



RIVERSTONE HOLDINGS LIMITED

annual report  
**2016**

Leader in the Manufacturing of  
Cleanroom and Healthcare Gloves

# COMPANY VISION & MISSION

**Riverstone's** business is built on a foundation of deep technical knowledge to meet the exacting standards for particle and static control that the electronics industry demands. We offer a wide range of products for all classes of cleanrooms to meet our customers' unique needs. Our desire is to provide top quality and innovative products and to do so in a timely, reliable and efficient manner.

We strive to be a global leader in the manufacture of cleanroom and healthcare gloves. Our brand, "**RS**", symbolizes superior quality and we are the first-choice glove supplier for users in the highly controlled and critical manufacturing and healthcare environment.



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# CERTIFICATIONS AND AWARDS

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Singapore 1000 Company  
Public Listed Companies 2011-2014



Forbes Asia Best  
Under A Billion 2010

- 1. ISO 14001:2004
- 2. Intertek MS 1722:2011
- 3. Intertek OHSAS 18001:2007
- 4. ISO 9001:2008
- 5. ISO 13485:2003 EN ISO 13485:2012
- 6. Directive 93/42/EEC



Bronze Awards of the Best Managed Board  
Bronze Awards of the Best Investor Relations  
Singapore Corporate Awards 2016



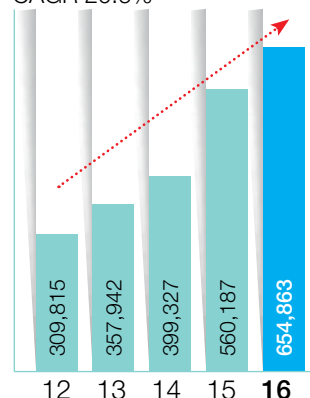
Gold prize in Best IR Campaign  
PR Awards 2016

# GROUP FINANCIAL HIGHLIGHTS

## Revenue

(RM'000)

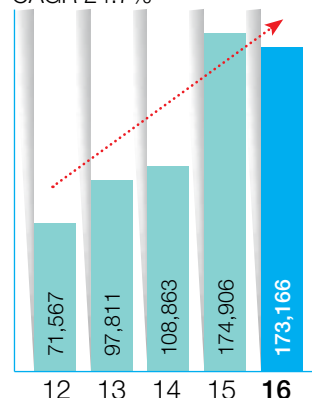
CAGR 20.6%



## Gross Profit

(RM'000)

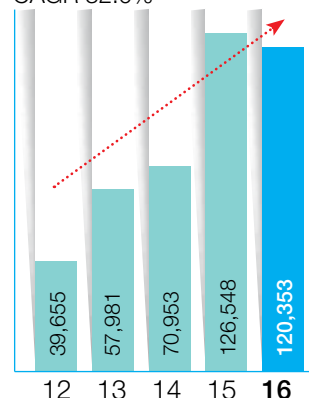
CAGR 24.7%



## Net Profit

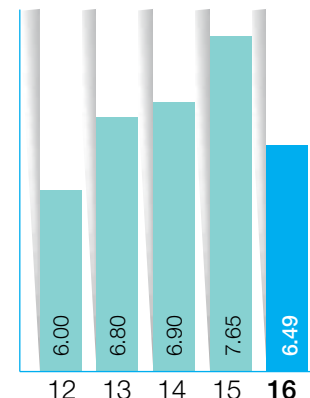
(RM'000)

CAGR 32.0%



## Dividends Declared

(RM Sen/Share)



	FY16	FY15	FY14	FY13	FY12
<b>For The Year (RM'000)</b>					
Revenue	654,863	560,187	399,327	357,942	309,815
Gross Profit	173,166	174,906	108,863	97,811	71,567
Gross Profit Margin	26.4%	31.2%	27.3%	27.3%	23.1%
Profit Before Tax	138,848	144,358	81,112	72,626	48,317
Net Profit	120,353	126,548	70,953	57,981	39,655
Net Profit Margin	18.4%	22.6%	17.8%	16.2%	12.8%
Cashflow from Operations	118,970	122,129	62,833	80,242	59,529
<b>At Year End (RM'000)</b>					
Total Assets	667,606	585,253	440,766	380,507	316,519
Shareholders Equity	554,508	481,505	371,552	322,659	254,637
Cash and Cash Equivalents	103,195	128,682	79,432	114,004	63,987
Debt *	-	-	-	-	-
Debt Equity Ratio	N/A	N/A	N/A	N/A	N/A
Return on Equity	21.7%	26.3%	19.1%	18.0%	15.6%
Return on Assets	18.0%	21.6%	16.2%	15.2%	12.5%
<b>Per Share (RM sen)</b>					
Earnings (Basic) **	16.2	17.1	9.6	8.0	6.1
Earnings (Diluted basis)	16.2	17.1	9.6	8.0	5.9
Net Tangible Asset	74.8	130.0	100.3	87.1	76.9
Dividend Declared for the Financial Year	6.5***	7.7	6.9	6.8	6.0

\* Excludes finance leases.

\*\* For FY16, EPS is computed based on weighted average number of shares of 741.1 million.  
 For FY15, EPS is computed based on weighted average number of shares of 741.1 million.  
 For FY14, EPS is computed based on weighted average number of shares of 741.1 million.  
 For FY13, EPS is computed based on weighted average number of shares of 723.6 million.  
 For FY12, EPS is computed based on weighted average number of shares of 651.4 million.

\*\*\* Dividends are tax-exempted (one-tier). The dividend declared for FY16 of 6.49 sen (RM) per ordinary share includes the proposed dividend of 5.19 sen (RM) per ordinary share which is subject to approval by shareholders at the Annual General Meeting on 24 April 2017.

N/A: No Applicable

# KEY MILESTONES

## 2016

- 3<sup>rd</sup> Phase of expansion plan in Taiping has been completed as per schedule and the Group's annual production capacity is now 6.2 billion gloves.
- Construction of Phase 4 new glove factory building underway in Taiping.

## 2015

- Commissioned additional one finger cots line in Bukit Beruntung plant in September 2015.
- 2<sup>nd</sup> Phase of expansion plan in Taiping has been completed as per schedule and increased total annual production capacity to 5.2 billion gloves.
- Acquired a piece of land of 9.4 acres located at Kamunting Raya Industrial Estate, Taiping, Perak, Malaysia to house a worker hostel and potential new factory to support further business expansion.

## 2014

- Commissioned additional one line in Thailand plant in March 2014.
- 1<sup>st</sup> Phase of expansion plan in Taiping, Perak, Malaysia completed in December 2014 with a factory building and 6 production dipping lines and increased total annual production capacity to 4.2 billion gloves.
- Fully in compliance with Business Social Compliance Initiative "BSCI" Code of Conduct in January 2015. (BSCI audit summary report reference number DBID: 338381 is available online to BSCI members).

## 2013

- Entered into a Sale and Purchase Agreement to acquire a piece of land of 30 acres (approximately 1.5 acres to be surrendered to local authority for service road) acres located at Kamunting Raya Industrial Estate, Taiping, Perak, Malaysia in April 2013 to support the business expansion of the Group.
- Awarded OHSAS 18001 & MS 1722 certification for the Occupational Safety & Health Management System.

## 2012

- Commissioned additional 6 production lines in the Malaysia plant in December 2012 and increased annual production capacity from 2.5 billion to 3.1 billion gloves.
- Completed an extension of factory building in Taiping, Perak Darul Ridzuan, Malaysia.

## 2011

- Commissioned additional 4 lines through the completion of Taiping plant's Phase II expansion plan and also added one new line at Bukit Beruntung plant. Total annual production capacity increased from 1.76 billion to 2.5 billion gloves.
- Commissioned one new biomass water tube boiler each at Taiping and Bukit Beruntung plants and each boiler will have a capacity to supply 15 tons of steam per hour for use in the process of glove manufacturing.
- Achieved "2011 Singapore 1000 Company" from Singapore 1000 Family of Rankings.

## 2010

- Completed a new factory located in Taiping, Perak Darul Ridzuan, Malaysia.
- Completed Phase I expansion plan by commissioned additional 5 lines in the Malaysia plant and 1 line in the Thailand plant and increased annual production capacity by 800 million to 1.76 billion gloves.
- Awarded "Best Under A Billion" by Forbes Asia.
- Awarded Food and Drug Administration "FDA" 510(K) Pre-Market Application certification by FDA, USA.
- Awarded Directive 93/42/EEC – Sterile Nitrile Gloves by SGS United Kingdom Ltd. System & Services Certification.

## 2009

- Commissioned additional line in the Malaysia plant in December 2009 and increased annual production capacity by 60 million to 960 million gloves.
- Completed construction of 3 storey building for Research and Development, Quality Assurance and Chlorination facilities.
- Cleanrooms for packaging materials and face masks were completed in November 2009.
- Awarded ISO 13485:2003 Quality Management System certifications for Medical Devices.
- Ventured into production of premium healthcare gloves.

## 2008

- Completed construction of 3 storey new factory canteen and office building in Malaysia.
- Commissioned additional 2 lines in the Malaysia plant in August and December and increased annual production by 120 million to 900 million gloves.
- Acquired Sinetimed Consumables Sdn Bhd to manufacture cleanroom gloves and finger cots.
- Entered into Sales and Purchase Agreement with WRP Sinetimed Sdn Bhd to acquire certain property and fixed assets.
- Construction of 1½ storey new factory in Malaysia completed in December.

## 2007

- Acquired land in Malaysia in August to expand group business into production of cleanroom face masks and packaging materials.
- Commissioned additional line in Thailand plant in December and increased annual production capacity by 60 million to 780 million gloves.

## 2006

- Successfully listed on the Mainboard of Singapore Exchange "SGX" in November.
- Commissioned additional lines in December and increased annual production capacity by 120 million to 720 million gloves.
- Acquired new equipment to increase annual production capacity of cleanroom packaging materials to 1,000 tonnes.
- China plant commenced operations to provide chlorination and packaging services for customers in China.
- Awarded ISO 14001:2004 certification for environmental management system.

## 2005

- Expanded annual production capacity to 601 million gloves and 876 tonnes of cleanroom packaging materials.
- Successfully adopted the Six Sigma program to assess product quantity, maintain consistency and reliability in our end-to-end manufacturing process.

## 2004

- Expanded annual production capacity to 475 million gloves and 660 tonnes of cleanroom packaging materials.

## 2002-2003

- Expanded annual production capacity to 411 million gloves and 475 million finger cots.

## 2001

- Established manufacturing facilities in Thailand with production capacity of 120 million gloves and increased the Group's annual production capacity to 391 million gloves.
- Set up sales office in US to service customers in Northern and Central America.

## 2000

- Developed capability to manufacture higher quality Class 10 cleanroom gloves. Installed special dipping line solely for research and development purposes.
- Set up office in the Philippines.
- Expanded annual production capacity to 271 million gloves.

## 1999

- Expanded annual production capacity to 216 million gloves.

## 1998

- Expanded annual production capacity for gloves and finger cots to 168 million and 187 million pieces respectively.
- Awarded ISO 9001:2000 certifications for quality management system.
- Set up sales offices in Penang and Singapore to serve customers better.

## 1995-1996

- Ventured into production of other non-glove cleanroom consumables such as cleanroom packaging materials and finger cots.

## 1994

- Expanded annual production capacity to 120 million gloves.
- Pioneered the manufacture of nitrile cleanroom gloves in Malaysia.

## 1991

- Incorporated Riverstone Resources Sdn Bhd to manufacture cleanroom gloves.

# CORPORATE PROFILE



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**1 MALAYSIA - HEAD OFFICE**  
Riverstone Resources Sdn Bhd

**2 MALAYSIA - TAIPING**  
Riverstone Resources Sdn Bhd

**3 MALAYSIA - BUKIT BERUNTUNG**  
Riverstone Resources Sdn Bhd  
Riverstone Industrial Products Sdn Bhd

**4 MALAYSIA - TAIPING**  
Eco Medi Glove Sdn Bhd

**5 THAILAND**  
Protective Technology Company Limited

**6 CHINA**  
Riverstone Resources (Wuxi) Company Limited

Riverstone was established in 1991 and listed on the Mainboard of the Singapore Stock Exchange in 2006.

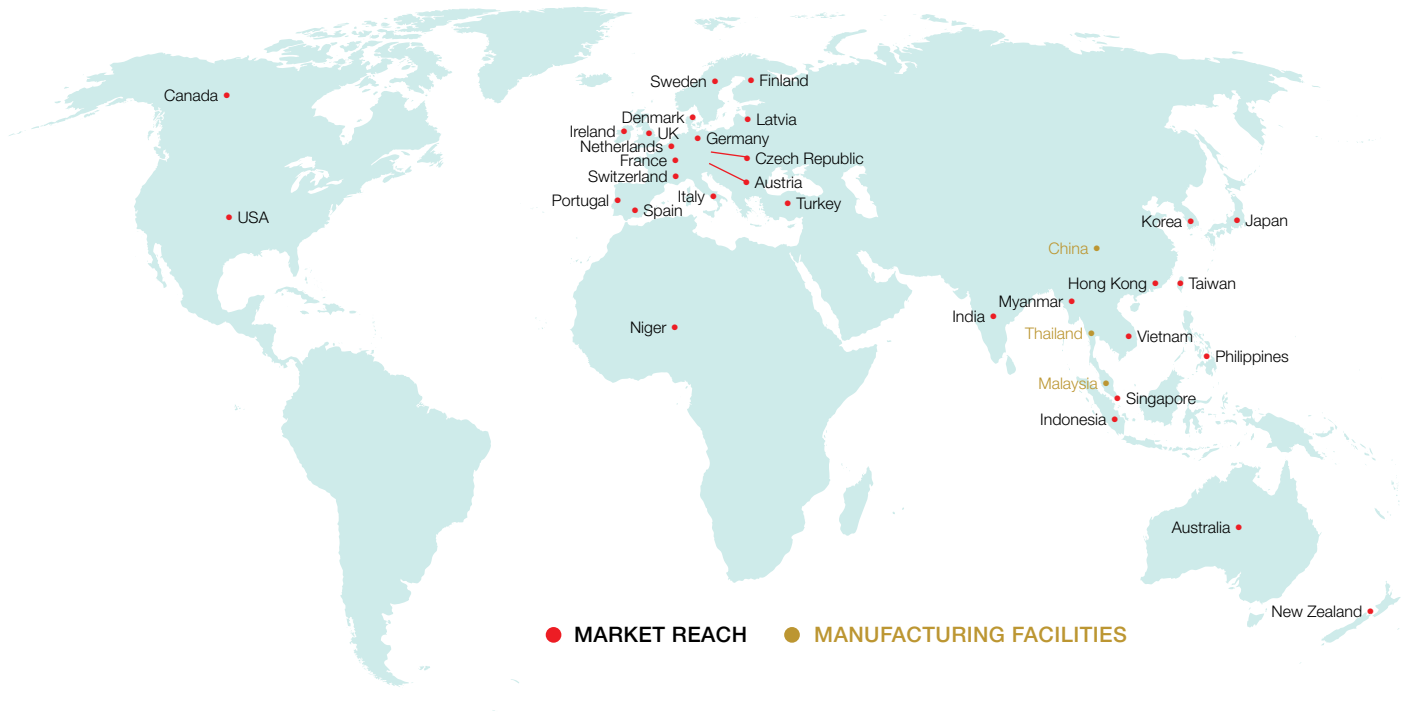
We specialize in the production of Cleanroom and Healthcare Gloves, finger cots, cleanroom packaging bags and face masks. Over the years, with the full support of our valued customers and the commitment of our staff, we have grown to become the leading global supplier for Cleanroom and Healthcare Gloves.

