promoters ventured into the manufacturing of latex gloves in 1989.

Today, the Supermax Group has three(3) factories manufacturing various types of latex gloves. Supermax's latex gloves are wholly exported to 47 countries around the world such as the United States of America ("USA"), European Union, Middle East, Asia and South Pacific countries.

SGM was selected as one of Andersen Consulting's Top 50 Enterprises in Malaysia in 1998, achieving the ninth position among the 50 winning companies in Malaysia and in 1999, SGM was one of the companies awarded with the National Productivity Council ("NPC") Award. The awards reflect the Supermax Group's commitment to deliver quality products and service to its customers and the Group's drive towards productivity improvement to compete in the global market.

The principal activities of the Group are as follows:-

Name	Principal Activities
Supermax	➔ Investment holding
SGM	➔ Manufacturing and sales of latex gloves
MGM	➔ Manufacturing and sales of latex gloves
SLP	➔ Trading, export and commission agency of latex gloves

Further information on the Supermax Group is set out in Section 6 of this Prospectus.

1.2 *Financial Records*

The following table has been extracted from the Accountants' Report in Section 11 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

1. SUMMARY INFORMATION... cont'd

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.

	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:-

- (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.*
- * *Gross and net EPS is calculated assuming that the Acquisitions had taken effect throughout the years and the share capital of the Group is 16,185,084 Shares*
- # *Tax-exempt dividend paid out prior to the Acquisitions*

1.3 Principal Statistics relating to the IPO

The following statistics relating to the IPO are derived from the full text of this Prospectus and should be read in conjunction with the text.

AUTHORISED SHARE CAPITAL

50,000,000 Shares	<u>RM50,000,000</u>
<i>Issued and fully paid-up share capital :</i>	
33,900,000 Shares	RM33,900,000
<i>To be issued pursuant to the Public Issue :</i>	
6,100,000 new Shares	<u>RM6,100,000</u>
	<u>RM40,000,000</u>
TO BE OFFERED PURSUANT TO THE OFFER FOR SALE	
4,000,000 Shares	RM4,000,000

1. SUMMARY INFORMATION... cont'd

IPO PRICE PER SHARE RM2.00

PROFORMA GROUP NTA

Proforma Group NTA as at 31 December 1999 (after taking into account the Rights Issue, Special Issue, Public Issue and estimated listing expenses of RM1.2 million) RM59,588,950

Proforma Group NTA per share (based on the enlarged share capital of 40,000,000 Shares) RM1.49

FORECAST EARNINGS FOR YEAR ENDING 31 DECEMBER 2000

	Pre- Acquisition period from 1.1.2000 to 15.6.2000	Post- Acquisition period from 16.6.2000 to 31.12.2000	Proforma Profit Forecast #
Proforma consolidated profit before taxation (RM'000)	4,589	8,523	13,112
Proforma consolidated profit after taxation (RM'000)	3,333	6,192	9,525
Gross EPS (sen) *	**25.0	**39.3	32.8
Net EPS (sen) *	**18.2	**28.6	23.8
Gross PE based on the IPO price of RM2.00 per share (times)	8	5.1	6.1
Net PE based on the IPO price of RM2.00 per share (times)	11	7	8.4

Notes:-

* Based on the enlarged share capital of RM40 million

** Annualised

Estimate for the full financial year ending 31 December 2000 inclusive of pre-acquisition profit is shown for illustrative purposes only.

FORECAST DIVIDEND

	Year ending 31 December 2000
Gross dividend per share (sen)	5.0
Gross dividend yield based on the IPO price of RM2.00 per share (%)	2.5
Net dividend cover (times)	6.6

2. CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Y.M. Dr. Raja Lope bin Raja Shahrome (Chairman)	No.8 Lorong 14/37D 46100 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Thai Kim Sim, Stanley (Chief Executive Officer cum Group Managing Director)	No. 3 Jalan USJ 2/1 Subang Jaya 47600 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Tan Bee Geok, Cheryl (Executive Director)	No. 3 Jalan USJ 2/1 Subang Jaya 47600 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Dr Tan Joo Chai (Independent Non-executive Director)	16, Jalan Pinang 14 Taman Daya 81100 Johor Bahru Johor Darul Takzim	Director	Malaysian
Ting Heng Peng (Independent Non-executive Director)	37, Jalan BU 7/1 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Advocate & solicitor	Malaysian
Tan Geok Swee @ Tan Chin Huat (Non-executive Director)	No. 29 Jalan USJ4/6F Subang Jaya 47600 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Captain Dato' Mohamed Johan bin Mohd Yusof (Independent Non-executive Director)	No 5 Jalan 5 Taman Tun Abdul Razak, Ampang Jaya 68000 Ampang Selangor Darul Ehsan	Director	Malaysian
Zait bin Md Isa (Independent Non-executive Director)	No 2 Jalan DM3D Desa MOCCIS, 47000 Sungai Buloh Selangor Darul Ehsan	Director	Malaysian

AUDIT COMMITTEE

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

COMPANY SECRETARY

Chen Yen Mooi (MAICSA 0764951)
67 Jalan Rasmi
Taman Rasmi
68000 Ampang
Selangor Darul Ehsan

Tee Yoke Peng (MAICSA 0863085)
5-5-6, Block 5, Apartmen Hijau-Ria
Jalan 1/1A, Kepong Indah
52100 Kuala Lumpur

