RIVERSTONE HOLDINGS LIMITED

Leader in the Manufacturing of
Cleanroom and Healthcare Gloves

annual report 2018

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.

CONTENTS

CERTIFICATIONS

1


intertek

CERTIFICATE OF REGISTRATION

This is to certify that the management system of:

Riverstone Resources Sdn Bhd

ISO 14001:2015

The management system is applicable to:

ISO 14001:2015

2


Certificate of Registration

Intertek

This is to certify that the occupational safety & health management system of

Riverstone Resources Sdn Bhd

MS 1722:2011

Intertek MS 1722:2011

3


Certificate of Registration

Intertek

This is to certify that the occupational safety & health management system of

Riverstone Resources Sdn Bhd

OHSAS 18001:2007

Intertek OHSAS 18001:2007

4


SGS

Riverstone Resources Sdn. Bhd.

ISO 9001:2015

ISO 9001:2015

5


SGS

Riverstone Resources Sdn. Bhd.

ISO 13485:2016

EN ISO 13485:2016

ISO 13485:2016 EN ISO 13485:2016

6


SGS

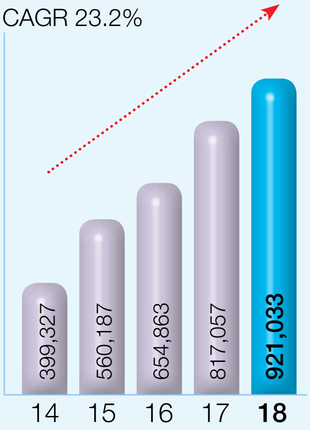
Riverstone Resources Sdn. Bhd.

Directive 93/42/EEC

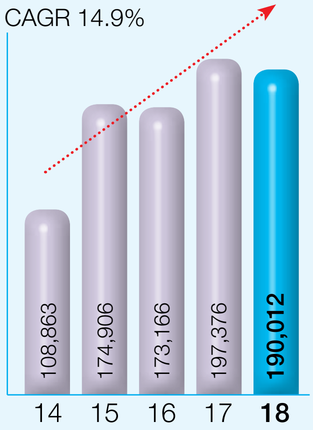
Directive 93/42/EEC

GROUP FINANCIAL HIGHLIGHTS

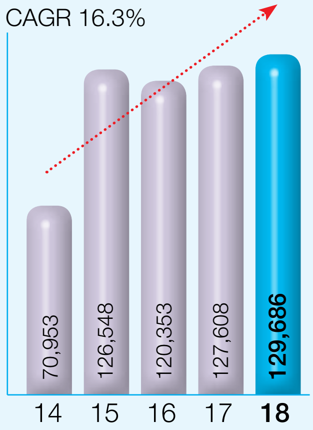
Revenue
(RM'000)



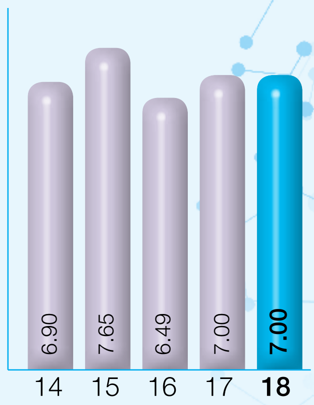
Gross Profit
(RM'000)



Net Profit
(RM'000)



Dividends Declared
(RM Sen/Share)



	FY18	FY17	FY16	FY15	FY14
For The Year (RM'000)					
Revenue	921,033	817,057	654,863	560,187	399,327
Gross Profit	190,012	197,376	173,166	174,906	108,863
Gross Profit Margin	20.6%	24.2%	26.4%	31.2%	27.3%
Profit Before Tax	151,072	148,618	138,848	144,358	81,112
Net Profit	129,686	127,608	120,353	126,548	70,953
Net Profit Margin	14.1%	15.6%	18.4%	22.6%	17.8%
Cashflow from Operations	167,250	145,683	118,970	122,129	62,833
At Year End (RM'000)					
Total Assets	872,856	778,404	667,606	585,253	440,766
Shareholders Equity	709,019	632,616	554,508	481,505	371,552
Cash and Cash Equivalents	97,010	114,250	103,195	128,682	79,432
Debt *	20,000	25,000	-	-	-
Debt Equity Ratio	0.028	0.04	N/A	N/A	N/A
Return on Equity	18.3%	20.2%	21.7%	26.3%	19.1%
Return on Assets	14.9%	16.4%	18.0%	21.6%	16.2%
Per Share (RM sen)					
Earnings (Basic) **	17.5	17.2	16.2	17.1	9.6
Earnings (Diluted basis)	17.5	17.2	16.2	17.1	9.6
Net Tangible Asset	95.7	85.4	74.8	130.0	100.3
Dividend Declared for the Financial Year	7.0 **	7.0	6.5	7.7	6.9

* EPS is computed based on weighted average number of shares of 741.1 million.

** Dividends are tax-exempted (one-tier). The dividend declared for FY18 of 7.00 sen (RM) per ordinary share includes the proposed dividend of 5.70 sen (RM) per ordinary share which is subject to approval by shareholders at the Annual General Meeting on 22 April 2019.

N/A: Not Applicable

KEY MILESTONES

2018

- 5th Phase of expansion plan in Taiping has been completed as per schedule and the Group's annual production capacity is now 9.0 billion gloves.
- Started the construction of Phase 6 – new glove factory building in Taiping.
- Acquired 14.64 acres of land located at Kamunting Raya Industrial Estate, Taiping, Perak Darul Ridzuan, Malaysia for expansion beyond Phase 6.