Our products are widely qualified and used by major global players in the electronic and healthcare industries. We export more than 80% of our products to key high technology customers in Asia, the Americas and Europe.

As a global supplier of Cleanroom Consumables and Healthcare Gloves, currently we have five manufacturing facilities, located in Malaysia, Thailand and China and established network of sales offices and strategic partners in Asia, the Americas and Europe.

# MARKET REACH

AS A GLOBAL SUPPLIER OF CLEANROOM CONSUMABLES AND HEALTHCARE GLOVES, WE HAVE NETWORK OF SALES OFFICES AND STRATEGIC PARTNERS IN ASIA, THE AMERICAS AND EUROPE.



# GROUP STRUCTURE

## MALAYSIA

Riverstone Resources Sdn Bhd  
 Riverstone Industrial Products Sdn Bhd  
 Eco Medi Glove Sdn Bhd

## SINGAPORE

Riverstone Holdings Limited  
 Riverstone Resources (S) Pte Ltd

## CHINA

Riverstone Resources (Wuxi) Company Limited

## THAILAND

Protective Technology Company Limited



# R&D AND TECHNICAL EXPERTISE

## OUR FOCUS ON RESEARCH AND PRODUCT DEVELOPMENT ENABLES US TO ENGAGE BETTER IN TECHNICAL COLLABORATIVE PROJECTS WITH OUR CUSTOMERS TO DELIVER CUSTOMISED SOLUTIONS.

Our customers are major manufacturers in the HDD and semiconductor industries. The production and assembly of electronic products in these industries demand exacting cleanroom standards for particle and static control in order to protect highly sensitive electronic components from contamination.

Our Group has been involved in the manufacturing of cleanroom gloves for more than 26 years. We strive to create an environment rich in technological innovation and manufacturing excellence. Over the years, we have developed deep technical knowledge in formulation and process techniques. We are able to customize gloves to meet our customers' unique requirements for all classes of cleanrooms.

Our 20-strong R&D and technical team consists of experienced professionals including chemists and chemical engineers. Our focus on research and product development enables us to engage in technical collaborative projects with our customers to deliver customised solutions. This enables us to strengthen our long-standing customer relationships, keeping abreast of industry trends and meeting the specific needs of our customers.

Our strength in research and product development has enabled us to successfully produce high quality healthcare gloves and gain recognition from multi-national corporations as customers in the healthcare industry over a short period of time.

As a testament to our high quality control and production standards, we have been accorded international manufacturing certifications:

- ISO 9001:2008 Quality management system
- ISO 14001:2004 Environmental management system
- ISO 13485:2003 Quality management system for medical devices
- Six Sigma program
- Certified OHSAS 18001 & MS 1722
- Certified Directive 93/42/EEC for Sterile Nitrile Gloves
- Registered US FDA 510(K) for medical devices
- Registered Japan FDA for medical devices
- Registered China FDA for medical devices

# LETTER TO SHAREHOLDERS

## Dear Shareholders



It has been 26 years since the inception of Riverstone, and a decade since our listing on SGX. I am extremely grateful to observe that Riverstone has been growing well and remains profitable throughout this entire period. More notably, while we continue to uphold our reputation as the leading high-tech cleanroom glove manufacturer, we are now a respectable contender in the premium healthcare glove manufacturing space as well. Our initiative to expand into the healthcare glove segment and subsequently excel at it represents our willingness to evolve with times, along with our timeless commitment to quality.

That being said, I must acknowledge that 2016 was an exceptionally challenging year for Riverstone. Fuel costs spiked by more than 20.0%, while labour costs rose by more than 10.0%. We expect the tough operating environment to persist or even worsen, as raw materials prices have likewise been on the ascent since the start of 2017.

Against the challenging industry backdrop, revenue growth prevails at a commendable rate of 16.9% year-on-year (“yoy”), from RM560.2 million for FY2015 to RM654.9 million for FY2016. However, we recorded a slight reduction in our net profit, from RM126.5 million for FY2015 to RM120.4 million for FY2016. Gross profit and net profit margin were 26.4% and 18.4% respectively. The slip was mainly due to our shift in product mix between cleanroom glove and healthcare glove.

Despite the rapid and robust growth, the healthcare glove space remains very competitive. The competitive landscape has resulted in the downward trend of the average selling prices of healthcare gloves, relative to FY2015. This implies that we have been unable to fully pass on the respective increases in the costs of fuel, labour, and raw materials to our customers. While the downward pressure on average selling prices had begun to subside in the last quarter of FY2016 and should stabilise in the near term.

## LETTER TO SHAREHOLDERS (CONT'D)

On the other hand, the sustained demand for our high-tech cleanroom gloves had allowed us to maintain healthy profit margins for FY2016. I am especially heartened to see the swift and substantial improvement in the sales of our cleanroom gloves in the second half of FY2016. This is a result of our vigorous efforts to penetrate new markets and new geographies. In particular, we witnessed strong growth in the demand for our cleanroom gloves arising from the tablet, mobile, and pharmaceutical industries. We expect that the bulk of our future cleanroom glove business will come from these trending industries.

Furthermore, we are well-positioned to tap on this growth with the progressive completion of our five-year expansion plan. In the fourth quarter of FY2016, we marked the successful conclusion of our expansion plan's third phase, which has brought our total production capacity to 6.2 billion glove pieces per annum. In spite of the expanded capacity, our utilisation rate remains at approximately 90.0% owing to the overwhelming demand for our premium gloves.

As planned, the fourth phase of our expansion plan has begun in the final quarter of FY2016 and is expected to be completed in the last quarter of FY2017. Once completed, it should contribute one additional billion pieces of gloves per annum in production capacity to 7.2 billion. In view of the existing demand and interest in our gloves, we are optimistic that this new capacity will be fully committed as per our first three phases.

Embracing the challenges faced in FY2016, I would like to express my appreciation to a few groups of individuals. Firstly, I would like to thank the Board of Directors for their guidance and contribution. Next, I would like to thank the staff for their diligence and dedication, as well as the rest of the stakeholders for their loyalty and trust. Last but not least, I am sincerely grateful towards all our valued shareholders. In the second quarter of FY2016, we declared an interim dividend of 1.30 sen/share (RM) seeing that the Group's performance was within expectation. To commemorate the end of another successful year, the Board of Directors is pleased to recommend a final dividend of 5.19 sen/share (RM) for approval. This totals dividends of 6.49 sen/share (RM) for the full year, translating to approximately 40.0% dividend payout ratio based on profit attributable to shareholders.

We look forward to your continued support in the coming year, as we rise to even greater challenges!

**WONG TEEK SON**

*Executive Chairman and Chief Executive Officer*

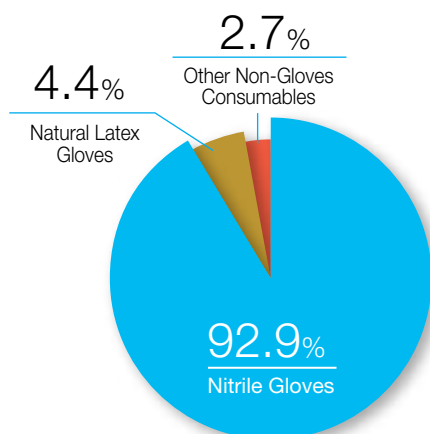
# OPERATIONAL AND FINANCIAL REVIEW

## REVENUE

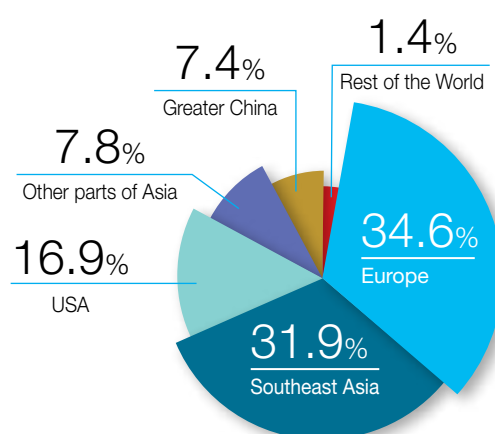
For the FY2016, the Group's total revenue rose by 16.9% from RM560.2 million in FY2015 to RM654.9 million. Sales contribution from gloves increased 17.7% to RM637.1 million (FY2015: RM541.1 million) and contribution from other non-glove products decreased by 6.9% to RM17.8 million (FY2015: RM19.1 million). Sales from non-glove consumables were from finger cots, face masks, wipers and packaging materials.

In FY2016, sales of nitrile gloves contributed RM608.4 million or 92.9% (FY2015: RM513.4 million or 91.6%) of our total revenue. Natural latex gloves contributed RM28.7 million or 4.4% (FY2015: RM27.7 million or 5.0%) of total revenue.

For FY2016, the key geographical markets contributing to the revenue were Europe, Southeast Asia and USA. Total revenue from Europe was recorded at RM226.5 million (FY2015: RM238.0 million), whereas total revenue from Southeast Asia and USA was at RM209.0 million (FY2015: RM157.9 million) and at RM110.4 million (FY2015: RM57.3 million) respectively.



REVENUE BY PRODUCTS 2016



REVENUE BY REGIONS 2016

## GROSS PROFIT

The Group's gross profit slipped by 1.0% from RM174.9 million in FY2015 to RM173.2 million in FY2016. The Group's gross profit margin came down from 31.2% to 26.4% due to drop of average selling price for healthcare gloves and change in product mix.

## OPERATING EXPENSES

Operating expenses incurred consist of selling and distribution expenses, general and administration expenses, other operating expenses and finance costs.

Selling and distribution expenses rose by 9.0% from RM14.2 million in FY2015 to RM15.5 million in FY2016 due to the increase in marketing activities.

General and administrative expenses were reduced by RM2.4 million or 10.1% from RM23.7 million in FY2015 to RM21.3 million in FY2016 mainly due to decrease in commission and incentives.

The Group registered other operating income of RM0.6 million in FY2016 as a result of net foreign exchange gain offset by fair value loss on derivatives and increase of research and development expenses.

## OPERATIONAL AND FINANCIAL REVIEW (CONT'D)

### NET PROFIT

The Group's profit before taxation for the year declined by 3.8% from RM144.4 million in FY2015 to RM138.8 million in FY2016.

The Group's profit attributable to shareholders was RM120.4 million, reduced by 4.9% from FY2015 of RM126.5 million. The Group's effective tax rate was 13.3% in FY2016, higher when compared to FY2015 of 12.3%, mainly due to lower tax incentives claimable by the Group.

### FINANCIAL POSITION

Our non-current assets which consist of property, plant and equipment (PPE) and deferred tax asset, increased to RM345.2 million as at 31 December 2016 from RM286.3 million as at 31 December 2015. PPE increased to RM336.7 million from RM276.7 million mainly on acquisition amounted to RM89.9 million coupled with foreign exchange adjustment of RM0.6 million offset by the depreciation charge and PPE written off/ disposal of RM29.9 million and RM0.6 million respectively. The deferred tax asset increased to RM8.5 million mainly due to the availability of reinvestment allowances.

Our current assets increased by RM23.4 million from RM299.0 million as at 31 December 2015 to RM322.4 million as at 31 December 2016. As at 31 December 2016, the trade receivables and inventories level increased by RM37.2 million to RM140.3 million and RM5.8 million to RM67.0 million respectively, mainly due to increase in sales and higher production volume. Other receivables increased to RM9.2 million as at 31 December 2016 from RM4.9 million as at 31 December 2015 contributed by Goods and Services Tax refundable. Prepayments increased from RM1.1 million to RM1.7 million as at 31 December 2016 mainly due to prepayment of Malaysian government levy for foreign workers.

Cash and cash equivalents included fixed deposits, cash at banks and in hand, recorded at RM103.2 million as at 31 December 2016. The Group generated RM119.0 million from operating activities and net cash used in investing activities amounted to RM96.6 million. The Group's investing activities were mainly on the purchase of PPE of RM94.9 million and installment paid for purchase of land of RM2.3 million. The Group has net cash flows used in financing activity for the dividend payout of RM48.5 million.

Non-current liabilities increased by RM1.0 million from RM11.7 million as at 31 December 2015 to RM12.7 million as at 31 December 2016 due to the higher provision of deferred taxation.

Current liabilities increased by RM8.4 million to RM100.4 million as at 31 December 2016 mainly due to higher payables and accruals from RM84.4 million as at 31 December 2015 to RM90.5 million as at 31 December 2016 coupled with increased of derivatives (liabilities) at RM4.6 million as compared to derivatives (assets) at RM0.1 million as at 31 December 2015. Provision of taxation declined from RM7.6 million as at 31 December 2015 to RM5.3 million as at 31 December 2016.

### NET ASSETS PER SHARE

The net assets backing per share decreased to 74.82 sen (RM) in FY2016 from 129.95 sen (RM) in FY2015 as a result of Bonus Shares allotted and issued on 1 February 2016 and a 15.2% increase in shareholders' equity to RM554.5 million in FY2016 from RM481.5 million in FY2015.

## DIRECTORS' PROFILE



### Wong Teek Son

*Executive Chairman & Chief Executive Officer*

Wong Teek Son is the founder and Chief Executive Officer of Riverstone. He was appointed to the Board as Executive Chairman on 3 August 2005. Mr Wong has been instrumental in expanding the Group's customer base and cementing business relationships with its international customers. Mr Wong's executive responsibilities include developing business strategies and overseeing the Group's operations. Mr Wong holds a Master in Business Administration from Monash University and a Bachelor of Science (Hons) from the University of Malaya.

### Lee Wai Keong

*Chief Operating Officer / Executive Director*

Lee Wai Keong is the co-founder and Chief Operating Officer of Riverstone. He was appointed to the Board as an Executive Director on 3 August 2005. He has contributed to the Group's high quality control and production standards required to meet stringent international standards in the highly demanding cleanroom industry. Mr Lee is responsible for the Group's production facilities in Malaysia, Thailand and China.



### Wong Teck Choon

*Group Business Development Manager / Executive Director*

Wong Teck Choon joined Riverstone in 1991 and is the Group Business Development Manager. He was appointed to the Board as an Executive Director on 2 October 2006. Mr Wong has been involved in various business units of the Group and has contributed to the Group's expansion of other non-glove cleanroom consumables. Mr Wong is responsible for the production of cleanroom finger cots and exploring business development opportunities for the Group for other cleanroom consumables.



## DIRECTORS' PROFILE (CONT'D)

### Albert Ho Shing Tung

*Independent Non-Executive Director*

Albert Ho Shing Tung was appointed to the Board on 2 October 2006. He is currently a director of Centrum Capital, an investment and asset management firm. Mr Ho has a background in finance and investment banking and has worked at various international financial institutions since 1990. Mr Ho holds a Bachelor of Commerce degree from the Australian National University and is a Fellow CPA (Australia). Mr Ho is currently the Deputy Chairman of CPA Australia's Corporate-SME Committee in Singapore.



### Low Weng Keong

*Lead Independent Non-Executive Director*

Low Weng Keong was appointed to the Board as an Independent Non-Executive Director on 2 October 2006. Mr Low is also an independent director of UOL Group Limited, a company listed on the Singapore Stock Exchange, and iX Biopharma Limited, a company listed on Catalist. He stepped down as an independent director of Bracell Limited, a company listed on the Hong Kong Stock Exchange, in 2016.