2. CORPORATE INFORMATION... cont'd

REGISTERED OFFICE	Level 14, Uptown 1 No. 1 Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan
REGISTRARS & TRANSFER OFFICE	PFA Registration Services Sdn Bhd (19234-W) Level 13, Uptown 1 No. 1 Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan
ISSUING HOUSE	Malaysian Issuing House Sdn Bhd (258345-X) 27th Floor, Menara Multi-Purpose, Capital Square No. 8 Jalan Munshi Abdullah 50100 Kuala Lumpur
PRINCIPAL BANKERS	ABN AMRO Bank Berhad (301932-A) Levels 25 - 27, MNI Twins Tower 2, 11 Jalan Pinang 50450 Kuala Lumpur Malayan Banking Berhad (3813-K) G-Floor, Bangunan Yayasan Selangor, Jalan Bukit Bintang 55100 Kuala Lumpur
AUDITORS AND REPORTING ACCOUNTANTS	Kassim Chan & Co (AF 0080) Level 19, Uptown 1 No. 1 Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan
SOLICITORS FOR THE PUBLIC ISSUE AND OFFER FOR SALE	Cheang & Ariff 39, Jalan Yap Kwan Seng 50450 Kuala Lumpur
ADVISER AND MANAGING UNDERWRITER	Arab-Malaysian Merchant Bank Berhad (23742-V) 22nd Floor, Bangunan Arab-Malaysian 55 Jalan Raja Chulan 50200 Kuala Lumpur
UNDERWRITERS	Arab-Malaysian Merchant Bank Berhad (23742-V) 22nd Floor, Bangunan Arab-Malaysian 55 Jalan Raja Chulan 50200 Kuala Lumpur Arab-Malaysian Securities Sdn Bhd (92977-U) 15th Floor, Bangunan Arab-Malaysian 55 Jalan Raja Chulan 50200 Kuala Lumpur Kuala Lumpur City Securities Sdn Bhd (126994-W) Lot 3.07, Level 3, Angkasaraya Building, Jalan Ampang 50450 Kuala Lumpur
VALUERS	Jones Lang Wootton (78217-X) 8th Floor, Bangunan Getah Asli (Menara) 148, Jalan Ampang 50450 Kuala Lumpur
LISTING SOUGHT	Second Board of the KLSE

3. INVESTMENT CONSIDERATIONS

In evaluating an investment in the IPO Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the following investment considerations:-

i) No Prior Market for Supermax Shares

Prior to the IPO, there has been no public market for Supermax's shares. There can be no assurance that an active market for Supermax's shares will develop upon its listing on the Second Board of the KLSE or, if developed, that such market will be sustained. The IPO price of RM2.00 for the IPO Shares has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, its prospects and the prospects of the industry in which the Group operates, the management of the Group, the market prices for shares of companies involved in businesses similar to that of the Group and the prevailing economic and market conditions. There can be no assurance that the IPO price will correspond to the price at which Supermax's shares will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for Supermax's Shares will develop and continue upon or subsequent to its listing.

ii) Sensitivity to Political and Economic Risks

As in any other business, Supermax is subject to risks inherent in the manufacturing and export industry. Adverse developments in the political, economic and regularly conditions in Malaysia and other countries where Supermax source its suppliers or market its products which could materially and adversely affect the financial prospects of the Supermax Group. Political and economic uncertainties include (but are not limited of) changes in general economic, business and credit conditions, government legislations and policies affecting manufacturers, inflation, interest rates, taxation, fluctuation in foreign exchange rates and political or social developments both within and outside Malaysia. Other uncertainties include risks of war, expropriation, nationalisation or nullification of existing contracts.

iii) Achievability of Forecast

This Prospectus contains certain forecasts for Supermax that are based on assumptions, which the Directors deem to be reasonable at the time of issuance, but nevertheless are subject to uncertainties and contingencies. Because of the subjective judgments and inherent uncertainties of forecasts and because events and circumstances frequently do not occur as predicted, there can be no assurance that the forecasts contained herein will be realised and actual results may be materially different than those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forecasts that are contained herein.

iv) Competitive Conditions

The Supermax Group faces competition from various competitors in both the local and foreign arena. While the glove industry is highly competitive, Supermax Group's long business track record set forth its advantage on competitive edge. In addition, the Supermax Group focuses on marketing its own brands, hence distinguishing itself from other brands and permitting Supermax to control its quality, pricing, target market for its products and production quantum. The Group believes that this will be a key factor in preserving its margins.

3. INVESTMENT CONSIDERATIONS... cont'd

v) Business Risks

Specifically, the Group is subject to inherent risks in the manufacturing industry such as volatility in the supply and price of raw materials, labour supply shortage, increases in labour and overhead costs and foreign exchange rate fluctuations. Although the Group does not presently experience any adverse effects from such factors, no assurance can be given that they will not have a material effect on the Group's business in the future. In order to mitigate such risks, the management has implemented various strategies such as optimising diversification of suppliers and distributors and obtaining lower quotations for purchases of raw materials in bulk and increasing automation to reduce reliance on manual labour.

vi) Control by Substantial Shareholders

After the Public Issue, the two largest shareholders in Supermax will collectively hold 54.80% (ie. Thai Kim Sim, Stanley and Tan Bee Geok, Cheryl). With their collective shareholding, the abovementioned parties will effectively be able to control the outcome of matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law, covenants and/or by the relevant authorities.

vii) Foreign Exchange Fluctuations

The Supermax Group wholly exports its products and utilises some raw materials which are imported. Exports are mainly traded in USD currently whilst import goods are purchased through local suppliers, i.e. in RM. Whilst the Malaysian government is currently imposing exchange controls and fixing the RM to the USD, there is no certainty of the permanence of this control. The Supermax Group expects to transact in other currencies such as the Singapore Dollar, Sterling Pound, and Euro Dollar in future to reduce reliance on the USD and mitigate its exposure arising from fluctuation in any single currency.

viii) Continuity of Management

As in any other business, the Board of Directors believes that the continued success of Supermax will depend on the ability and dedication of each of the Directors and management team members. The loss of any key members of the Company could adversely affect the Company's continued ability to compete. However, the Company has made efforts to train its staff and enjoy the support of long term management staff. The Company's future success will also depend upon its ability to attract and retain skilled personnel.

Although the Group seeks to limit these business risks, no assurance can be given that any changes to these factors will not have a material adverse effect on the Group's profitability. Save as disclosed above and apart from normal the commercial risk, the Directors are not aware of any other specific factors or events to which the Group is vulnerable.

4. REGULATORY FRAMEWORK

This Prospectus is dated 30 June 2000.

A copy of this Prospectus has been lodged with and registered by the Registrar of Companies, Malaysia, who takes no responsibility for its contents.

The approval of the SC obtained vide its letters dated on 9 February 2000 and 16 June 2000 shall not be taken to indicate that the SC recommends the IPO and that investors should rely on their own evaluation to assess the merits and risks of the IPO.

Approval-in-principle has been obtained from the KLSE for admission to the Official List of the KLSE and for permission to deal in and for quotation of the entire enlarged issued and fully paid-up share capital of Supermax including the IPO Shares which are the subject of this Prospectus. These Shares will be admitted to the Official List of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39 (1)(j) of the Companies Act, 1965, KLSE has prescribed Supermax as a prescribed security. In consequence thereof, the shares issued/offered by Supermax/the Offerors in this Prospectus will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.

An applicant who presently has a CDS Account should state his CDS Account number in the space provided in the Application Form. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code.

The SC and KLSE assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the KLSE is not to be taken as an indication of the merits of Supermax or its Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by Supermax. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of Supermax since the date hereof.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Public Issue shares or to buy any Offer Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser.

5. PARTICULARS OF THE IPO

5.1 Share Capital

<i>Authorised:-</i> 50,000,000 Shares	<u>RM50,000,000</u>
<i>Issued and fully paid-up :-</i> 33,900,000 Shares	RM33,900,000
<i>To be issued pursuant to the Public Issue :-</i> 6,100,000 new Shares	<u>RM6,100,000</u> <u>RM40,000,000</u>
<i>To be Offered for Sale:-</i> 4,000,000 Shares	<u>RM4,000,000</u>

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank *pari passu* with one another. The Public Issue and Offer Shares to be issued pursuant to this Prospectus will rank *pari passu* in all respect with the existing Shares of the Company including voting rights and rights to all dividends that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of Shares in the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and the whole of any surplus in the event of the liquidation of the Company.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on show of hands, every person present who is a shareholder or representatives or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representatives shall have one vote for each Share held.

5.2 Details of the IPO

The Public Issue and Offer for Sale of 6,100,000 and 4,000,000 Shares respectively at an IPO price of RM2.00 per Share is payable in full on application upon such terms and conditions as set out in this Prospectus.

Upon acceptance, the 6,100,000 Public Issue Shares will be allocated and allotted in the following manner:-

- (i) 4,100,000 of the Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions; and
- (ii) 2,000,000 of the Public Issue Shares have been reserved for eligible Directors, employees and business associates of the Supermax Group.

The 4,000,000 Offer Shares have been reserved for PNB.

5. PARTICULARS OF THE IPO... cont'd

The Public Issue Shares and Offer Shares represent 15.25% and 10.00% respectively of the enlarged issued and paid-up share capital of Supermax of 40,000,000 Shares.

The Shares in respect of paragraph (i) and (ii) have been fully underwritten. The Offer Shares are not underwritten. Any Shares in respect of paragraph (ii) not subscribed for by the eligible Directors, employees and business associates of the Supermax Group will be made available for application by the Malaysian public. Any underwritten shares not subscribed by the Malaysian public will be taken by the Underwriters.

5.3 Purposes of the IPO

The purposes of the IPO are as follows:-

- (i) to provide an opportunity for Malaysian investors and institutions, the eligible employees, Directors and business associates of the Supermax Group to participate in the equity and continuing growth of the Supermax Group;
- (ii) to enable Supermax to gain access to the capital market for funds for its future expansion and growth;
- (iii) to obtain a listing of and quotation for Supermax's entire enlarged issued and paid-up share capital of 40,000,000 Shares on the Second Board of the KLSE; and
- (iv) to comply with National Development Policy requirements in respect of Bumiputera equity participation.

5.4 Basis of arriving at the IPO Price

The IPO price of RM2.00 per Share was determined and agreed upon by the Company and Arab-Malaysian as Adviser and Managing Underwriter based on various factors including the following:-

- i) the proforma forecast net PE multiple of 8.4 times based on the proforma forecast net EPS of 23.8 sen for the financial year ending 31 December 2000 and the IPO price of RM2.00 per Share;
- ii) the future plans and prospects of the Supermax Group as outlined in Section 6.8 of this Prospectus; and
- iii) the proforma consolidated NTA per Share of Supermax as at 31 December 1999 of RM1.49 per Share.

However, investors should also note that the market price of Supermax Shares upon listing on the KLSE, are subject to the vagaries of market forces and other uncertainties which may affect the price of Supermax shares when they are traded.

5. PARTICULARS OF THE IPO... cont'd

5.5 *Proceeds of the Offer for Sale*

The gross proceeds of the Offer for Sale of RM8,000,000 shall accrue to the Offerors and no part of the proceeds of the Offer for Sale is receivable by Supermax. No underwriting commission is payable as the Offer for Sale Shares will be subscribed by PNB as approved by MITI.

5.6 *Proceeds of the Rights Issue, Special Issue and Public Issue*

The aggregate gross proceeds of the Rights Issue, the Special Issue and the Public Issue of approximately RM38.9 million shall accrue to the Company and no part is receivable by the Offerors. The Company shall bear all expenses such as underwriting commission and brokerage relating to the Public Issue Shares and all other expenses and fees incidental to the listing of and quotation for the entire enlarged issued and paid-up share capital of Supermax on the Second Board of the KLSE, estimated at RM1.2 million.

5.7 *Moratorium on Sale of Shares*

It is a condition of the SC that a moratorium be imposed on the Promoters of Supermax namely Thai Kim Sim, Stanley and Tan Bee Geok, Cheryl whereby they are not allowed to sell, transfer or assign their Shares in Supermax amounting to 45% of the total issued and paid-up share capital within one(1) year from the date of admission of Supermax on the Official List of the KLSE. Thereafter, they are allowed to sell, transfer or assign only up to a maximum of one-third per annum of their respective shareholdings which is under moratorium.

5.8 *Underwriting Commission and Brokerage*

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite the 6,100,000 Public Issue Shares to be offered to the Malaysian public, Directors, employees and business associates of the Supermax Group. Underwriting commission of 2.25% and management fees of 0.25% of the Public Issue price of RM2.00 per Share is payable by the Company to the Underwriters and the Managing Underwriter respectively.