Mr Low is a Life Member of CPA Australia, Fellow Chartered Accountant (UK), Fellow Singapore Chartered Accountant, Chartered Tax Advisor (UK) and Accredited Tax Adviser (Singapore). Mr Low was a former Country Managing Partner of Ernst & Young Singapore and a former global Chairman and President of CPA Australia. He is a Director of the Confederation of Asian and Pacific Accountants Limited as well as the Singapore Institute of Accredited Tax Practitioners Limited.




### Hong Chin Fock

*Independent Non-Executive Director*

Hong Chin Fock was appointed to the Board as an Independent Non-Executive Director on 2 October 2006. In addition to this appointment, Mr Hong is also an independent non-executive director of Prima Limited and two foreign listed companies, Chailease Holding Company Limited and Gigamedia Limited. He is also a director of Shared Services for Charities Ltd and BinjaiTree Limited. Mr Hong holds a Bachelor of Social Science from the University of Singapore. Mr Hong was formerly a tax principal at KPMG and a tax consultant at Allen & Gledhill. He was a part time lecturer at the Singapore Management University.



## EXECUTIVE MANAGEMENT



**DUMRONGSAK AROONPRASERTKUL** joined our Group in 2001 and is the General Manager of our operations in Thailand. Mr Aroonprasertkul is responsible for the business and strategic growth and development of our Group in Thailand. Mr Aroonprasertkul holds a Masters in Business Administration from the Monash Mt. Eliza University and a Bachelor of Business Administration (Accounting) from the Ramkhamhaeng University.

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**CHEE MEI CHUAN** joined our Group in 1995 and is the Human Resource Manager of Riverstone Resources Sdn Bhd where he is responsible for the development and implementation of human resource policies of our Malaysian subsidiaries. Mr Chee holds a Bachelor of Science with Education (Hons) from the University of Malaya.

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**TAN WANG THING** joined our Group in 2006 and was the Group Accountant since 1 July 2013. She was appointed as Chief Financial Officer on 15 August 2016 and responsible for controlling and managing the finance and accounting functions of our Group. She holds a Master of Science (Accounting and Finance) from The University of Birmingham, and Master of Business Administration from The University of Strathclyde. She is the Associate member of The Chartered Institute of Management Accountants, UK and a member of the Malaysian Institute of Accountants.

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**CASEY KHOR KUAN CHING** joined our Group in 2008 and is the General Manager of Eco Medi Glove Sdn Bhd. She holds a Bachelor of Economics (Accounting) from the University of Manchester, and has a background in finance and banking having served with accounting and financial institutions, both in the UK and Malaysia.



# CORPORATE INFORMATION

## Board of Directors

### WONG TEEK SON

*Executive Chairman & Chief Executive Officer*

### LEE WAI KEONG

*Executive Director & Chief Operating Officer*

### WONG TECK CHOON

*Executive Director & Group Business Development Manager*

### ALBERT HO SHING TUNG

*Independent Non-Executive Director*

### LOW WENG KEONG

*Lead Independent Non-Executive Director*

### HONG CHIN FOCK

*Independent Non-Executive Director*

## Audit Committee

### LOW WENG KEONG

*Chairman*

### HONG CHIN FOCK

### ALBERT HO SHING TUNG

## Nominating Committee

### LOW WENG KEONG

*Chairman*

### HONG CHIN FOCK

### WONG TEEK SON

## Remuneration Committee

### HONG CHIN FOCK

*Chairman*

### LOW WENG KEONG

### ALBERT HO SHING TUNG

## Company Secretary

### CHAN LAI YIN

ACIS

### LEE PAY LEE

ACIS

## Share Registrar

### BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD

50 Raffles Place  
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Singapore 048623

## Registered Office

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## Auditors

### ERNST & YOUNG LLP

One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Partner-in-charge: Tham Chee Soon  
(Date of appointment: since financial year ended  
31 December 2012)





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# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Riverstone Holdings Limited (the “Board”) recognises that sound corporate governance practices are important to the proper functioning of the Group and the enhancement of shareholders’ value. The Board is pleased to confirm that the Group has adhered to the principles and guidelines as set out in the Code of Corporate Governance (the “2012 Code”) issued by the Monetary Authority of Singapore for the financial year ended 31 December 2016 (“FY2016”).

## BOARD MATTERS

### Principle 1: The Board’s Conduct of Its Affairs

The Board currently comprises three executive directors and three non-executive directors. All of the non-executive directors are independent from management.

The primary function of the Board is to protect and enhance long-term value and return for its shareholders. Besides carrying out its statutory responsibilities, the roles of the Board are to:

- guide formulation of the Group’s overall long-term strategic objectives and directions. This include setting the Group’s policies and strategic plans and to monitor the achievement of these corporate objectives;
- establish appropriate risk management system to ensure that key potential risks faced by the Group are properly identified and managed, including safeguarding of shareholder’s interests and the Company’s assets;
- conduct periodic review of the Group’s internal controls, financial performance, compliance practices and resource allocation;
- provide oversight in the proper conduct of the Group’s business and assume responsibility for corporate governance;
- ensure the management discharges business leadership and management skills with the highest level of integrity;
- consider sustainability issues relating to the environment and social factors as part of the strategic formulation of the Group; and
- to set the Company’s values and standards and to provide guidance to Management to ensure that the Company’s obligations to its shareholders and the public are met.

The Board’s approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptances of bank facilities, annual budget, the release of the Group’s quarterly and full year’s results and interested person transaction of a material nature. The Board works closely with management. All directors objectively make decisions at all times as fiduciaries in the interests of the Company.

The Board conducts scheduled meetings on a quarterly basis to coincide with the announcement of the Group’s quarterly results. The Articles of Association of the Company provide for directors to convene meetings by teleconferencing or videoconferencing. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means.

Ad-hoc Board meetings are convened as and when they are deemed necessary in between the scheduled meetings. During the year, ad-hoc board meetings were held to discuss the proposed bonus share issue of which the bonus shares had been allotted and issued on 1 February 2016.

To assist in the execution of its responsibilities, the Board of Directors has formed three committees, namely, Audit Committee (“AC”), Remuneration Committee (“RC”) and Nominating Committee (“NC”). These committees function within written terms of reference and operating procedures, which are reviewed on a regular basis. Each committee reports to the Board with their recommendations. The ultimate responsibility for final decision on all matters lies with the entire Board. The effectiveness of each committee will be constantly reviewed by the Board.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

Minutes of all Board Committees and Board meetings are circulated to members for review and confirmation. These minutes could also enable Directors to be kept abreast of matters discussed at such meetings. Matters arising from each meeting will be followed-up and reported to the Board. The attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings are append below.

### Attendance at Meetings

Name of Director	Board		AC		RC		NC	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Wong Teek Son	4	4	-	-	-	-	1	1
Lee Wai Keong	4	4	-	-	-	-	-	-
Wong Teck Choon	4	4	-	-	-	-	-	-
Low Weng Keong	4	3	5	4	1	1	1	1
Hong Chin Fock	4	4	5	5	1	1	1	1
Albert Ho Shing Tung	4	4	5	5	1	1	-	-

The Company has an orientation programme for newly appointed directors. They will be briefed on the profile of the Group and Management, businesses of the Group, strategic plans and mission of the Company by the Chief Executive Officer ("CEO") with site visits to understand the Group's business operations. There will be briefing on the duties and responsibilities as a director. Existing directors will be provided with updates on the latest governance and listing policies as appropriate from time to time. The Company shall be responsible for arranging and funding the training of Directors. The Company will issue a formal letter of appointment to new Directors setting out their duties and obligations when they are appointed.

The Directors are updated on the major events of the Group by the Management. The Directors are briefed on the strategic plans and objectives from time to time. The CEO updates the Directors on industry specific environment in which the entities of the Group operate. The Directors were furnished with updates on the relevant laws such as changes to the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and developments in accounting standards with explanation on the impact to the Group.

### Principle 2: Board Composition and Guidance

The Board comprises six directors of which half of the Board are independent directors. The independent directors are Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung. The criteria for independence are determined based on the definition as provided in the 2012 Code.

There is an independent element on the Board. The Board considers an "independent" director as one who has no relationship with the Group, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company and Group. With three of the directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. Furthermore, the Board is able to interact and work with the management team through robust exchange of ideas and views to help shape the Group's strategic direction. No individual or small group of individuals dominate the board's decision making process. Non-executive directors monitor and review the performance of management and meet regularly without management present.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors. The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The diversity of backgrounds and competencies ranges from finance, banking, accounting, and tax with entrepreneurial and management experience and familiarity with regulatory requirements and risk management. This is beneficial to the Company as decisions by the Board are enriched by a broad range of views and perspective from Directors with strong financial and business background, providing the necessary experience and expertise to direct and lead the Group. The effective blend of skills, experiences and knowledge remains a priority so as not to compromise on capabilities without discriminating against race, religion, gender or age. The Board will constantly examine its size annually with a view to determine its impact upon its effectiveness and review its appropriateness based on the nature and scope of the Group's operations.

The independence of each Independent Director is assessed annually by the NC. Particular attention is given to review and assess the independence of any director who has served beyond nine years from the date of appointment. Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung has served the Board for more than nine years. The NC considered the directors concerned are not involved in any relationships set out under Guideline 2.3(a) to (f) of the 2012 Code. The NC agreed that at all times, the Directors concerned have participated, deliberated and expressed his individual viewpoints, objectively debated issues brought up at meetings and scrutinised Board matters and Board Committee matters. Each of the Directors concerned objectively and constructively, challenges the assumptions and viewpoints by the Management. Each has sought clarification and advice, as and when he considered necessary, from the management and external advisors to form decisions objectively in the best interests of the Group and its stakeholders. The Directors concerned also exercised strong independence in character and judgment whilst discharging his duties as a member of the Board and Board Committees. The Company has benefited from the Directors concerned, who had over time, gained substantial insight of the Group's businesses and this had helped them to provide views constructively and objectively to the Board and Management. The Board considered that the Directors concerned brings invaluable expertise, experience and knowledge to the Board. The Directors concerned, who are familiar with the business, will continue to contribute positively to the deliberation of the Board and Board Committees. The Board concurred with the NC that Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung are independent directors, notwithstanding the years of service. The Board is satisfied that Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung can continue to discharge their duties objectively. No NC member is involved in the deliberation in respect of his own independence.

The latest profiles of the directors are set out on pages 12 and 13 of this Annual Report.

### **Principle 3: Chairman and Chief Executive Officer**

Mr Wong Teek Son is both the Executive Chairman and Chief Executive Officer ("CEO") of the Company. He is not an independent director. Given the scope and nature of business activities of the Group, the Board believes that there is no need for the role of Chairman of the Board and the CEO to be separated as there is a good balance of power and authority with all critical committees chaired by the independent directors.

The Executive Chairman bears responsibility for the conduct of the Board. The CEO together with the Executive Directors have full executive responsibilities over the business directions and operational decisions. The CEO is responsible to the Board for all corporate governance procedures to be implemented by the Group and to ensure conformance by the management to such practices. The CEO maintains effective communications with shareholders of the Company.

The Board has appointed Mr Low Weng Keong as the Lead Independent Director of the Company, who will be available to shareholders who have concerns and for which contact through the normal channels of the Executive Chairman and CEO or the Chief Financial Officer ("CFO") has failed to resolve or is inappropriate. The Lead Independent Director shall represent the independent directors in responding to shareholders' questions and comments that are directed to the independent directors as a group.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### Principle 4: Board Membership

The NC comprises two independent directors, Mr Low Weng Keong and Mr Hong Chin Fock, as well as the CEO, Mr Wong Teek Son. Mr Low Weng Keong, who is Lead Independent Director, is the Chairman of the NC. A majority of the NC is independent, including the NC Chairman. There is no alternate director appointed in the Board.

The NC's main functions as defined in the written terms of reference are as follows:

- (a) make recommendations to the Board on all board appointments;
- (b) assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board;
- (c) determine annually whether or not a Director is independent;
- (d) recommend re-nomination and re-election of directors; and
- (e) review training and professional development programs for the Board.

With regard to the responsibility of determining annually, and as and when circumstances require, if a director is independent, each NC member will not take part in determining his own re-nomination or independence. Each director is required to submit a return of independence to the Company Secretary as to his independence, who will submit the returns to the NC. The NC shall review the returns and determine the independence of each of the Directors and recommend to the Board. An Independent Director shall notify the NC immediately, if as a result of a change in circumstances, he no longer meets the criteria for independence. The NC shall review the change in circumstances and make its recommendations to the Board. During the year, the NC has reviewed and determined that Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung are independent directors of the Company.

The Company's Articles of Association require newly appointed director to hold office until the next Annual General Meeting ("AGM") and at least one-third of the directors to retire by rotation at every AGM. A retiring director is eligible for re-election by the shareholders of the Company at the AGM. The NC recommended to the Board the re-election of Mr Wong Teek Son and Mr Hong Chin Fock, who are due for retirement by rotation at the forthcoming AGM. In reviewing the nomination of director for re-appointment at the forthcoming AGM, the NC has considered criteria such as the Director's contribution and participation, preparedness and attendance. The NC is satisfied that each Director under review has been adequately carrying out his duties as a Director of the Company.

Although the non-executive directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations, especially listed company, do not hinder them from carrying out their duties as directors. These directors would widen the experience of the Board and give it a broader perspective. Having reviewed each non-executive director's directorship in other companies as well as each Director's attendance and contribution to the Board in FY2016, the Board, except the independent and non-executive directors with multiple directorships, has confirmed that the independent and non-executive directors have committed sufficient time, attention, resources and expertise to the affairs of the Company.

Where new appointments are required, the NC will consider recommendation for new directors, review their qualifications and meet with such candidates before decision is made on a selection. In view of the foregoing, the Board is of the view that there is an adequate process for the appointment of new directors. There was no change in the executive directors or senior management during the financial year.

Details of other principal commitments of the Directors are set out in pages 12 and 13 of this Annual Report.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/chairmanship both present and those held over the preceding three years in other listed company
Wong Teek Son	3 August 2005	21 April 2014	Executive Chairman/ Chief Executive Officer	Member of Nominating Committee	None
Wong Teck Choon	2 October 2006	18 April 2016	Executive Director/ Group Business Development Manager	None	None
Lee Wai Keong	3 August 2005	20 April 2015	Executive Director/ Chief Operating Officer	None	None
Low Weng Keong	2 October 2006	18 April 2016	Lead Independent Director	Chairman of Audit Committee and Nominating Committee, Member of Remuneration Committee	UOL Group Limited (listed on the SGX-ST) IX Biopharma Limited (listed on the SGX-ST) Bracell Limited (listed on the Hong Kong Stock Exchange) – resigned on 1 November 2016
Hong Chin Fock	2 October 2006	21 April 2014	Independent Director	Chairman of Remuneration Committee, Member of Audit Committee and Nominating Committee	Chailease Holding Company Limited (listed on the Taiwan Stock Exchange) Gigamedia Limited (listed on NASDAQ)
Albert Ho Shing Tung	2 October 2006	20 April 2015	Independent Director	Member of Audit Committee and Remuneration Committee	IX Biopharma Limited (listed on the SGX-ST)

### Principle 5: Board Performance

The Board performance is ultimately reflected in the performance of the Group. The Board should ensure compliance with the applicable laws and the Board members should act in good faith, with due diligence and care in the best interests of the Company and its shareholders. An effective Board is able to lend support to management at all times and to steer the Group in the right direction.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

More importantly, the Board, through the NC, has used its best effort to ensure that directors appointed to the Board whether individually or collectively possess the background, experience, knowledge in our business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC is responsible for assessing the effectiveness and performance of the Board as a whole and its board committees with objective performance criteria as well as to assess the contribution by the Chairman and of each individual director to the effectiveness of the Board. Each Director is required to complete a questionnaire so that the Board considered the performance and effectiveness in its entirety. The NC assesses the Board's effectiveness as a whole which takes into consideration both qualitative and quantitative criteria, such as Board composition and size, return on equity, success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring the Management's performance against the goals that had been set by the Board. The performance of the Board includes consideration of operating results compared with the industry peers. The Board is of the view that this set of performance criteria addresses how the Directors have enhanced long-term shareholders' value. In FY2016, the NC is of the view that the Board had achieved well on operating results in comparison with other peers in the industry and the Company had outperformed consistently. The NC is satisfied with the performance of the Board. The Board committees assessment reviews that effectiveness of the Committee to address matters delegated in the Terms of Reference and guidelines of the 2012 Code. Directors assessed the contribution by the Chairman in terms of leadership and communication to stakeholders. The NC also assessed each Director's contribution to the effectiveness of the Board. In evaluating the contribution by each Director, various factors was taken into consideration, including individual performance of principal functions and fiduciary duties, attendance and participation in meetings and commitment of time to Director's duties. Each member of the NC abstained from deliberations in respect of the assessment of his own performance.

### **Principle 6: Access to Information**

Directors receive complete and regular supply of information from Management about the Group's financial and operational performance so that they are equipped to play as full a part as possible in Board meetings. Detailed board papers and related materials will be prepared for each meeting of the Board. The Board papers include sufficient information on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

Directors are given board papers in advance of meetings for them to be adequately prepared for the meeting and senior management staff (who are not executive directors) are in attendance at Board and Board committee meetings, whenever necessary.

All Directors have unrestricted access to the Group's records and information to enable them to carry out their duties. Directors also liaise with senior management as and when required. In addition, Directors have separate and independent access to the Company Secretary. The Company Secretary's responsibilities are to administer, attend and prepare minutes of Board and Board committee meetings, advising the Board on all governance matters and assists the Chairman in ensuring that board procedures are followed and reviewed so that the board functions effectively, and the relevant rules and regulations, including requirements of the Companies Act, Cap 50 and the Listing Manual of SGX-ST, are complied with. The Company Secretary works with the Chairman of the Board and Board Committees in advance for them to suggest items for the agenda and/or review of the relevance of the items in the proposed agenda. The appointment and removal of the Company Secretary are decisions taken by the Board as a whole. Where the directors, either individually or as a group, in the furtherance of their duties require independent professional advice, if necessary, the cost of such professional advice will be borne by the Company.



## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### REMUNERATION MATTERS

#### Principle 7: Procedures for Developing Remuneration Policies

#### Principle 8: Level and Mix of Remuneration

#### Principle 9: Disclosure on Remuneration

The RC comprises three independent directors, namely Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung. Mr Hong Chin Fock is the Chairman of the RC.

The RC's responsibilities as written in the terms of reference include:-

- (a) ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual directors and senior management;
- (b) reviewing the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progressive policies;
- (c) recommending to the Board, a framework of remuneration for the Board and the key management personnel of the Group covering all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share options, benefits-in-kind and specific remuneration packages for each director and key management personnel;
- (d) considering the various disclosure requirements for directors' remuneration, particularly those required by regulatory bodies such as SGX and to ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;
- (e) recommending to the Board any appropriate extensions or changes in the duties and powers of the Remuneration Committee;
- (f) retaining such professional consultancy firm as the Remuneration Committee may deem necessary to enable it to discharge its duties hereunder satisfactorily; and
- (g) carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the Remuneration Committee by the Board of Directors from time to time.

In carrying out their duties, the RC may obtain independent external legal and other professional advice as mentioned above, as it deems necessary, relating to the remuneration policy and in determining the level and mix of remuneration for Directors and key management personnel. The expenses of such advice shall be borne by the Company.

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors.

The Executive Directors do not receive Directors' fees. Mr Wong Teek Son, the Executive Chairman and CEO, with the two Executive Directors namely Mr Lee Wai Keong and Mr Wong Teck Choon, are paid a basic salary and a performance-related profit sharing bonus. No director will be involved in deciding his own remuneration.

The independent and non-executive directors do not have any service agreements with the Company. Non-executive directors are compensated based on a fixed annual fee taking into consideration their respective contributions and attendance at meetings. Their fees are recommended to shareholders for approval at the AGM.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

The RC also administers the Riverstone Performance Share Plan ("Plan") which was approved on 4 October 2006 as a share incentive scheme. Any employees of the Group who are entitled to profit-sharing under any service agreement with the Company or under any profit-sharing schemes administered by the Group shall not be eligible to participate in this Plan. Currently, Mr Wong Teek Son, the CEO, who is entitled to a share of the Group's Profit under his service agreement with the Company, is not eligible to participate in this Plan. Messrs Lee Wai Keong, Wong Teck Choon, Chee Mei Chuan and Dumrongsak Aroonprasertkul who are entitled to participate in the profit-sharing schemes are also not eligible to participate in this Plan. As at the date of this Annual Report, no awards have been granted under the Plan. The Plan has lapsed and expired on 4 October 2016. The Board concurred with the RC that the Plan has served its purpose and at this juncture, has no intention to adopt a new Plan.

The two independent directors, Mr Hong Chin Fock and Mr Albert Ho Shing Tung are existing shareholders of the Company since 2006.

The RC reviewed the service agreement of the CEO, Mr Wong Teek Son ("Mr Wong"). Under Mr Wong's service agreement, Mr Wong was appointed as CEO of the Company for a fixed period of three (3) years ("Initial Term") with effect from the date of the Company's admission to the official List of SGX-ST. After the Initial Term, the service agreement shall be automatically renewed unless terminated by either party giving the other not less than 6 months' prior written notice or terminated in accordance with the terms of the service agreement.

The RC discussed and reviewed the remuneration of the Directors, CEO and key management personnel. No directors or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist in its deliberation.

The remuneration (including salary, bonus, directors' fees, performance-related profit-sharing bonus and benefits-in-kind) paid to Directors and top 5 management personnel of the Group (who are not also directors) on an individual basis and in remuneration bands during the financial year are as follows:

Remuneration Band and Name of Directors	Salaries, allowances and benefits-in-kind	Bonus	Profit sharing	Directors' Fees	Total %
<b>S\$1,000,000 and to below S\$1,250,000</b>					
Wong Teek Son	21%	-	79%	-	100%
<b>S\$750,000 and to below S\$1,000,000</b>					
NIL	-	-	-	-	-
<b>S\$500,000 and to below S\$750,000</b>					
NIL	-	-	-	-	-
<b>S\$250,000 and to below S\$500,000</b>					
Lee Wai Keong	29%	-	71%	-	100%
<b>Below S\$250,000</b>					
Wong Teck Choon	51%	-	49%	-	100%
Albert Ho Shing Tung	-	-	-	100%	100%
Low Weng Keong	-	-	-	100%	100%
Hong Chin Fock	-	-	-	100%	100%

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

Remuneration Band and Name of top 5 management personnel	Salaries, allowances and benefits-in-kind	Bonus	Profit sharing	Directors' Fees	Total
<b>Below S\$250,000</b>					
Dumrongsak Aroonprasertkul	31%	-	69%	-	100%
Chee Mei Chuan	44%	-	56%	-	100%
Tan Wang Thing	81%	19%	-	-	100%
Casey Khor Kuan Ching	85%	15%	-	-	100%
Chee Ting Tuan*	100%	-	-	-	100%

\* Retired on 29 February 2016.

Note: Mr Wong Teek Son and Mr Wong Teck Choon are brothers. Mr Chee Mei Chuan and Mr Chee Ting Tuan are also brothers.

For competitive reasons, the Company is not disclosing each individual Director's remuneration. Instead, the Company is disclosing the remuneration of each Director in bands of S\$250,000. To maintain confidentiality of staff remuneration and to prevent poaching of key management personnel, in a highly competitive industry, the Company has not disclosed the aggregate remuneration paid to the top 5 key management personnel of the Group in this report.

The Group does not have any employees who are immediate family members of a Director or the CEO and whose remuneration exceeded S\$50,000 for the financial year ended 31 December 2016.

### ACCOUNTABILITY AND AUDIT

#### Principle 10: Accountability

The Board is accountable to the shareholders while the Management is accountable to the Board. The Board is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and SGX-ST Listing Manual.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports and where appropriate, press release and media and analysts briefings, will be announced or issued within the prescribed periods. The Board takes adequate step to ensure compliance with regulatory requirements. It seeks to present a balanced and informed assessment of the Company's performance, position and prospects.

#### Principle 11: Risk Management and Internal Controls

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board considers it is necessary to increase emphasis on risk management and internal controls in a complex business and economic environment. The Board oversees that Management maintains a sound system of risk management and internal controls to safeguard shareholder's interests and Company's assets. The Board has adopted an enterprise risk management framework to ensure that a robust risk management and internal controls are in place. The head of departments had oversight of the Group's risk governance as follow:

- Review the effectiveness of the Group's risk management systems and their controls and also identify key risks;
- Implement risk management policies, processes, assessment and mitigation of risks; and
- Oversee and advise the Board on the Group's risk management and internal controls.

Risk register will be updated and assessments carried out periodically. Risk register is to capture the significant business risks and internal controls to mitigate these risks. Summary report of the review of the effectiveness of the internal controls systems will be prepared for the consideration by the Board periodically. These reports include assessment of the Group's key risks and plans undertaken to manage key risks.

Self assurance process to evaluate and manage risks effectively is initiated by the head of departments. External auditor reports to the AC and Board on the operations of the internal controls as part of the annual or continuance audit of the Group. Internal auditor provides assessment on the adequacy and effectiveness of the Group's internal control framework in addressing the financial, operational, compliance risks and information technology systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, are of the opinion that the Group's internal controls, addressing financial, operational, compliance risks and information technology systems, were adequate as at 31 December 2016. These controls are and will be continually assessed for improvement. The Board received assurance in writing from CEO and CFO (a) that the financial records have been properly maintained and financial statements of the Company give a true and fair view of the Company's operations and finance, and (b) the effectiveness of the Company's risk management and internal control systems. However, the Board also note that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

### **Principle 12: Audit Committee**

The AC comprises three independent directors, namely Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung. Mr Low Weng Keong is the Chairman of the AC.

All three members bring with them invaluable managerial and professional expertise in the financial, taxation, legal and business management spheres. The AC holds periodic meetings and reviews primarily with the Group's external auditors and its executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

The AC carries out the functions set out in the written terms of reference which include reviewing the financial statements, the written reports from internal and external auditors, the internal auditors' evaluation of the system of internal accounting controls, the scope and results of the internal audit procedures, the cost effectiveness, independence and objectivity of the external auditors and interested person transactions. The AC gives its recommendation to the Board on the appointment, re-appointment or removal of external auditors, remuneration and terms of engagement of external auditors.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

The AC has explicit authority by the Board to investigate any matter within its terms of reference, and has full and unlimited access to, and the co-operation of, the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive director or executive officer to attend its meetings. The AC meets with the internal auditors and the external auditors separately, at least once a year, without the presence of management, to discuss the reasonableness of the financial reporting process, to monitor and review the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the external auditors. During the year, the AC has met with the internal auditors and external auditors without management present. The AC has also reviewed the scope and quality of their audits and the independence and objectivity of the external auditors as well as the cost effectiveness. It also reviewed all audit and non-audit fees paid to the external auditor. Please refer to page 60 for details of the audit and non-audit fees. The AC received update on changes in accounting standards from external auditors periodically. During the year, the AC was updated on the key changes to Regulatory and Reporting Accounting Standards by the external auditors.

The AC had reviewed the non-audit related work carried out by the external auditors, Messrs Ernst & Young LLP, during the current financial year and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC is satisfied that the Company's auditors are still able to meet the audit requirements and statutory obligation of the Company. The AC shall continue to review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. The AC is satisfied with the independence of the external auditors and had recommended to the Board the re-appointment of Messrs Ernst & Young LLP as the Company's external auditors at the forthcoming AGM.

The Group has appointed different auditors for its overseas subsidiaries. The Board and the AC are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company is in compliance with Rule 712 and 715 of the Listing Manuals of the SGX-ST.

The Company had established a whistle blowing policy to enable persons employed by the Group a channel to report any suspected non-compliance with regulations, policies, fraud and/or other matters to the appropriate authority for resolution, without any prejudicial implications for these employees. The AC is vested with the power and authority to receive, investigate and enforce appropriate action when any such non-compliance matter is brought to its attention.

During the financial year, the AC has received the Audit Quality Indicators Disclosure Framework relating to FY2016 from the external auditors.

### **Principle 13: Internal Audit**

The internal audit function of the Group is outsourced to an auditing firm. The AC had considered the independence, skills and experience of the firm prior to making recommendation to the Board for their appointment.

The AC reviews the audit plan of the internal auditors, ensures that adequate resources are directed to carry out those plans and will review the results of the internal auditors' examination of the Group's system of internal controls. The internal auditor has access to all records including access to the AC.

The Company has engaged Crowe Horwath Governance Sdn Bhd as the internal auditor to perform the Company's internal audit function. Crowe Horwath Governance Sdn Bhd is a Corporate Member of the Malaysian Institute of Internal Auditors and is guided by The Institute of Internal Auditors Inc. International Professional Practice Framework in the delivery of their internal audit services.

### **Principle 14: Shareholder Rights**

### **Principle 15: Communication with Shareholders**

### **Principle 16: Conduct of Shareholder Meetings**

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board is accountable to the shareholders and is mindful of its obligation to provide timely and fair disclosure of material information to shareholders, investors and public. The Board treat all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholder's rights.

Results and other material information are released on a timely basis for dissemination to shareholders and the public in accordance with the requirements of the SGX-ST. All material information and financial results are released through SGXNET, media and analyst briefings. The media and analyst briefings would be attended by key management. The Company has appointed an Investor Relations ("IR") firm in Singapore, Financial PR Pte Ltd, to manage all its investor relations affairs, including but not limited to establish and maintain regular dialogue with shareholders.

In consideration for dividend payment, the Company takes into account, among other factors, current cash position, future cash needs, profitability, retained earnings and business outlook. It has been declaring dividend payments each and every year since its public listing. For FY2016, in addition to the already paid RM0.013 per share interim dividend (tax-exempt 1-tier), the Company is recommending a final dividend of RM0.0519 per share for the approval of shareholders at the AGM. Currently, the Company does not have a fixed dividend policy. However, declaration of dividend will be published in the financial results and dividend announcements via SGXNET.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. The Company's Articles of Association allows shareholders the right to appoint a proxy to attend and vote on their behalf of the shareholder's meetings. All shareholders of the Company will receive the Annual Report and notice of AGM. Shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the Directors including the chairpersons of each of the Board committees. All Directors attend AGM. The external auditors are also present to assist the Directors in addressing any relevant queries from the shareholders. Shareholders are encouraged to attend the AGM of the Company to ensure a high level of accountability and to stay informed of the Company's strategy and goals. The Board allows all shareholders to exercise its voting rights by participation and voting at general meetings. Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of the meeting and responses from the Board and Management. These minutes would be available to shareholders upon their request.

The Company's website at [www.riverstone.com.my](http://www.riverstone.com.my) provides corporate information, the latest financial results, annual report and various other announcements. The Company does not practice selective disclosure. Price-sensitive information is first publicly released via SGXNET, either before the Company meets with any group of investors or analysis or simultaneously with such meetings.