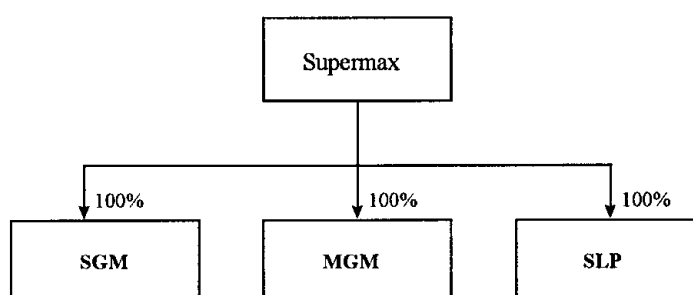
Brokerage is payable in respect of the Public Issue Shares by the Company at the rate of one (1)% of the Public Issue price of RM2.00 per Share in respect of successful applications which bear the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

6. INFORMATION ON THE SUPERMAX GROUP

6.1 Incorporation

Supermax was incorporated in Malaysia under the Companies Act, 1965 on 21 February 1997 as a private limited company. Subsequently, it was converted to a public limited company and assumed its current name on 14 July 1999. Supermax is an investment holding company with its investments being its wholly-owned subsidiaries, MGM, SGM and SLP. As at 31 May 2000, the Group has a total of 502 employees.

The Supermax Group has the following group structure:-



6.2 Changes In Share Capital

Supermax's present authorised share capital is RM50,000,000 comprising 50,000,000 Shares.

The present issued and paid-up share capital of the Company is RM33,900,000 comprising 33,900,000 Shares. Upon completion of the Public Issue, the enlarged issued and paid-up share capital of Supermax will be RM40,000,000 comprising 40,000,000 Shares.

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

— CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL —				
Date of allotment	No. of Shares issued	Par value (RM)	Consideration	Cumulative Total (RM)
21.2.1997	2	1.00	Cash	2
16.6.2000	16,185,082	1.00	Acquisitions at RM1.05 per Share	16,185,084
19.6.2000	9,714,916	1.00	Rights Issue at RM1.10 per Share	25,900,000
22.6.2000	8,000,000	1.00	Special Issue at RM2.00 per Share	33,900,000

6.3 Restructuring and Flotation Scheme

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of Supermax on the Second Board of the KLSE, the Company undertook a restructuring scheme which involved the following:-

6. INFORMATION ON THE SUPERMAX GROUP... cont'di) Acquisition of SGM

Acquisition of the entire issued and paid-up share capital of SGM comprising 1,761,548 Shares from its existing shareholders for a purchase consideration of RM5,941,630 based on the audited NTA of SGM of RM5,941,630 as at 31 December 1998 satisfied by the issuance of 5,658,695 Shares in Supermax at an issue price of RM1.05 per Share as follows:-

Shareholders	No of shares held in SGM	(%)	Purchase consideration	No of Supermax shares issued
Thai Kim Sim, Stanley	1,233,084	70.0	4,159,141	3,961,088
Tan Bee Geok, Cheryl	528,464	30.0	1,782,489	1,697,607
TOTAL	1,761,548	100.0	5,941,630	5,658,695

The Acquisition of SGM was completed on 16 June 2000.

ii) Acquisition of MGM

Acquisition of the entire issued and paid-up share capital of MGM comprising 2,000,000 Shares from its existing shareholders for a purchase consideration of RM6,244,862 based on the audited NTA of MGM of RM6,244,862 as at 31 December 1998 satisfied by the issuance of 5,947,487 Shares in Supermax at an issue price of RM1.05 per Share as follows:-

Shareholders	No of shares held in MGM	(%)	Purchase consideration	No of Supermax shares issued
Thai Kim Sim, Stanley	865,000	43.25	2,700,903	2,572,288
Tan Bee Geok, Cheryl	1,135,000	56.75	3,543,959	3,375,199
TOTAL	2,000,000	100.00	6,244,862	5,947,487

The Acquisition of MGM was completed on 16 June 2000.

iii) Acquisition of SLP

Acquisition of the entire issued and paid-up share capital of SLP comprising 142,278 Shares from its existing shareholders for a purchase consideration of RM4,807,844 based on the audited NTA of SLP of RM4,807,844 as at 31 December 1998 satisfied by the issuance of 4,578,900 Shares in Supermax at an issue price of approximately RM1.05 per Share as follows:-

Shareholders	No of shares held in SLP	(%)	Purchase consideration	No of Supermax shares issued
Thai Kim Sim, Stanley	71,139	50.0	2,403,922	2,289,450
Tan Bee Geok, Cheryl	71,139	50.0	2,403,922	2,289,450
TOTAL	142,278	100.0	4,807,844	4,578,900

The Acquisition of SLP was completed on 16 June 2000.

6. INFORMATION ON SUPERMAX ... cont'd

iv) Rights Issue

On 19 June 2000, Supermax carried out a Rights Issue of 9,714,916 new Shares at an issue price of RM1.10 per Share on the basis of approximately three(3) new Shares for every five(5) Shares held.

v) Special Issue

On 22 June 2000, Supermax implemented a special issue of 8,000,000 new Shares at an issue price of RM2.00 each in the Company to the following Bumiputera investors approved by MITI.

	No of Shares
Lembaga Tabung Haji	4,800,000
Lembaga Tabung Angkatan Tentera	2,000,000
Y.M. Dr. Raja Lope bin Raja Shahrome	1,200,000
	8,000,000

vi) Offer for Sale

Upon completion of the Special Issue, the Offerors will offer for sale 4,000,000 Shares or 10% of the enlarged issued and paid-up share capital of Supermax at an offer price of RM2.00 per share to PNB.

vii) Public Issue

Supermax will issue 6,100,000 new Shares or 15.25% of its enlarged issued and paid-up share capital at an issue price of RM2.00 per Share pursuant to the Public Issue.

The 6,100,000 Shares will be allocated in the following manner:-

- i) 2,000,000 Shares representing approximately 5.0% of the enlarged issued and paid-up share capital of Supermax to eligible employees, Directors and business associates of the Supermax Group; and
- ii) 4,100,000 Shares representing 10.25% of the enlarged issued and paid-up share capital of Supermax to the Malaysian public of which at least 30% is to be set aside for Bumiputera investors.