### DEALINGS IN SECURITIES

#### (Listing Manual Rule 1207(19))

The Group has adopted an internal code on dealings in securities in its shares that are applicable to the Company, all its officers including Directors, management staff and employees in possession of confidential information. The Company, its Directors and affected employees are expected to observe insider-trading laws at all times and are not allowed to deal in securities on short term considerations or while in possession of price-sensitive information or during the period commencing 2 weeks before the announcement of the Company's financial statements for each of the first 3 quarters of the financial year and one month before announcement of the Company's full year financial statements, as the case may be, and ending on the date of the relevant results.

This internal code has been disseminated to Directors and affected employees. A copy of the code on dealings in securities is also issued to any new affected employees at the time of them joining the Group.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### **INTERESTED PERSON TRANSACTIONS**

**(Listing Manual Rule 907)**

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out at arm's length and on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

The Company does not have an Interested Person Transactions Mandate.

The aggregate value of the transactions entered by the Group with Hoe Hup Heng Engineering for the purchase of stainless steel equipment and machinery and provision of repair and maintenance services was less than S\$100,000 for the financial year ended 31 December 2016. Apart from the above, there were no other interested person transactions during the financial year.

### **MATERIAL CONTRACTS**

**(Listing Manual Rule 1207(8))**

Save for the service agreement between the CEO and the Company, there were no material contracts entered into by the Company and its subsidiaries involving the interest of any director or controlling shareholders, which are subsisting at the end of the financial year ended 31 December 2016.

# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Riverstone Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016.

## OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

The directors of the Company in office at the date of this statement are:

Wong Teek Son (Chairman)  
Lee Wai Keong  
Wong Teck Choon  
Albert Ho Shing Tung  
Low Weng Keong  
Hong Chin Fock

In accordance with Article 93 of the Company's Articles of Association, Wong Teek Son and Hong Chin Fock retire and, being eligible, offer themselves for re-election.

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in the report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.



## DIRECTORS' STATEMENT (CONT'D)

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company as stated below:

	Direct interest		Deemed interest	
	As at	As at	As at	As at
	1 January 2016	31 December 2016*	1 January 2016	31 December 2016*
<b>Ordinary shares of the Company</b>				
Wong Teek Son	–	–	188,033,280 <sup>(1)</sup>	376,066,560 <sup>(1)</sup>
Lee Wai Keong	43,195,900	86,391,800	–	–
Wong Teck Choon	14,739,080	29,478,160	–	–
Albert Ho Shing Tung	300,000	600,000	–	–
Hong Chin Fock	240,000	480,000	–	–

\* After issuance and allotment of one (1) bonus share for every one (1) existing ordinary share on 1 February 2016.

<sup>(1)</sup> Deemed interested in the shares, in which Credit Suisse Trust Limited, as trustee of The Ringlet Trust (the "Trust") is deemed interested in, on account of Wong Teek Son being a beneficiary of the Trust.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2017.

By virtue of Section 7 of the Companies Act, Cap. 50, Wong Teek Son is deemed to have interests in shares of the subsidiary companies to the extent held by the Company.

Except as disclosed in this report, since the end of the previous financial year, no director of the Company who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or related corporations either at the beginning of the financial year or at the end of the financial year.

### THE RIVERSTONE PERFORMANCE SHARE PLAN

The Riverstone Performance Share Plan (the "Plan") was approved by the Shareholders pursuant to shareholders' resolutions in writing dated 4 October 2006. The purpose of the Plan is to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The Plan is administered by the Remuneration Committee whose members are Hong Chin Fock, Low Weng Keong and Albert Ho Shing Tung.

## DIRECTORS' STATEMENT (CONT'D)

The size of the Plan shall not exceed 15% of the issued ordinary share capital of the Company. The Participants are not required to pay for the grant of Awards ("the Grant") or for the shares allotted or allocated pursuant to an Award.

Directors (including non-executive directors and independent directors) and all confirmed full-time employees of the Group and associated companies, who have attained the age of twenty-one on or prior to the Date of Grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors and who, in the opinion of the Remuneration Committee, have contributed to the success and development of the Group and its associated companies, are eligible to participate in the Plan. However, any employees of the Group and associated companies who are entitled to profit-sharing under any service agreement with the Company or under any profit-sharing schemes administered by the Group and the associated companies shall not be eligible to participate in this Plan.

Controlling Shareholders and their Associates are not eligible to participate in the Plan unless:

- (a) written justifications have been provided to Shareholders for their participation at the introduction of the Plan or prior to the first grant of Awards to them;
- (b) the actual number and terms of any Shares to be granted to them have been specifically approved by Shareholders of the Company who are not beneficiaries of the Grant in a general meeting in separate resolutions for each such Controlling Shareholder or his Associates; and
- (c) all conditions for their participation in the Plan as may be required by the regulation of the SGX-ST from time to time are satisfied.

The Grant made to grantees, if not accepted within 30 days, will automatically lapse and be null and void. A Participant may accept or refuse the whole but not part of a Grant.

The Plan shall be in force up to a maximum period of 10 years from the date on which the Plan was adopted and may be continued beyond the stipulated period with the approval of shareholders by way of ordinary resolution in general meeting and of such relevant authorities which may then be required.

During the financial year, no awards were granted under the Plan. The Plan expired on 4 October 2016.

### AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report on Corporate Governance.

## DIRECTORS' STATEMENT (CONT'D)

### AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Wong Teek Son  
Director

Lee Wai Keong  
Director

23 March 2017

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RIVERSTONE HOLDINGS LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

We have audited the financial statements of Riverstone Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the statement of comprehensive income and statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### Opinion

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## INDEPENDENT AUDITOR'S REPORT (CONT'D) TO THE MEMBERS OF RIVERSTONE HOLDINGS LIMITED

### Key Audit Matters (cont'd)

#### Revenue Recognition

Revenue for the year ended 31 December 2016 amounted to RM 655 million. The Group's revenue recognition policy is to recognise the revenue upon the transfer of significant risks and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. This policy also applies to the sale of consignment goods. The timing of the transfer of the risks and rewards of the goods to the buyers (including products sold by consignees to end customers) is defined by the specific delivery terms agreed upon with the customers. As the Group arranged shipment under various shipping terms across its operating markets, any lapse or delay in the monitoring of the shipment status will affect the timing of revenue recognition, resulting in misstatement of revenue recorded in the financial statements. In addition, part of the remuneration of directors and key management personnel of the Group was based on the performance-related profit-sharing bonus scheme. Accordingly, as there is a risk that revenue could be overstated resulting from pressure to achieve performance targets, we have identified this matter as a key audit matter.

As part of our audit procedures, we evaluated the appropriateness of the Group's revenue recognition accounting policies. We obtained an understanding of management's internal controls over the revenue process (including consignment sales) and placed specific attention on the timing of the revenue recognition. We tested on a sample basis, sales transactions taking place near to or after the balance sheet date by evaluating the agreed delivery terms, checking against inventory reports provided by the consignees or utilisation report provided by the customer and the timing of revenue recognition, to assess whether the sales transactions were recognised in the appropriate financial year. We have also obtained external confirmations from trade debtors with significant balances outstanding as at year end. For material credit notes issued after the balance sheet date, we performed procedures to assess whether sales transactions were recognised in the correct financial year. In addition, we have also performed trend analysis over products by comparing against prior year, and assessed if the variances were within our expectations.

Information regarding the Group's revenue is disclosed in Notes 2.19 and 4 to the financial statements.

#### Valuation of Deferred Tax Assets

As at 31 December 2016, the Group has recognised deferred tax assets of RM 8.5 million. Deferred tax assets are recognised for all unutilised reinvestment allowance to the extent that it is probable that taxable profit will be available against which the reinvestment allowance can be utilised. The valuation process involved significant management judgement given that it is based on assumptions that are affected by future timing and expected level of future taxable profits.

As part of our audit procedures, among others, we compared the consistency of management's profit forecasts with those included in the business plans approved by those charged with governance. We also assessed the historical reasonableness of management's assumptions and estimation process. In assessing the recoverability of deferred tax assets, we evaluated management's assumptions to determine the probability that deferred tax assets will be recovered through taxable income in future years.

We also considered the adequacy of the disclosures in respect of income taxes in Notes 6 and 18.

## INDEPENDENT AUDITOR'S REPORT (CONT'D) TO THE MEMBERS OF RIVERSTONE HOLDINGS LIMITED

### Other Information

Other information consists of the information included in the Group's 2016 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## INDEPENDENT AUDITOR'S REPORT (CONT'D) TO THE MEMBERS OF RIVERSTONE HOLDINGS LIMITED

### Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## INDEPENDENT AUDITOR'S REPORT (CONT'D) TO THE MEMBERS OF RIVERSTONE HOLDINGS LIMITED

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Tham Chee Soon.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

23 March 2017



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
<b>Revenue</b>	4	654,863	560,187
Cost of sales		(481,697)	(385,281)
<b>Gross profit</b>		173,166	174,906
Other income		1,842	2,067
Selling and distribution expenses		(15,454)	(14,182)
General and administrative expenses		(21,285)	(23,666)
Other operating income		580	5,233
<b>Operating profit</b>		138,849	144,358
Finance costs		(1)	–
<b>Profit before taxation</b>	5	138,848	144,358
Income tax expense	6	(18,495)	(17,810)
<b>Profit for the year</b>		120,353	126,548
<b>Other comprehensive income:</b> <i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation gain		1,191	9,158
Other comprehensive income for the year		1,191	9,158
<b>Total comprehensive income for the year</b>		121,544	135,706
<b>Profit attributable to:</b>			
Equity holders of the Company		120,353	126,547
Non-controlling interests		– <sup>(1)</sup>	1
		120,353	126,548
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		121,544	135,705
Non-controlling interests		– <sup>(1)</sup>	1
		121,544	135,706
Earnings per share	7		
Basic (sen)		16.24	17.08
Diluted (sen)		16.24	17.08

<sup>(1)</sup> Denotes amounts less than RM500.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	8	336,662	276,659	–	–
Other asset	9	–	2,866	–	–
Investments in subsidiary companies	10	–	–	203,581	199,249
Deferred tax asset	18	8,521	6,746	–	–
<b>Current assets</b>					
Inventories	11	66,978	61,163	–	–
Trade receivables	12	140,329	103,080	–	–
Other receivables	13	9,238	4,888	–	–
Prepayments		1,710	1,093	27	26
Derivatives	17	–	76	–	–
Tax recoverable		973	–	–	–
Fixed deposits	14	43,983	70,146	37,835	36,571
Cash at banks and in hand	14	59,212	58,536	4,610	7,915
		322,423	298,982	42,472	44,512
<b>Current liabilities</b>					
Payables and accruals	15	90,505	84,405	306	314
Amount due to a subsidiary company	16	–	–	–	7
Derivatives	17	4,635	–	–	–
Provision for taxation		5,287	7,647	6	4
		100,427	92,052	312	325
<b>Net current assets</b>		221,996	206,930	42,160	44,187
<b>Non-current liability</b>					
Deferred tax liabilities	18	12,671	11,696	–	–
<b>Net assets</b>		554,508	481,505	245,741	243,436
<b>Equity attributable to owners of the Company</b>					
Share capital	19	156,337	156,337	156,337	156,337
Treasury shares	20	(815)	(815)	(815)	(815)
Reserves		398,981	325,978	90,219	87,914
		554,503	481,500	245,741	243,436
<b>Non-controlling interests</b>		5	5	–	–
<b>Total equity</b>		554,508	481,505	245,741	243,436

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Attributable to equity holders of the Company						
	Share capital	Treasury shares	Retained earnings	Other reserves	Total reserves	Non-controlling interests	Total equity
	(Note 19) RM'000	(Note 20) RM'000	RM'000	(Note 21) RM'000	RM'000	RM'000	RM'000
<b>Balance at 1 January 2015</b>	156,337	(815)	263,725	(47,699)	216,026	4	371,552
Profit for the year	–	–	126,547	–	126,547	1	126,548
Other comprehensive income for the year	–	–	–	9,158	9,158	–	9,158
Total comprehensive income for the year	–	–	126,547	9,158	135,705	1	135,706
Dividends (Note 22)	–	–	(25,753)	–	(25,753)	– <sup>(1)</sup>	(25,753)
<b>Balance at 31 December 2015</b>	156,337	(815)	364,519	(38,541)	325,978	5	481,505
<b>Balance at 1 January 2016</b>	156,337	(815)	364,519	(38,541)	325,978	5	481,505
Profit for the year	–	–	120,353	–	120,353	– <sup>(1)</sup>	120,353
Other comprehensive income for the year	–	–	–	1,191	1,191	–	1,191
Total comprehensive income for the year	–	–	120,353	1,191	121,544	– <sup>(1)</sup>	121,544
Dividends (Note 22)	–	–	(48,541)	–	(48,541)	– <sup>(1)</sup>	(48,541)
<b>Balance at 31 December 2016</b>	156,337	(815)	436,331	(37,350)	398,981	5	554,508

<sup>(1)</sup> Denotes amounts less than RM500.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Company	Share capital (Note 19) RM'000	Treasury shares (Note 20) RM'000	Retained earnings RM'000	Other reserves (Note 21) RM'000	Total reserves RM'000	Total equity RM'000
<b>Balance at 1 January 2015</b>	156,337	(815)	21,001	19,358	40,359	195,881
Profit for the year	–	–	46,019	–	46,019	46,019
Other comprehensive income for the year	–	–	–	27,289	27,289	27,289
Total comprehensive income for the year	–	–	46,019	27,289	73,308	73,308
Dividends (Note 22)	–	–	(25,753)	–	(25,753)	(25,753)
<b>Balance at 31 December 2015</b>	156,337	(815)	41,267	46,647	87,914	243,436
<b>Balance at 1 January 2016</b>	156,337	(815)	41,267	46,647	87,914	243,436
Profit for the year	–	–	47,827	–	47,827	47,827
Other comprehensive income for the year	–	–	–	3,019	3,019	3,019
Total comprehensive income for the year	–	–	47,827	3,019	50,846	50,846
Dividends (Note 22)	–	–	(48,541)	–	(48,541)	(48,541)
<b>Balance at 31 December 2016</b>	156,337	(815)	40,553	49,666	90,219	245,741

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	138,848	144,358
Adjustments for:		
Depreciation of property, plant and equipment	29,896	24,838
Property, plant and equipment written off	91	48
(Gain)/loss on disposal of property, plant and equipment	(147)	78
Fair value loss/(gain) on derivatives	4,702	(2,442)
Trade receivables written off	5	29
Interest expenses	1	–
Interest income	(802)	(725)
<b>Operating cash flows before working capital changes</b>	172,594	166,184
Increase in inventories	(5,815)	(19,046)
Increase in receivables and prepayments	(42,221)	(20,570)
Increase in payables and accruals	16,239	13,350
<b>Cash flows from operations</b>	140,797	139,918
Interest paid	(1)	–
Interest received	802	725
Income tax paid	(22,628)	(18,514)
<b>Net cash flows from operating activities</b>	118,970	122,129
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	646	105
Purchase of property, plant and equipment (Note 14)	(94,930)	(53,729)
Instalments paid for purchase of land	(2,293)	(573)
<b>Net cash flows used in investing activities</b>	(96,577)	(54,197)
<b>Cash flows from financing activity</b>		
Dividends paid	(48,541)	(25,753)
<b>Net cash flows used in financing activity</b>	(48,541)	(25,753)
Net (decrease)/increase in cash and cash equivalents	(26,148)	42,179
Effect of foreign currency exchange rates	661	7,071
Cash and cash equivalents at beginning of year (Note 14)	128,682	79,432
<b>Cash and cash equivalents at end of year (Note 14)</b>	103,195	128,682

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 1. CORPORATE INFORMATION

Riverstone Holdings Limited (the “Company”) is a limited liability company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Company’s registered office is at 80 Robinson Road, #02-00, Singapore 068898. The Company’s principal place of business is located at 362 Upper Paya Lebar Road, #03-14 Da Jin Factory Building, Singapore 534963.