6.4 Utilisation of the Proceeds from the Rights Issue, the Special Issue and the Public Issue

The gross proceeds of approximately RM38.9 million accruing to Supermax from the Rights Issue, the Special Issue and the Public Issue will be utilised as follows:-

	<i>Note</i>	RM'000
Construction of two (2) factories, warehouses and office blocks	<i>(a)</i>	15,593
Purchase of plant and machinery	<i>(b)</i>	11,900
Working capital	<i>(c)</i>	10,193
Estimated listing expenses	<i>(d)</i>	1,200
TOTAL		38,886

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

Notes:-(a) Construction of two(2) factories, warehouses and office blocks

In line with Supermax's expansion plans, two additional factories with warehouses and office blocks will be constructed to increase the number of production lines in Supermax's vacant land i.e., at Lot 5128, Mukim Kapar, Klang and Lot 38, Putra Industrial Park, Bukit Rahman Putra, Sungai Buloh respectively. The estimated cost of construction is approximately RM7.8 million and RM10.4 million for the respective factories. Approximately RM15.6 million of the proceeds raised will be used to part-finance the construction costs whilst the balance will be funded by internally generated funds. Construction in Klang is in two phases; wherein the first phase (with a total built-up area of 32,725 sq. ft.) has commenced in March 1999 mainly consisting of a warehouse, a building to house the cyclone dryer stations and a building to house chlorination processes and stations to cater for wet processes. The second phase (consisting of a factory cum warehouse of 73,730 sq. ft and an office block of 10,000 sq. ft), for which the proceeds are to be utilised for, is expected to commence in Klang in September 2000 and is expected to complete in March 2001. Meanwhile, the construction in Sungai Buloh consisting of a factory, warehouses, an office block and clean room facilities (with a total built-up area of 148,800 sq. ft) is expected to commence in January 2001 and to complete in October 2001.

(b) Purchase of plant and machinery

Upon completion of the abovementioned new factories, Supermax will set up eleven (11) new production lines which includes mechanical auto-stripping facilities. Another five (5) production lines are expected to be acquired using internally generated funds. Each production line will consist of formers to form the gloves, various tanks for the dipping of formers into different chemicals and drying and gelling ovens to facilitate the drying of the gloves. Supermax's production capacity is expected to increase by an additional 438 million pieces of gloves per annum thereby estimated to increase the Group's production capacity by approximately 45% to 1.41 billion pieces of gloves per annum. In addition, three(3) auto packaging machineries will be housed in the Klang factory. With the auto packaging machinery, Supermax will be able to cope with the expansion plans whilst reducing the proportion of increase in the number of workers required. The installation of the plant and machinery for the Klang plant is expected by December 2000 while installation for the Sungai Buloh plant is expected by June 2001. The estimated date of commission for the Klang plant is expected by March 2001 whilst the Sungai Buloh plant is expected by October 2001. The machinery for the production lines is sourced locally whilst the auto packaging machinery is sourced from overseas.

(c) Working capital

In anticipation of the additional production capacity upon construction of the facilities and the purchase of plant and machinery, Supermax will require higher working capital requirements to accommodate the increase in production. The proceeds earmarked for working capital will be utilised to purchase raw materials, support the increment in payroll as well as other administrative and marketing expenses.

(d) Estimated listing expenses

Listing expenses estimated at RM1.2 million include underwriting commission, brokerage fees, advisers' fees, authorities' fees and other costs associated with the IPO.

6.5 Moratorium on Sale of Shares

It is a condition of the SC that the Promoters will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the total issued and paid-up share capital in Supermax, i.e. 18,000,000 Shares for one (1) year from Supermax's listing date. Thereafter, they are allowed to sell, transfer or assign only up to a maximum of one-third per annum (on a straight line basis) of their respective shareholdings under moratorium.

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

The tabulation of each of the Promoters' shareholdings under moratorium as imposed by the SC and the KLSE are as follows:-

Shareholder	No. of shares held after the Public Issue and Offer for Sale	% of the enlarged issued and paid-up share capital	No. of ordinary shares under moratorium	% of the enlarged issued and paid-up share capital
Thai Kim Sim, Stanley	11,948,146	29.87	9,800,000	24.50
Tan Bee Geok, Cheryl	9,971,852	24.93	8,200,000	20.50
TOTAL	21,919,998	54.80	18,000,000	45.00

The restriction, which is fully accepted by Mr Thai Kim Sim, Stanley and Ms Tan Bee Geok, Cheryl, is specifically endorsed on the share certificates representing the respective shareholdings of Mr Thai Kim Sim, Stanley and Ms Tan Bee Geok, Cheryl which are under moratorium ("Moratorium Securities") to ensure that Supermax's registrars do not register any transfer not in compliance with the restriction imposed by the SC and the KLSE.

The endorsement which will be affixed in the certificates of the Moratorium Securities is as follows:-

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission ("the Moratorium Period"). Accordingly the shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace the certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

6.6 *History and Business Overview*

6.6.1 *Brief History*

The Promoters of Supermax, Thai Kim Sim, Stanley and Tan Bee Geok, Cheryl are a husband and wife team who entered the latex glove industry in 1987, beginning with trading and exporting latex gloves under their own brand, SUPERGLOVES, which was sourced from contract manufacturers initially.

In 1989, after having secured regular buyers and a minimum turnover, the Promoters ventured into manufacturing via a 50% shareholding into a company then known as Supermax Glove Industries Sdn Bhd ("SGI"). In 1991, they further ventured into glove manufacturing with a 20% equity in another manufacturing concern, SGM. In 1992, the promoters relinquished the 50% shareholding in SGI and acquired the remaining interest in SGM.

Through the years, as the demand for latex gloves increased, further expansion was necessary to meet the market demand. The Supermax Group now has three (3) factories located in Bukit Rahman Putra, Selangor, Lingui Industrial Park, Selangor and Meru, Klang, Selangor.