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are set out in Note 10.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 102 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 40 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to FRS 104 <i>Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts</i>	See FRS 104 Paragraphs 46 and 48
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

#### FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

#### FRS 109 Financial Instrument

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Standards issued but not yet effective (cont'd)

##### FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

#### 2.4 Basis of consolidation and business combinations

##### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Basis of consolidation and business combinations (cont'd)

##### (b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.9. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

#### 2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.6 Functional and foreign currency

The Company's functional currency is Singapore dollar ("SGD") because the Company uses the currency of its local environment which is Singapore. The financial statements are presented in RM as the Group's principal operations are conducted in Malaysia and the functional currency of the significant companies in the Group is RM.

The financial statements of the Company are translated from SGD to RM based on Note 2.6(b).

##### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the statement of comprehensive income of the Group on disposal of the foreign operation.

##### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in statement of comprehensive income.

#### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.7 Property, plant and equipment (cont'd)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	88 to 99 years
Buildings	20 to 50 years
Plant and machinery	10 years
Office equipment and computers	5 to 10 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 years

Capital work-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

#### 2.8 Subsidiary companies

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

#### 2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.11 Financial instruments

##### (a) Financial assets

###### Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

###### Subsequent measurement

###### Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

###### De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

##### (b) Financial liabilities

###### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

###### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.11 Financial instruments (cont'd)

##### (b) Financial liabilities (cont'd)

###### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### 2.12 Impairment of financial assets

The Group assesses at the end of the reporting period whether there is any objective evidence that a financial asset is impaired.

##### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit and loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and bank overdrafts which are subject to an insignificant risk of changes in value.

#### 2.14 Derivatives

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associate with foreign currency fluctuations. Such derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each statement of financial position date.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the statement of comprehensive income for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

#### 2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.17 Employee benefits

##### (a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

##### (b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted.

The cost is recognised in the statement of comprehensive income, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

#### 2.18 Leases

##### As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms if payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

**(a) Sale of goods**

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(b) Interest income**

Interest income is recognised using the effective interest method.

**(c) Dividends**

Dividends is recognised when the Group and the Company's right to receive the payment is established.

#### 2.20 Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

#### 2.21 Income taxes

**(a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised outside the profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.21 Income taxes (cont'd)

##### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting profit nor taxable profit or loss;
- In respect of temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investment in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.21 Income taxes (cont'd)

##### (c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

#### 2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

#### 2.23 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

#### 2.24 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (ii) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.25 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the statement of comprehensive income over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the statement of comprehensive income.

#### 2.26 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised in the statement of financial position by deducting the grants in arriving at the carrying amount of the asset.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### 3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the consolidated financial statements:

##### (a) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of gloves, finger cots and plastic products is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at 31 December 2016 was RM178,256,000 (2015: RM143,445,000).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

#### 3.1 Judgments made in applying accounting policies (cont'd)

##### (b) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's provision for taxation and deferred tax liabilities at 31 December 2016 were RM5,287,000 and RM12,671,000 (2015: RM7,647,000 and RM11,696,000) respectively.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is recognised to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. The carrying amounts of the Group's deferred tax asset at 31 December 2016 were RM8,521,000 (2015: RM6,746,000).

##### (c) Impairment of loans and receivables

The Group assesses at each end of reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 29 to the financial statements.

### 4. REVENUE

Revenue represents the invoiced value of goods sold, less returns inward and discounts allowed.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	Group	
	2016 RM'000	2015 RM'000
Foreign exchange gain - net	(9,281)	(6,944)
Interest income from bank balances	(802)	(725)
Staff costs *	80,312	69,540
Depreciation of property, plant and equipment	29,896	24,838
Rental expenses	808	685
Fair value loss/(gain) on derivatives	4,702	(2,442)
Directors' fee	576	545
Auditors' remuneration		
- audit fee paid to the auditor of the Company	135	105
- audit fee paid to member firms of the auditor of the Company	256	207
- audit fee paid to other auditors	41	40
- non audit fee paid to member firms of the auditor of the Company	7	-
Trade receivables written off	5	29
Property, plant and equipment written off	91	48
(Gain)/loss on disposal of property, plant and equipment	(147)	78

\* Included in staff costs (excluding directors' remunerations) are contributions to defined contribution schemes of RM3,415,000 (2015: RM2,588,000).

#### 6. INCOME TAX EXPENSE

The major components of income tax expense for the year ended 31 December are:

	Group	
	2016 RM'000	2015 RM'000
<b>Current income tax</b>		
Current income taxation	19,821	21,965
Over provision in respect of prior years	(1,376)	(625)
Withholding tax on foreign sourced income	850	1,505
	19,295	22,845
<b>Deferred income tax</b>		
Movement in temporary differences	(2,175)	(4,437)
Change in tax rate	-	(369)
Movements in withholding tax on undistributed foreign-sourced dividend income	1,327	(572)
Under provision in respect of prior years	48	343
	(800)	(5,035)
	18,495	17,810

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 6. INCOME TAX EXPENSE (CONT'D)

##### Relationship between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rates is as follows:

	Group	
	2016 RM'000	2015 RM'000
Profit before taxation	138,848	144,358
Tax at domestic statutory tax rates applicable to profits in the countries where the Group operates	32,412	35,182
Effects of expenses not deductible for tax purposes	115	398
Effects of non-taxable income	(2,169)	(2,734)
Effect of future reduction of statutory tax rate applicable to companies in Malaysia	–	(369)
Effects of utilisation of allowances for increase in export of manufactured products	–	(3,525)
Effects of utilisation of reinvestment allowance	(4,861)	(1,960)
Deferred tax assets on unutilised reinvestment allowances	(6,942)	(8,894)
Over provision in respect of prior years	(1,328)	(282)
Effects of double deduction of expenses	(874)	(721)
Withholding tax on foreign source of dividend income	850	1,505
Deferred tax on withholding tax on undistributed foreign-sourced dividend income	1,328	(572)
Others	(36)	(218)
Income tax expense recognised in statement of comprehensive income	18,495	17,810

In the previous financial year ended 31 December 2015, Riverstone Resources Sdn Bhd (“RRSB”) had utilised allowances for increase in export of manufactured products of approximately RM14,100,000. These allowances are subject to the agreement of the authorities and compliance with certain provisions of the tax legislation in Malaysia. RRSB is also entitled to a 200% deduction on certain qualifying expenses.

During the financial year ended 31 December 2016, RRSB had utilised reinvestment allowances of approximately RM8,380,000. These allowances are subject to the agreement of the authorities and compliance with certain provisions of the tax legislation in Malaysia.

During the financial year ended 31 December 2016, Eco Medi Glove Sdn Bhd (“EMG”) had utilised reinvestment allowances of approximately RM11,875,000 (2015: RM7,840,000). These allowances are subject to the agreement of the authorities and compliance with certain provisions of the tax legislation in Malaysia.

As at 31 December 2016, the Group had unutilised reinvestment allowances of approximately RM87,544,000 (2015: RM58,764,000) for which deferred tax asset has been recognised in Note 18.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 6. INCOME TAX EXPENSE (CONT'D)

Protective Technology Co. Ltd ("PT") is exempted from corporate income tax in Thailand on net profit of promoted operations for a period of 8 years (non-consecutive), commencing from the first revenue generating year and thereafter is entitled to a 50% relief from income tax payable for the next 5 years. During the financial year ended 31 December 2016, PT had generated tax-exempt income of approximately RM13,970,000 (2015: RM13,357,000). During the financial year ended 31 December 2016, the Group incurred withholding tax amounting to RM850,000 (2015: RM1,505,000) as a result of remittance of dividends declared out of PT's non-exempted profits, at withholding tax rate of 10%.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The corporate income tax rates applicable to the Group companies in the following countries are:

	2016	2015
Singapore	17%	17%
Malaysia	24%	25%
Thailand	20%	20%
China	25%	25%

The statutory income tax rate applicable to the companies incorporated in Malaysia was reduced from 25% to 24% for year of assessment 2016.

#### 7. EARNINGS PER SHARE

Earnings per share for the financial year ended 31 December 2016 is calculated based on profit for the year of RM120,353,000 (2015: RM126,547,000), attributable to equity holders of the Company, divided by the weighted average number of 741,084,000 (2015: 741,084,000) ordinary shares outstanding during the financial year.

As there were no warrants outstanding at 31 December 2016 and 2015, the basic and fully diluted earnings per share for the financial years ended 31 December 2016 and 2015 were the same.

Earnings per share for FY2015 has been adjusted, as a result of the bonus share issue (Note 19).

#### 8. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RM'000	Plant and machinery RM'000	Office equipment and computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>							
Balance at 1 January							
2015	111,975	217,483	3,181	3,693	7,215	8,383	351,930
Additions	1,063	2,833	473	919	448	66,318	72,054
Disposals	–	(3,060)	(2)	(6)	(179)	–	(3,247)
Transfer upon completion of capital work-in-progress	15,380	35,399	185	–	–	(50,964)	–
Write-off	–	(2,715)	(72)	(59)	–	–	(2,846)
Translation adjustments	1,258	3,575	110	98	49	10	5,100



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Land and buildings RM'000	Plant and machinery RM'000	Office equipment and computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Balance at 31 December 2015 and 1 January 2016	129,676	253,515	3,875	4,645	7,533	23,747	422,991
Additions	7,666	1,111	509	760	432	76,605	87,083
Disposals	–	(5,243)	–	–	(171)	–	(5,414)
Transfer from other asset	2,866	–	–	–	–	–	2,866
Transfer upon completion of capital work-in-progress	25,277	57,967	68	–	–	(83,312)	–
Write-off	(135)	(877)	(34)	(47)	–	–	(1,093)
Translation adjustments	548	1,090	(17)	23	15	15	1,674
Balance at 31 December 2016	165,898	307,563	4,401	5,381	7,809	17,055	508,107
<b>Accumulated depreciation</b>							
Balance at 1 January 2015	21,325	93,828	2,082	2,187	4,921	–	124,343
Charge for the year	3,923	19,534	306	310	765	–	24,838
Disposals	–	(2,891)	(1)	(5)	(167)	–	(3,064)
Write-off	–	(2,676)	(69)	(53)	–	–	(2,798)
Translation adjustments	535	2,275	85	89	29	–	3,013
Balance at 31 December 2015 and 1 January 2016	25,783	110,070	2,403	2,528	5,548	–	146,332
Charge for the year	4,440	23,953	364	399	740	–	29,896
Disposals	–	(4,744)	–	–	(171)	–	(4,915)
Write-off	(135)	(802)	(27)	(38)	–	–	(1,002)
Translation adjustments	282	830	(10)	20	12	–	1,134
Balance at 31 December 2016	30,370	129,307	2,730	2,909	6,129	–	171,445
<b>Net carrying amount</b>							
At 31 December 2016	135,528	178,256	1,671	2,472	1,680	17,055	336,662
At 31 December 2015	103,893	143,445	1,472	2,117	1,985	23,747	276,659

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Included in land and buildings are two lots of freehold land with a total carrying amount of RM8,561,000 (2015: RM8,482,000).
- (b) Included in land and buildings are three lots of leasehold land with a total carrying amount of RM21,035,000 (2015: RM14,903,000). The unexpired lease period of the three lots of leasehold land is 81 years (2015: 82 years), 82 years (2015: 83 years) and 86 years respectively.
- (c) Land and buildings with a carrying amount of RM5,842,000 (2015: RM6,040,000) are pledged to the bank for banking facilities granted to the Group.

#### 9. OTHER ASSET

In the previous financial year, other asset of RM2,866,000 pertained to total consideration for acquisition of a piece of land of 9.4 acres located at Kamunting Raya Industrial Estate, Taiping, Perak, Malaysia. The Group had made partial payment amounted to RM573,000.

During the financial year, the other asset has been transferred to property, plant and equipment and the remaining outstanding balance of total consideration for the mentioned acquisition amounting to RM2,293,000 has been settled.

#### 10. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted equity shares, at cost	203,581	199,249

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 10. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Details of subsidiary companies are as follows:

Name of company (Country of incorporation)	Principal activities	Cost of Investment		Percentage of equity held by the Group	
		2016 RM'000	2015 RM'000	2016 %	2015 %
<sup>(1)</sup> Riverstone Resources Sdn Bhd (Malaysia)	Manufacturer and distributor of cleanroom gloves and finger cots	116,532	114,052	100	100
<sup>(1)</sup> Riverstone Industrial Products Sdn Bhd (Malaysia)	Manufacturer of plastic bags and trader in latex products	1,897	1,857	100	100
<sup>(1)</sup> Eco Medi Glove Sdn Bhd (Malaysia)	Manufacturer and distributor of cleanroom gloves and finger cots	61,741	60,427	100	100
<sup>(2)</sup> Protective Technology Co. Ltd (Thailand)	Manufacturer and distributor of cleanroom gloves	22,575	22,095	99.99	99.99
<sup>(3)</sup> Riverstone Resources (S) Pte Ltd (Singapore)	Distributor of cleanroom products	836	818	100	100
		203,581	199,249		

*Subsidiary company held by Riverstone Resources Sdn Bhd:*

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2016 %	2015 %
<sup>(4)</sup> Riverstone Resources (Wuxi) Co. Ltd (People's Republic of China)	Processing and packing of cleanroom gloves	100	100

<sup>(1)</sup> Audited by Ernst & Young, Malaysia

<sup>(2)</sup> Audited by Thai-Audit The Truth Limited

<sup>(3)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(4)</sup> Audited by Wuxi Jiayu Certified Public Accountants Co., Ltd

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 11. INVENTORIES

	2016 RM'000	Group 2015 RM'000
<b>Statement of financial position:</b>		
Raw materials	26,788	21,957
Work-in-progress	23,553	23,011
Finished goods	16,637	16,195
	<hr/>	<hr/>
Total inventories at lower of cost and net realisable value	66,978	61,163
	<hr/>	<hr/>
<b>Statement of profit or loss:</b>		
Inventories recognised as an expense in cost of sales	286,273	229,781
	<hr/>	<hr/>

#### 12. TRADE RECEIVABLES

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 90 days' (2015: 30 to 90 days') terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

##### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM16,270,000 (2015: RM18,481,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2016 RM'000	Group 2015 RM'000
Trade receivables that are past due but not impaired:		
- Less than 3 months	15,144	16,408
- 3 months to 6 months	1,126	2,071
- more than 12 months	-	2
	<hr/>	<hr/>
	16,270	18,481
	<hr/>	<hr/>

##### Trade receivables that are impaired

	2016 RM'000	Group 2015 RM'000
Trade receivables – nominal amounts	5	31
Less: Trade receivables written off (Note 5)	(5)	(29)
Net exchange differences	-	(2)
	<hr/>	<hr/>
Balance at 31 December	-	-
	<hr/>	<hr/>

Trade receivables that are individually determined to be impaired at the statement of financial position date relate to trade debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 12. TRADE RECEIVABLES (CONT'D)

Trade receivables are denominated in the following currencies:

	Group	
	2016 RM'000	2015 RM'000
United States dollar	118,842	79,435
Thai Baht	9,016	8,653
Renminbi	5,830	7,865
Ringgit Malaysia	5,462	6,085
Hong Kong dollar	597	566
Singapore dollar	582	476
	140,329	103,080

As at 31 December 2016 and 2015, the Group had not made any allowance for doubtful trade receivables.

#### 13. OTHER RECEIVABLES

	Group	
	2016 RM'000	2015 RM'000
Sundry receivables	1,038	795
Deposits	349	323
VAT recoverable	7,765	3,678
Advances to suppliers	86	92
	9,238	4,888

VAT recoverable mainly consists of Goods and Services Tax (GST) from the Malaysian entities. On 1 April 2015, Malaysia had implemented GST of 6% which is levied on most transactions in the production process.

Other receivables are denominated in the following currencies:

	Group	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	8,654	4,236
Thai Baht	456	511
Renminbi	118	126
Singapore dollar	10	15
	9,238	4,888

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed deposits	43,983	70,146	37,835	36,571
Cash at banks and in hand	59,212	58,536	4,610	7,915
	103,195	128,682	42,445	44,486

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.05% to 2.80% per annum (2015: 0.00% to 2.25% per annum). Fixed deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective fixed deposit rates.

The weighted average effective interest rate of fixed deposits is 0.91% per annum (2015: 0.66% per annum).

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
United States dollar	22,409	45,344	9	9
Singapore dollar	44,239	47,038	42,436	44,477
Ringgit Malaysia	22,687	23,335	-	-
Thai Baht	9,868	7,025	-	-
Renminbi	2,799	4,573	-	-
Hong Kong dollar	1,177	1,343	-	-
Philippine peso	16	24	-	-
	103,195	128,682	42,445	44,486

Note to the consolidated statement of cash flows

	Group	
	2016 RM'000	2015 RM'000
Purchase of property, plant and equipment:		
Aggregate cost of property, plant and equipment acquired (Note 8)	87,083	72,054
Adjustment:		
Decrease/(increase) in payables for purchase of plant and equipment (Note 15)	7,847	(18,325)
Cash payments to acquire property, plant and equipment	94,930	53,729

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 15. PAYABLES AND ACCRUALS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Payables for raw materials	44,824	34,462	–	–
Accruals for operating expenses	26,477	20,599	306	314
Payables for purchase of plant and equipment	19,204	27,051	–	–
Payable for purchase of land	–	2,293	–	–
	90,505	84,405	306	314

Payables are unsecured, interest-free and are normally settled on 30 to 60 days' (2015: 30 to 60 days') terms.

During the previous financial year, included in payables for purchase of plant and equipment was an amount due to a related company of RM77,000. This amount was trade related, unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

Payables and accruals are denominated in the following currencies:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	56,303	56,186	18	70
United States dollar	28,348	23,151	–	–
Thai Baht	4,563	4,036	–	–
Renminbi	975	763	–	–
Singapore dollar	313	263	288	244
Hong Kong dollar	3	6	–	–
	90,505	84,405	306	314

#### 16. AMOUNT DUE TO A SUBSIDIARY COMPANY

The amount due to a subsidiary company relates to expenses paid on behalf by a subsidiary company. These expenses are denominated in Ringgit Malaysia, interest-free and unsecured.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 17. DERIVATIVES

	Group			
	2016 Contract/ Notional Amount RM'000	Liabilities RM'000	2015 Contract/ Notional Amount RM'000	Assets RM'000
Forward currency contracts	93,872	4,635	87,166	76

The forward currency contracts are used to hedge the Group's sales and purchases denominated in United States Dollar for which firm commitments existed at the statement of financial position date, extending to June 2017 (2015: May 2016).

#### 18. DEFERRED TAX

	Group	
	2016 RM'000	2015 RM'000
<b>Deferred tax assets:</b>		
Balance at 1 January	6,746	3,110
Credit to statement of comprehensive income (Note 6)	1,775	3,636
Balance at 31 December	8,521	6,746
<b>Deferred tax liabilities:</b>		
Balance at 1 January	(11,696)	(13,095)
(Charged)/credited to statement of comprehensive income (Note 6)	(975)	1,399
Balance at 31 December	(12,671)	(11,696)

Deferred tax assets/(liabilities) as at 31 December related to the following:

	Group	
	2016 RM'000	2015 RM'000
<b>Deferred tax assets</b>		
Differences in depreciation for tax purposes	(12,642)	(7,945)
Unutilised reinvestment allowances	21,011	14,275
Others	152	416
	8,521	6,746



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 18. DEFERRED TAX (CONT'D)

	Group	
	2016 RM'000	2015 RM'000
<b>Deferred tax liabilities</b>		
Differences in depreciation for tax purposes	(11,450)	(11,519)
Withholding tax on undistributed foreign-sourced dividend income	(1,505)	(177)
Others	284	–
	(12,671)	(11,696)

#### 19. SHARE CAPITAL

	Group and Company			
	2016 No. of shares	2015 No. of shares	2016 RM'000	2015 RM'000
At 1 January	371,226,025	371,226,025	156,337	156,337
Issuance of bonus shares	371,226,025	–	–	–
	742,452,050	371,226,025	156,337	156,337

371,226,025 bonus shares, comprising 370,542,025 new shares and 684,000 treasury shares, had been allotted and issued on 1 February 2016 to shareholders whose names appeared in the share transfer books and register of members of the Company on 25 January 2016.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

#### 20. TREASURY SHARES

	Group and Company			
	2016 No. of shares	2015 No. of shares	2016 RM'000	2015 RM'000
At 1 January	684,000	684,000	(815)	(815)
Issuance of bonus shares (Note 19)	684,000	–	–	–
	1,368,000	684,000	(815)	(815)

Treasury shares relate to ordinary shares of the Company held by the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 21. OTHER RESERVES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(a) <b>Foreign currency translation reserve</b>				
Balance at 1 January	17,586	8,428	46,647	19,358
Movement for the year	1,191	9,158	3,019	27,289
Balance at 31 December	18,777	17,586	49,666	46,647
(b) <b>Statutory reserve</b>				
Balance at 1 January and 31 December	2,441	2,441	–	–
(c) <b>Merger reserve</b>				
Balance at 1 January and 31 December	(58,568)	(58,568)	–	–
Total other reserves	(37,350)	(38,541)	49,666	46,647

#### Foreign currency transaction reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company from Singapore dollar to RM and of subsidiary companies whose functional currencies are different from that of the Group's presentation currency.

#### Statutory reserve

The statutory reserve relates to the appropriation to reserves from the net profits of subsidiary companies established in Thailand and People's Republic of China ("PRC"). In accordance with the Thailand local laws, before dividends for a particular year are declared, companies are required to appropriate 5% of their profit before taxation reported in the statutory accounts for that year to a statutory reserve. The maximum balance of the reserve is capped at 10% of the registered capital. This reserve can only be distributed to the shareholders upon liquidation of the company or utilised in the event of a reduction in share capital. The subsidiary company's statutory accounts has reached the limit of 10% on the registered capital of THB90,000,000 since February 2010.

In accordance with the relevant laws and regulations of the PRC, a wholly owned PRC entity by a subsidiary of the Group is required to transfer at least 10% of its profit after taxation prepared in accordance with the accounting standards and regulations of the PRC to the Statutory Reserve Fund ("SRF") until the accumulative total SRF balance reaches 50% of the respective registered capital. Subject to approval from the relevant PRC authorities, such SRF may be used to offset any accumulated losses or increased the registered capital of the PRC entity and is not available for distribution to shareholders other than in liquidation. As at end of the financial year 2016, the subsidiary's SRF balance has not reached the limit of 50% of the registered capital.

#### Merger reserve

The merger reserve represents the difference between the nominal value of shares issued by the Company over the nominal value of the shares acquired in exchange for those shares, accounted for using the pooling-of-interest method.

The above reserves are not available for dividend distribution to shareholders.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 22. DIVIDENDS

##### (a) Declared and paid during the financial year

	Group and Company	
	2016	2015
	RM'000	RM'000
Final exempt (one-tier) dividend for 2015: 5.25 sen (2014: 4.55 sen) per ordinary share	38,907	16,860
Interim exempt (one-tier) dividend for 2016: 1.30 sen (2015: 2.40 sen) per ordinary share	9,634	8,893
	<u>48,541</u>	<u>25,753</u>

##### (b) Proposed but not recognised as a liability as at 31 December

	Group and Company	
	2016	2015
	RM'000	RM'000
Final exempt (one-tier) dividend for 2016 of 5.19 sen (2015: 5.25 sen) per ordinary share	38,462	38,907

#### 23. RELATED PARTY TRANSACTIONS

##### (a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and its related parties took place on terms agreed between the parties during the financial year.

	Group	
	2016	2015
	RM'000	RM'000
Other related parties:		
Purchases of repair and maintenance services	30	19
Purchases of plant and equipment	148	809

Other related parties comprise companies in which the major shareholder is a close family member of certain directors of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 23. RELATED PARTY TRANSACTIONS (CONT'D)

##### (b) Compensation of key management personnel

	Group	
	2016 RM'000	2015 RM'000
Directors' fee	576	545
Short term benefits	2,328	2,704
Central Provident Fund contributions	189	254
Performance incentive scheme	4,551	6,872
	7,644	10,375
Comprise amounts paid to:		
Directors of the Company	5,789	7,469
Other key management personnel	1,855	2,906
	7,644	10,375

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

#### 24. COMMITMENTS AND CONTINGENCIES

##### (a) Operating lease commitments

The Group has entered into operating lease agreements for office and factory premises. These non-cancellable leases have remaining lease terms within one year. Future minimum lease payments under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2016 RM'000	2015 RM'000
Within one year	298	116
More than one year	66	–
	364	116

##### (b) Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not recognised in the financial statements is as follows:

	Group	
	2016 RM'000	2015 RM'000
Acquisition of property, plant and equipment	23,190	28,064

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 24. COMMITMENTS AND CONTINGENCIES (CONT'D)

##### (c) Contingent liability

The Company has provided a corporate guarantee to a bank for a RM117,000,000 (2015: RM37,100,000) forward currency contract (Note 17) and banking facilities taken by subsidiaries.

#### 25. SEGMENT INFORMATION

The management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, Thailand and China. All geographic locations are engaged in the manufacture and sale of gloves.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment pricing, if any, is determined on an arm's length basis. Segment revenue, expenses and results include transfers between segments. These transfers are eliminated on consolidation.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets which are expected to be used for more than one period.

##### (a) Geographical information

2016	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue:</b>						
External	595,611	29,874	26,717	2,661	–	654,863
Inter segment	129,190	43,926	–	50,187	(223,303)	–
Total revenue	724,801	73,800	26,717	52,848	(223,303)	654,863
<b>Results:</b>						
Segment result	115,961	26,715	(1,576)	48,644	(50,895)	138,849
Finance costs	(1)	–	–	–	–	(1)
Profit before taxation	115,960	26,715	(1,576)	48,644	(50,895)	138,848
Income tax expense	(13,801)	(2,549)	–	(853)	(1,292)	(18,495)
Profit for the year	102,159	24,166	(1,576)	47,791	(52,187)	120,353

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 25. SEGMENT INFORMATION (CONT'D)

##### (a) Geographical information (cont'd)

2016	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Assets and liabilities:</b>						
Segment assets	696,972	54,734	17,947	44,898	(146,945)	667,606
Segment liabilities	236,315	9,148	5,096	1,017	(138,478)	113,098
<b>Other segment information:</b>						
Additions to non-current assets	89,565	357	27	–	–	89,949
Other non-cash expense	93	–	3	–	–	96
Depreciation of property, plant and equipment	27,390	2,108	397	1	–	29,896
Fair value loss on derivatives	4,605	97	–	–	–	4,702

2015	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue:</b>						
External	492,812	33,037	31,863	2,475	–	560,187
Inter segment	137,609	38,896	–	48,979	(225,484)	–
Total revenue	630,421	71,933	31,863	51,454	(225,484)	560,187
<b>Results:</b>						
Segment result	125,631	22,405	(1,050)	47,132	(49,760)	144,358
Profit before taxation	125,631	22,405	(1,050)	47,132	(49,760)	144,358
Income tax (expense)/credit	(15,156)	(1,810)	–	(1,508)	664	(17,810)
Profit for the year	110,475	20,595	(1,050)	45,624	(49,096)	126,548
<b>Assets and liabilities:</b>						
Segment assets	540,665	50,501	23,936	46,704	(76,553)	585,253
Segment liabilities	156,517	7,763	9,106	798	(70,436)	103,748
<b>Other segment information:</b>						
Additions to non-current assets	71,505	456	93	– <sup>(1)</sup>	–	72,054
Other non-cash expense	48	–	29	–	–	77
Depreciation of property, plant and equipment	22,150	2,206	481	1	–	24,838
Fair value (gain)/loss on derivatives	(2,474)	32	–	–	–	(2,442)

<sup>(1)</sup> Denotes amounts less than RM500.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 25. SEGMENT INFORMATION (CONT'D)

##### (b) Business information

The following table presents the revenue information regarding the business segments for the years ended 31 December 2016 and 2015. The Group predominantly manufactures and sells gloves. It is not meaningful to show the total assets employed and capital expenditure by business activities as the assets and liabilities are generally shared and not identifiable by business segments.

	Gloves RM'000	Others RM'000	Total RM'000
Revenue:			
Sales to external customers			
- 2016	637,059	17,804	654,863
- 2015	541,070	19,117	560,187

##### (c) Geographical location of customers

The following table presents the revenue information by the geographical location of its customers.

	Europe RM'000	Malaysia RM'000	USA RM'000	China RM'000	Thailand RM'000	Other parts of South East Asia RM'000	Other parts of Asia RM'000	Rest of the world RM'000	Total RM'000
Revenue:									
Sales to external customers									
- 2016	226,545	136,175	110,359	48,330	36,962	35,908	50,939	9,645	654,863
- 2015	237,983	88,638	57,345	53,749	40,184	29,073	44,060	9,155	560,187

##### (d) Information about major customers

No single customer has accounted for more than 15% (2015: 10%) of the Group's revenue.

#### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, liquidity risk, credit risk and commodity price risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight on the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The companies in the Group primarily transact in their respective functional currencies. The exposure of the Group to foreign currency risk arises from certain transactions denominated in foreign currencies, primarily in United States dollar. The Group entered into forward foreign exchange contracts to manage its foreign currency risk as disclosed in Note 17.

The Group holds cash and cash equivalents of RM44,239,000 (2015: RM47,038,000) denominated in Singapore dollar ("SGD") and RM22,409,000 (2015: RM45,344,000) denominated in United States Dollar ("USD"), which also gives rise to foreign currency exposure. The Group is also exposed to currency translation risk arising from its net investments in companies whose functional currencies are not Ringgit Malaysia.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2016	2015
		RM'000	RM'000
		Profit before taxation	Profit before taxation
USD/RM	- strengthened 1% (2015: 1%)	1,146	1,061
	- weakened 1% (2015: 1%)	(1,146)	(1,061)

#### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. There is no significant exposure to liquidity risk. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. The Group's liquidity risk management policy is to match maturities of financial assets and liabilities and to maintain available banking facilities of a reasonable level to its overall debt position.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

##### (b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities as at the statement of financial position date based on contractual undiscounted payments.