Supermax focuses on the manufacturing of latex examination gloves. Its examination gloves are manufactured using both natural rubber as well as nitrile, a form of synthetic rubber. The bulk of Supermax's latex examination gloves are manufactured from natural rubber. For the year ended 31 December 1998, its natural rubber based examination gloves constituted its entire production of examination gloves for that year of approximately 509 million pieces. In the year ended 31 December 1999, Supermax has also begun manufacturing nitrile gloves which is expected to gradually increase to 45 million pieces for the year ending 31 December 2000.

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

Over the years, the Supermax Group grew as it worked in collaboration with its distributors set in 47 countries, securing many customers in the USA, France, Australia, United Kingdom, Italy, Spain, New Zealand, Belgium, Holland, Greece, Germany, Kuwait and others. Supermax's products are sold mainly to the medical and dental industry. Since June 1996, Supermax has participated in more than 28 trade missions and exhibitions organised by various organisers including MATRADE, MIDA, Glove Shippers Association, American Dental Association, etc, covering various countries including USA, Germany, Italy, France, Holland, Switzerland, Australia and Canada. Supermax's products are wholly-exported.

Supermax has been promoting its own brandnames namely:-

- a) SUPERGLOVES;
- b) MAXTER;
- c) MEDIC-DENT;
- d) SUPERMAX.

The products currently manufactured by Supermax are as follows:-

- a) Hypoallergenic Latex Examination gloves;
- b) Low Protein Low Powder Latex Examination gloves;
- c) Low Protein Chlorinated Powder Free Latex Examination gloves;
- d) Non-chlorinated Powder Free Low Protein Latex Examination gloves;
- e) Nitrile Examination gloves; and
- f) Latex Surgical gloves.

The focus of Supermax Group remains in its focus on productivity management and marketing strategies. As the demand for latex gloves increases, the Supermax Group will continue to expand its production to meet the demand. In addition, the Supermax Group's strength lies in its marketing strategies. The Group places strong emphasis on attending international trade fairs and promotions to promote its products. In addition, focus on specific markets enables the Group to specialise on the respective user industries. Collaboration with overseas distributors has also enabled a wider distribution of its products and thus enabled the Supermax Group to market its products in many countries and industries.

6.6.2 Principal Products

Supermax's wide range of examination gloves can be generally classified as follows:-

<i>Latex base</i>	<i>Glove Range</i>	<i>1998 annual production (million pieces)</i>	<i>1999 annual production (million pieces)</i>
Natural rubber	• <i>Regular Hypoallergenic #</i>	305.1	315.20
	• <i>Low protein ^:-</i>		
	* <i>Powdered</i>	191.4	382.90
	* <i>Powder-free @</i>	12.4	15.20
Nitrile (Protein free)	• <i>Low powdered</i>	-	10.70
	• <i>Powder free</i>	-	6.20
TOTAL		508.9	730.20

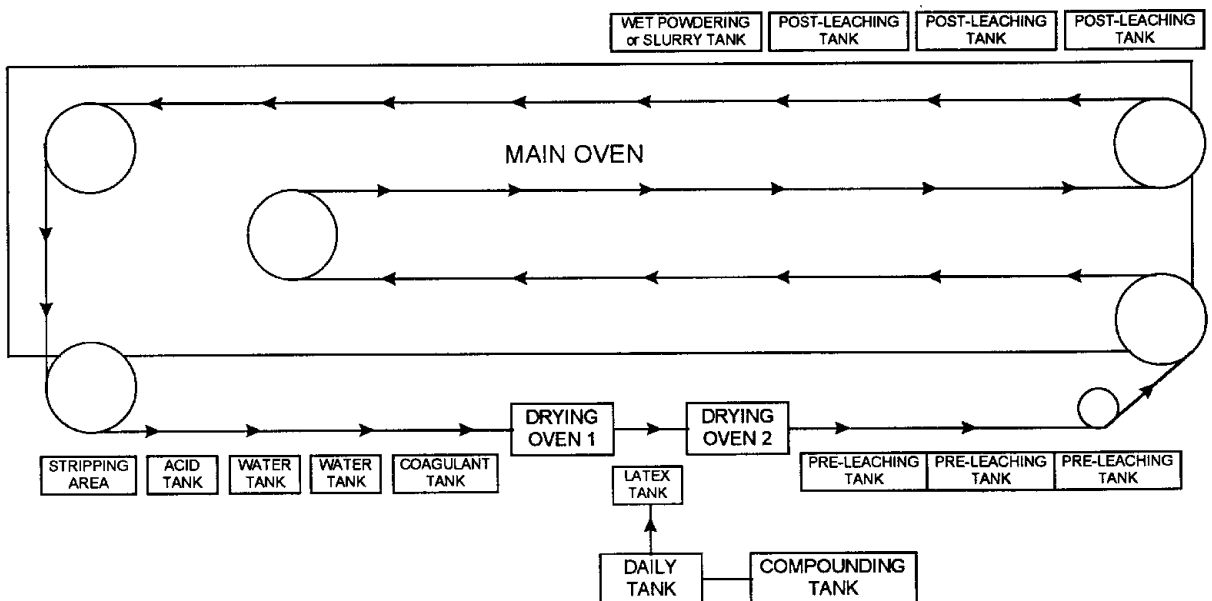
6. INFORMATION ON THE SUPERMAX GROUP... cont'd

Notes:-

- # Hypoallergenic gloves are formulated to contain a lower level of chemical additives and soluble proteins so as to reduce the risk of allergic reactions due to the side effects of natural rubber latex.
- ^ Natural rubber latex contains latex proteins which are the cause of latex allergy. Although researchers do not know what level of protein can be tolerated without causing sensitization, they have theorized that the lower the protein value, the lower the potential for an allergic reaction. Hence, the manufacture of low protein gloves.
- @ Natural rubber latex gloves are usually lined with a coat of powder to prevent the rubber gloves from sticking together as well as to assist the end user in donning the gloves. However, the powder, when mixed with microscopic particles of latex protein present in the gloves may induce allergic reactions in some people. To reduce the incidence of such allergy, the latex examination gloves are manufactured in such a way that glove powder is not required to line the gloves. Basically there are 2 ways of doing this:-
 1. Chlorination: Where the gloves are washed in chlorine water. Chlorine reacts with the natural rubber to reduce the natural tackiness to make the gloves smoother, eliminating the need for the powder. The extra washing during the chlorination process provides an added benefit by also reducing the level of soluble natural rubber proteins as well. This process is the most effective way of reducing the water soluble proteins content in each glove.
 2. Polymer coating: A coat of polymer is applied on the gloves which will assist good donning as well as provide an extra coat of protection for the end user. The gloves may also be a combination of chlorinated and polymer coated. (One of Supermax's products in future)