Group	2016			2015		
	1 year or less RM'000	1 to 5 years RM'000	Total RM'000	1 year or less RM'000	1 to 5 years RM'000	Total RM'000
<b>Financial assets:</b>						
Trade receivables	140,329	–	140,329	103,080	–	103,080
Other receivables	9,238	–	9,238	4,888	–	4,888
Derivatives:	–	–	–	76	–	76
- forward currency contracts						
– gross receipts	–	–	–	87,243	–	87,243
- forward currency contracts						
– gross payments	–	–	–	(87,167)	–	(87,167)
Cash and cash equivalents	103,195	–	103,195	128,682	–	128,682
<b>Total undiscounted financial assets</b>	<b>252,762</b>	<b>–</b>	<b>252,762</b>	<b>236,726</b>	<b>–</b>	<b>236,726</b>
<b>Financial liabilities:</b>						
Payables and accruals	90,505	–	90,505	84,405	–	84,405
Derivatives:	4,635	–	4,635	–	–	–
- forward currency contracts						
– gross payments	93,872	–	93,872	–	–	–
- forward currency contracts						
– gross receipts	(89,237)	–	(89,237)	–	–	–
<b>Total undiscounted financial liabilities</b>	<b>95,140</b>	<b>–</b>	<b>95,140</b>	<b>84,405</b>	<b>–</b>	<b>84,405</b>
<b>Total net undiscounted financial assets</b>	<b>157,622</b>	<b>–</b>	<b>157,622</b>	<b>152,321</b>	<b>–</b>	<b>152,321</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (b) Liquidity risk (cont'd)

Company	2016			2015		
	1 year or less RM'000	1 to 5 years RM'000	Total RM'000	1 year or less RM'000	1 to 5 years RM'000	Total RM'000
<b>Financial assets:</b>						
Cash and cash equivalents	42,445	–	42,445	44,486	–	44,486
Total undiscounted financial assets	42,445	–	42,445	44,486	–	44,486
<b>Financial liabilities:</b>						
Payables and accruals	306	–	306	314	–	314
Amount due to a subsidiary company	–	–	–	7	–	7
Total undiscounted financial liabilities	306	–	306	321	–	321
Total net undiscounted financial assets	42,139	–	42,139	44,165	–	44,165

#### (c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amounts of trade and other receivables, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk.

The Group trades with recognised and credit worthy third parties. It is the Group's policy that local customers who wish to trade on credit terms are subject to credit verification procedures, and hence there is no requirement for collateral. New overseas customers will be required either to trade in advance telegraphic transfer or letter of credits issued by reputable banks in countries where the customers are based. Once they become regular customers and proven to be creditworthy, these customers will be assigned a credit term approved by management and letter of credit will no longer be required.

The Group manages its credit risk through regular review on collectibility of receivables. Cash and deposits are placed with reputable financial institutions.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (c) Credit risk (cont'd)

##### Credit risk concentration profile

Concentration of credit risk exists when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group is principally involved in manufacturing activities associated with the semi-conductor and electronics industries. Consequently, the risk of non-payment from its trade receivables is affected by any unfavourable economic changes to these industries. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2016		2015	
	RM'000	% of total	RM'000	% of total
<b>By Country:</b>				
United States	29,717	21%	10,282	10%
Malaysia	26,422	19%	14,931	14%
United Kingdom	14,557	10%	16,985	17%
Germany	13,139	9%	5,876	6%
Thailand	10,195	7%	10,185	10%
China	10,024	7%	12,703	12%
Sweden	7,513	5%	3,691	4%
Japan	5,354	4%	3,413	3%
Italy	3,817	3%	2,498	2%
Philippines	3,379	3%	2,954	3%
Vietnam	2,848	2%	637	1%
Netherland	2,643	2%	5,987	6%
Singapore	1,748	1%	2,184	2%
Other countries	8,973	7%	10,754	10%
	140,329	100%	103,080	100%

##### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

##### Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 12.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (d) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in commodity prices. The Group's raw materials are mainly latex and nitrile. Latex is a traded commodity and its price is subject to the fluctuations of the commodity market. Nitrile is a petroleum-based product and is affected by the increase in the prices of crude oil. Any significant increase in the prices of latex and nitrile will have a material adverse impact on the financial position and results of the operations. The Group monitors price fluctuations closely and evaluates alternative sources of supply and pricing policies.

#### Sensitivity analysis for commodity price risk

As at 31 December 2016, if the raw materials price had been 2% (2015: 2%) higher/lower, with all other variables held constant, the Group's profit net of tax would have been lower/higher by RM5,725,000 (2015: RM4,596,000).

### 27. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### (a) Asset and liability measured at fair value

The following table shows an analysis of asset and liability measured at fair value by level at the end of the reporting period:

	Group Significant observable inputs other than quoted prices (Level 2)	
	2016 RM'000	2015 RM'000
<b>Financial asset:</b>		
Derivatives (Note 17)		
- Forward currency contract	-	76

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 27. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(a) Asset and liability measured at fair value (cont'd)

	Group	
	Significant observable inputs other than quoted prices (Level 2)	
	2016 RM'000	2015 RM'000
<b>Financial liability:</b>		
Derivatives (Note 17)		
- Forward currency contract	4,635	-

Level 2 fair value

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves.

(b) Fair value of financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of current trade and other receivables (Note 12 and 13), cash and cash equivalents (Note 14), payables and accruals (Note 15) and amount due to subsidiary company (Note 16) are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

#### 28. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to ensure that it maintains a healthy capital to support its operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

A Thailand subsidiary company of the Group is required by the local laws to contribute to and maintain a non-distributable statutory reserve fund. The reserve can only be distributed to the shareholders upon liquidation of the company or utilised in the event of a reduction in share capital. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary company for the financial years ended 31 December 2016 and 2015 (Note 21).

A wholly owned People's Republic of China ("PRC") entity by a subsidiary of the Group is required by the relevant laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2016 and 2015 (Note 21).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 28. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using the net tangible asset value of the Group, which is total tangible assets less total liabilities of the Group. The net tangible assets values of the Group as at 31 December 2016 and 2015 were RM554,508,000 and RM481,505,000 respectively.

#### 29. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The table below is an analysis of the carrying amounts of financial instruments by categories.

##### (a) Loans and receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables (Note 12)	140,329	103,080	–	–
Other receivables (Note 13)	1,473	1,210	–	–
Fixed deposits (Note 14)	43,983	70,146	37,835	36,571
Cash at banks and in hand (Note 14)	59,212	58,536	4,610	7,915
	244,997	232,972	42,445	44,486

##### (b) Financial liabilities measured at amortised cost

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Payables and accruals (Note 15)	90,505	84,405	306	314
Amount due to a subsidiary company (Note 16)	–	–	–	7
	90,505	84,405	306	321

##### (c) Financial (liabilities)/assets at fair value through profit or loss

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Derivatives (Note 17)	(4,635)	76	–	–

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### **30. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

On 6 February 2017, a term loan of RM30 million was drawn down by a subsidiary of the Group for which the Company has given a corporate guarantee to a local Malaysian bank (Note 24(c)). The loan is secured by a charge over a piece of leasehold land and buildings with a carrying amount as at 31 December 2016 of RM12,556,496 and RM73,073,844 respectively (Note 8).

### **31. AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 23 March 2017.

# STATISTICS OF SHAREHOLDINGS

## AS AT 10 MARCH 2017

Total no. of issued shares excluding treasury shares	:	741,084,050
Total no. of treasury shares	:	1,368,000
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote per share

The Company cannot exercise any voting rights in respect of ordinary shares held as treasury shares.

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	%	No. of shares	%*
1 - 99	301	17.25	5,617	0.00
100 - 1,000	122	6.99	70,930	0.01
1,001 - 10,000	731	41.89	4,079,012	0.55
10,001 - 1,000,000	565	32.38	38,144,813	5.15
1,000,001 AND ABOVE	26	1.49	698,783,678	94.29
<b>TOTAL</b>	<b>1,745</b>	<b>100.00</b>	<b>741,084,050</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

(as per the Register of Substantial Shareholders as at 10 March 2017)

	Direct interest		Deemed interest	
	No. of shares	%*	No. of shares	%*
Wong Teek Son	-	-	376,066,560	50.75 <sup>1</sup>
Ringlet Investment Limited	376,066,560	50.75 <sup>2</sup>	-	-
Credit Suisse Trust Limited (in its capacity as trustee of The Ringlet Trust)	376,066,560	50.75 <sup>3</sup>	-	-
Lee Wai Keong	86,391,800	11.66	-	-

<sup>1</sup> Wong Teek Son is deemed interested in the shares, in which Credit Suisse Trust Limited ("CST"), as trustee of The Ringlet Trust (the "Trust") is deemed interested in, on account of Wong Teek Son being a beneficiary of the Trust.

<sup>2</sup> Ringlet Investment Limited is wholly owned (through Serangoon Limited and Seletar Limited) by Credit Suisse Trust Limited in its capacity as trustee of The Ringlet Trust.

<sup>3</sup> Credit Suisse Trust Limited, in its capacity as trustee of The Ringlet Trust, holds 100% of the shares in Ringlet Investment Limited through Serangoon Limited and Seletar Limited.

\* Percentages are calculated based on the total number of issued shares (excluding treasury shares) as at 10 March 2017.



## STATISTICS OF SHAREHOLDINGS (CONT'D)

### AS AT 10 MARCH 2017

#### TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%*
1	RAFFLES NOMINEES (PTE) LIMITED	379,682,889	51.23
2	LEE WAI KEONG	86,391,800	11.66
3	CITIBANK NOMINEES SINGAPORE PTE LTD	59,930,532	8.09
4	WONG TECK CHOON	29,478,160	3.98
5	HSBC (SINGAPORE) NOMINEES PTE LTD	26,710,600	3.60
6	DBS NOMINEES (PRIVATE) LIMITED	17,988,274	2.43
7	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	16,027,600	2.16
8	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	11,069,807	1.49
9	HL BANK NOMINEES (SINGAPORE) PTE LTD	11,014,200	1.49
10	DUMRONGSAK AROONPRASERTKUL	8,821,700	1.19
11	UOB KAY HIAN PRIVATE LIMITED	5,373,340	0.73
12	LAM YOON CHAN	4,999,700	0.67
13	PHILLIP SECURITIES PTE LTD	4,767,268	0.64
14	RHB SECURITIES SINGAPORE PTE. LTD.	4,701,880	0.63
15	CHEE TING TUAN	4,337,000	0.59
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,957,970	0.53
17	CHEE MEI CHUAN	3,861,606	0.52
18	KONG FRANCIS	3,852,524	0.52
19	TANG LOON SENG	3,619,960	0.49
20	CITIBANK CONSUMER NOMINEES PTE LTD	3,506,000	0.47
<b>TOTAL</b>		<b>690,092,810</b>	<b>93.11</b>

\* Percentages are calculated based on the total number of issued shares (excluding treasury shares) as at 10 March 2017.

#### SHAREHOLDINGS HELD ON THE HANDS OF THE PUBLIC

Based on information available to the Company as at 10 March 2017, approximately 30.7% of the total number of issued shares excluding treasury shares of the Company was held by the public. Therefore, the Company is in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

#### TREASURY SHARES

As at 10 March 2017, the Company held 1,368,000 treasury shares, representing 0.185 % of the total issued shares excluding treasury shares.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at East India Rooms, Level 1, Raffles Hotel Singapore, 1 Beach Road Singapore 189673, on Monday, 24 April 2017 at 2.30 p.m. for the following purposes:

## ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final tax exempt (1-tier) dividend of 5.19 sen (RM) per ordinary share for the financial year ended 31 December 2016. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 93 of the Articles of Association of the Company:
 

Mr. Wong Teek Son <b>[See Explanatory Note (i)]</b>	<b>(Resolution 3)</b>
Mr. Hong Chin Fock <b>[See Explanatory Note (i)]</b>	<b>(Resolution 4)</b>

*Mr. Hong Chin Fock will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee, Member of the Audit Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*
4. To approve the payment of the Directors' fees of SGD192,000 or approximately RM595,200 based on the exchange rate of SGD1 : RM3.10 for the financial year ending 31 December 2017 to be paid on a quarterly basis. (2016: SGD192,000 or RM581,760 based on the exchange rate of SGD1 : RM3.03) **(Resolution 5)**
5. To re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares up to fifty per cent. (50%) of Company's total number of issued shares excluding treasury shares. **(Resolution 7)**

"THAT, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

- (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **[See Explanatory Note (ii)]**

By Order of the Board

Chan Lai Yin  
Lee Pay Lee  
Company Secretaries

Singapore, 7 April 2017

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Explanatory Notes:

- (i) The detailed information of Mr Wong Teek Son and Mr Hong Chin Fock can be found under the section entitled "Directors' Profile" in the Annual Report. Mr Wong Teek Son is a brother of Mr Wong Teck Choon, the Executive Director of the Company. Save for the said relationship, Mr Wong Teek Son and Mr Hong Chin Fock have no relationship (including immediate family relationships) with the other Directors, the Company or its 10% shareholders.
- (ii) Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

### Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- a. a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - b. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
  - c. the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
  4. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road, #02-00 Singapore 068898 not less than forty-eight hours (48) before the time for holding the Annual General Meeting.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### NOTICE OF BOOK CLOSURE

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and Register of Members of Riverstone Holdings Limited (the "Company") will be closed on 2 May 2017 for the preparation of dividend warrants for the proposed final tax exempt (1-tier) dividend of 5.19 sen (RM) per ordinary share for the financial year ended 31 December 2016.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 28 April 2017 will be registered to determine members' entitlements to the said proposed dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 28 April 2017 will be entitled to the said proposed dividend.

Payment of the said proposed dividend, if approved by the members at the Annual General Meeting to be held on 24 April 2017, will be made on 18 May 2017.

By Order of the Board

Chan Lai Yin  
Lee Pay Lee  
Company Secretaries

Singapore, 7 April 2017

#### Personal Data Privacy

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

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**RIVERSTONE HOLDINGS LIMITED**

(Company Registration No. 200510666D)

(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING  
PROXY FORM****IMPORTANT: FOR CPF INVESTOR ONLY**

1. This Annual Report 2016 is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR YOUR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2017.

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Riverstone Holdings Limited (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company (the "Meeting") to be held at East India Rooms, Level 1, Raffles Hotel Singapore, 1 Beach Road Singapore 189673, on Monday, 24 April 2017 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolution(s) to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Meeting.

No.	Resolutions relating to:	No. of votes	No. of votes
		For*	Against*
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016		
2.	Payment of proposed final tax exempt (1-tier) dividend		
3.	Re-election of Mr. Wong Teek Son as director		
4.	Re-election of Mr. Hong Chin Fock as director		
5.	Approval for payment of Directors' fees of SGD192,000 or approximately RM 595,200 based on the exchange rate of SGD1 : RM3.10 for the financial year ending 31 December 2017 to be paid on a quarterly basis.		
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.		
7.	Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Cap. 50		

\*\* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of the specific directions, the proxy/proxies\* will vote or abstain as he/they\* may think fit, as he/they\* will on any other matter arising at the AGM.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s)  
or, Common Seal of Corporate Member

Fold the flap for sealing

The Company Secretary  
**Riverstone Holdings Limited**  
80 Robinson Road #02-00  
Singapore 068898

Please  
affix  
stamp  
here

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**NOTES**

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.
2. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
  4. A proxy need not be a member of the Company.
  5. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

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6. The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at 80 Robinson Road, #02-00 Singapore 068898, not less than 48 hours before the time set for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

**GENERAL:**

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap 50 of Singapore.

An investor who buys shares using CPF monies (“CPF Investor”) and/or SRS monies (“SRS Investor”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.



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Company Registration No. 200510666D

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