The above represents a general classification of Supermax's gloves and is not exhaustive of the Group's range of gloves. Additional variations of the above gloves are produced by combining various process engineering features in addition to the above such as size, colour, sterility, texture and hand specific. Variations may also occur depending on the application of the gloves such as medical, dental, food, high technology, etc.

6.6.3 Production Process



A general description of the manufacturing process for latex gloves is as depicted in the diagram above. The production process generally involves dipping hand-shaped moulds into a tank of latex coagulant and curing it to form the gloves.

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

The mould or the porcelain formers are firstly cleaned or washed in the acid tank containing nitric acid. This process rinses off any residual of calcium carbonate powder or cornstarch powder from the last process. At the acid tank processing stage, the porcelain formers are also dipped into an alkaline tank that removes extractable protein residues deposited on former surfaces. This process will also neutralise the porcelain formers from the acid wash process. The formers are then rinsed in the two water tanks to thoroughly clean them. The in-built washing brushes continuously wash formers before the next processing stage. This reduces machine down time and increases the shelf life of formers. This process of dipping of the formers into the coagulant tank containing calcium nitrate solution and calcium carbonate is to prepare it for the gelling of latex on to the formers. Calcium carbonate will prevent the latex gloves from becoming sticky after forming. Calcium nitrate will help the gelling and also the setting of the latex on the glove former.

The formers are first passed through a drying oven before it is dipped into the latex tank. The latex tank or dipping tank consists of chemicals such as sulphur, zinc oxide, titanium oxide, potassium hydroxide and other accelerators and anti-oxidants that will help latex form on the porcelain moulds or formers. This stage also involves dipping the porcelain formers into a coagulant solution comprising calcium nitrate. This is followed by dipping the formers into a natural rubber latex compound. The latex tank comprises the daily tank and the compounding tank which consist of a mixture of chemicals required for the formation of the Latex Glove. The formers are then passed through the second drying oven before it goes through the leaching process. The pre-leaching tanks contains hot water at a temperature of 65°C to 70 °C. This removes water-soluble chemicals and protein residues through a process called wet-gel leaching.

The formers are then cured and dried through a process called vulcanisation before they are passed through another leaching process called dry-film leaching. This takes place in the post-leaching tanks and further ensures the reduction of protein residues to a minimal level. The vulcanisation process is critical as it affects or determines the overall quality of the gloves produced in terms of tensile strength, film clarity and reducing water absorption.

The final process of slurry dipping into the wet powdering tank or slurry tank is to form a layer of dilute modified cornstarch powder on the former. This will help in the removal of the latex gloves from the former after it goes through a final process of curing in the main oven.

The next stage involves subjecting the gloves to drying and vulcanisation process in the main oven. Dried gloves are stripped from the porcelain formers.

Quality tests are carried out throughout the manufacturing process as well as on the finished products. All products are sample tested by the quality assurance personnel prior to packing. The quality of Supermax products is high and it is this emphasis on product quality that is one of the critical success factors of Supermax and its ability to retain high customer loyalty.

Finished Gloves are weighed and then packed into cartons for shipment.

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

6.6.4 Production Output for the Past Five Years (in million pieces per annum/period)

The growth in the production output of the Group for natural rubber gloves are as follows:-

Latex Base	Glove Range	Financial Year / Period Ended					
		1995	1996	1997	Period ended 1997**	1998	1999
Natural Rubber	Regular						
	- Hypoallergenic	160	316.5	289.4	192.1	305.1	315.2
	- Low Protein						
	- Powdered	-	-	92.2	61.0	191.4	382.9
	- Powder-free	-	-	-	-	12.4	15.2
Nitrile	Low Powder	-	-	-	-	-	10.7
	Powder-free	-	-	-	-	-	6.2
Total		160	316.5	381.6	253.1	508.9	730.2

** Represents 6 months operation in SGM up to 31 December 1997 and 8 months operation in MGM up to 31 December 1997

6.6.5 Source and availability of Raw materials

Natural rubber in the form of latex is the predominant raw material used for the production of latex examination gloves whilst synthetic rubber is required for the production of nitrile gloves. With Malaysia as one of the major producers of latex in the world, Supermax is able to source all its natural rubber from local producers. Synthetic rubber, which is a by-product of petroleum, currently has to be sourced from Japan. A combination of chemicals (including compounding chemicals, accelerators, coagulant chemicals, acidic chemicals and powder) is required at different stages of the production process to mix, treat and clean the latex. Approximately 3% of the raw materials, mainly consisting chemicals are imported for natural rubber latex glove production. Other raw materials required such as liquid petroleum gas are also sourced locally.

In 1998, Malaysia consumed only approximately 38% of all of its natural rubber production. (Source : Monthly rubber statistics April 1999, Department of Statistics)

6.6.6 Viability of the Supermax Group

(i) Marketing edge

The Group's promoter, Mr Thai Kim Sim, Stanley has been distributing and exporting latex examination gloves since 1987. Through his extensive experience in the export of latex examination gloves, Mr Thai has managed to develop a wide network of 119 distributors, both exclusive and non-exclusive, throughout 47 countries. The Supermax Group's representatives often attend trade delegations, organised under the auspices of the Malaysian Industrial Development Authority ("MIDA") and the Malaysian Trade Association ("MATRADE") under the MITI, going abroad to promote Malaysian products. In addition, Supermax also participates in international trade exhibitions in various countries including Germany, Italy, United States of America ("USA"), Canada, Middle East and Singapore.

Under the helm of Mr Stanley Thai, Supermax is very much market focused in its approach. Therefore, the Group is able to keep in close contact with its customers and this has enabled the Group to discern underlying trends in the market demand for its products. Due to its market focus, the Group will usually only embark on a new line of products after it has determined from its marketing surveys and feasibility studies that the manufacturing of the new products are viable.

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

Supermax's marketing efforts has also enabled the Group to diversify away from the USA market to other smaller countries. According to the Industry Assessment Report by Vital Factor Consulting Sdn Bhd dated 8 August 1999 ("Vital's Report"), the USA constituted about 55% of Malaysia's export market for latex gloves in 1998. 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 in Hong Kong, Kuwait, Great Britain, Northern Italy, United Arab Emirates 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.

(ii) Own Brand Manufacturer ("OBM")

The Supermax Group is predominantly an OBM. For the last three years from 1996 to 1998 and the six months up to 30 June 1999, the proportion of "own brand manufacturing" and production for other principals manufactured by the Supermax Group are as follows:-

	1996 %	1997 %	1998 %	6 months ended 30.6.1999 %
Own brands	73.92	63.24	68.42	63.70
Other principals' brands	26.08	36.76	31.58	36.30
TOTAL	100.00	100.00	100.00	100.00

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. The SUPERGLOVES brand has been marketed since 1987 whilst the 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 and other manufacturers. 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 to preserve its profit margins.

(iii) Quality Control and Quality Assurance

Supermax places great emphasis on quality control and quality assurance procedures. The products go through a two-stage test wherein inspection is based on American Standard for Quality and Control ("ASQ") Sampling Procedures and tables for inspection by attributes. The in-process test involve watertightness, dimension and tensile tests on a sampling basis as recommended. In addition to the abovementioned quality control procedures, an additional "1000 ml" water leak test is implemented (in accordance with the requirements of the FDA) as the quality assurance implementation.

Supermax's products meet the stringent international quality standards. The Group's accreditation and quality certification are listed herein:-

Standard	Purpose / Product	Year of Compliance
ISO 9002 certification from SIRIM, Malaysia	• Manufacturer of Latex Medical Examination Gloves	1996
ISO 9002 certification from Bureau Veritas Quality International, Switzerland	• Manufacturer of examination gloves for medical/dental industry	1999

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

Standard	Purpose / Product	Year of Compliance
ISO 9002 and EN46002 certification from RWTUV, Germany FDA 510 k registration with US FDA on:-	<ul style="list-style-type: none"> • Manufacturer of non-sterile latex examination gloves • Latex patient examination gloves hypoallergenic • Latex examination gloves with 70 microgram or less total water extractable protein per gram • Powder free latex examination gloves with protein content labeling claim (50 microgram/g or less) • Polymer coated powder free latex examination gloves (50 microgram/g or less protein labelling claim) • Powdered Nitrile Examination Gloves 	<ul style="list-style-type: none"> • ISO 9002: 1996 • EN46002: 1999 • 1992 • 1998 • 1998 • 1999 • 1998
AFNOR standard certification from LNE, France	<ul style="list-style-type: none"> • Non sterile, powdered examination single use, latex gloves, ambidextrous 	<ul style="list-style-type: none"> • 1996
Listing from Canadian General Standards Board, Canada	<ul style="list-style-type: none"> • Sterile Surgical Rubber Gloves (Disposable) and sterile or non sterile medical examination gloves for single use 	<ul style="list-style-type: none"> • 1998
Listing from TGA (Therapeutic Goods Administration), Australia	<ul style="list-style-type: none"> • Gloves medical non-sterile 	<ul style="list-style-type: none"> • 1993
Certification from American Dental Association	<ul style="list-style-type: none"> • Latex examination gloves 	<ul style="list-style-type: none"> • 1996
SMG Certificate from Malaysian Rubber Board	<ul style="list-style-type: none"> • Powdered and powder-free gloves 	<ul style="list-style-type: none"> • 1999
CE Mark Body Certificate from SGS, UK	<ul style="list-style-type: none"> • Sterile gloves 	<ul style="list-style-type: none"> • 2000
CE Mark 0120 Certificate from SGS, UK	<ul style="list-style-type: none"> • Nitrile Rubber Gloves including Chemical Protective Gloves 	<ul style="list-style-type: none"> • 2000
ISO 13488 and EN46002 from SGS, UK	<ul style="list-style-type: none"> • Manufacture of Nitrile Rubber Gloves 	<ul style="list-style-type: none"> • 2000
ISO 9002 from SGS, UK	<ul style="list-style-type: none"> • Manufacture of Nitrile Rubber Gloves 	<ul style="list-style-type: none"> • 2000

(iv) Export and downstream processing oriented

The Group's products cater wholly for the export market. The Group has also taken care to ensure that they are not overly dependent on any one single economy and has been diversifying to various countries as such. It is the Group's view that in any country or regional recession, the Group's ability to withstand such downturn would remain. As at the date of this prospectus, the Group has secured a total of 119 distributors in 47 countries. Of this, five (5) distributors are exclusively serving Supermax.

Being focused wholly on the export markets, Supermax is a net foreign currency exchange earner to the country. This is in line with the Government's policies to improve the country's balance of payments position as well as promoting Malaysian-made rubber products overseas.

(v) Improvement of Existing Products and Research and Development of New Products

Supermax is continuously looking into improving the quality and profitability of its existing products as well as to develop new value-added product lines which generate better margins. After the Group has determined that a particular product is worth producing, the Group usually embarks on process engineering to develop a process which will enable the product to be produced at its factory. Any new improvement which the factory learns from its production is usually applied to the new product lines at its factories.

Supermax undertakes Research and Development (R&D) mainly in Process Engineering. Most of the product R&D activities are undertaken specifically by the Malaysian Rubber Research institute who plays an important role in the development of new rubber based or synthetic materials.

For the year ended 31 December 1999, approximately RM60,000 has been spent for the R&D. Research thus far has mainly focused on Polymer coated latex powder-free, Nitrile powder-free gloves, Chlorinated powder-free gloves and Fitted examination gloves.