2017

- Completed 4th Phase of expansion plan in Taiping and total annual production capacity increased to 7.6 billion gloves.
- Started the construction of Phase 5 – new glove factory building in Taiping.
- Acquire a piece of land with built-up factory at Kawasan Perindustrian Bukit Beruntung, Rawang, Selangor, Malaysia to support the expansion of production capacity for cleanroom gloves and Group's operations.

2016

- 3rd Phase of expansion plan in Taiping completed as per schedule and total annual production capacity increased to 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.
- 2nd Phase of expansion plan in Taiping completed as per schedule and total annual production capacity increased to 5.2 billion gloves.
- Acquired a piece of land of 9.4 acres located at Kamunting Raya Industrial Estate, Taiping, Perak, Malaysia for construction of a worker hostel and a potential new factory to support future business expansion.

2014

- Commissioned additional one line in Thailand plant in March 2014.
- 1st Phase of expansion plan in Taiping, Perak, Malaysia completed in December 2014 with a factory building and 6 production dipping lines and total annual production capacity increased to 4.2 billion gloves.
- Fully compliant 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) 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 annual production capacity increased from 2.5 billion to 3.1 billion gloves.
- Completed an extension of factory building in Taiping, Perak, 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 commissioning additional 5 lines in the Malaysia plant and 1 line in the Thailand plant and annual production capacity increased 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 annual production capacity increased 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 annual production capacity increased 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 annual production capacity increased 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

1 MALAYSIA - HEAD OFFICE - Riverstone Resources Sdn Bhd

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

We specialise 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.

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

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
Eco Medi Glove Products (Shenzhen) Co. Ltd

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 28 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 customise 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 9001:2015 Quality management system
- ISO 14001:2015 Environmental management system
- ISO 13485:2016 Quality management system for medical devices
- 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,

Driven by the successful implementation of our capacity expansion plans and robust demand for our cleanroom and healthcare gloves, we are pleased to have achieved yet another record year as our revenue rose 12.7% year-on-year ("yoy") to an all-time high of RM921.0 million for FY2018. While we continue to increase order allocations from existing customers, we have also made good progress in growing our market share across most geographies. Notably, our deliberate efforts to expand our footprint in the US to capture untapped demand have seen positive sales traction as revenue contribution from the US market grew 17.4% to RM 186.1 million for FY2018, solidifying its position as our second largest market to date.

Volatile macroeconomic conditions on the other hand remained a challenge for us during the year. A shortage of raw materials led to a 10.0% hike in average raw material prices, while a shortage of manpower toward the last two quarters affected our operating performance. At the same time, a competitive market landscape meant we were unable to fully pass on the cost increases. We also faced a weakening US Dollar, a currency where majority of our sales are denominated in. Together with a shift in product mix toward healthcare gloves, our overall gross profit was unfavourably impacted as a result. Amid these tough operating conditions however, we were able to achieve a 1.6% yoy growth in net profit attributable to shareholders to RM129.7 million for FY2018. Additionally, our ability to consistently generate positive operating cash flow contributed to the resiliency of our balance sheet, as we ended the year with a net cash position of RM 77.0 million.

In spite of these external headwinds and competitive pressures, our capacity expansion plans remain on track. Launched in 2013, our five-year roadmap to bring total production capacity to 9.0 billion pieces of gloves per annum have reached fruition. For the recently completed phase 5 which saw the addition of 1.4 billion pieces of gloves in new capacity, five production lines were fully commissioned at the end of 2018, with the remaining three during the first quarter of 2019.

Apart from raising our production capacity, our longstanding and experienced Research & Development team works continuously toward enhancing our product offerings and providing customised solutions to remain ahead of the industry curve. Notably in 2018, we launched our new line of low extractable glove products that contain lesser chemicals. With consumer preferences in recent years shifting toward gloves that possess "cleaner" properties, our low extractable gloves are well-positioned to help us gain greater market share in 2019.

LETTER TO SHAREHOLDERS (CONT'D)

For our cleanroom glove segment, we continue to maintain our leadership position with 60.0% of the global market share of Class 10 and 100 customised cleanroom gloves. While growth in demand from hard-disk drive manufacturers have tapered, we continue to procure new customers from pharmaceutical and high-tech electronics industries that manufacture products such as mobile phones, tablets, lenses and sensors. Supported by a diversified customer base, we are optimistic that the cleanroom segment will continue to grow.

On the other hand, we also continue to enhance our value proposition to customers in the commoditised healthcare glove business with products that contain lesser chemical residues. These product enhancements have already garnered increasing interest from food industries, and should potentially allow us to grow our market share in these untapped markets.

Having said that, 2019 is shaping up to be a challenging year for our healthcare glove segment. Heightened competition amongst glove makers and rising operating costs attributed from higher labour, energy and utility prices are expected to weigh on our financial performance. In view of these prevailing trends, it has become crucial that we place a greater emphasis on improving our internal efficiencies and tightening cost controls to build a sustainable business model. Culminating from our efforts to adopt automation, 40.0% of our healthcare gloves are now directly packed after being stripped from the mould, eliminating a great deal of wasted movements and reducing the need for manual labour. Due to our current scale of operations, being able to generate productivity gains for each unit of glove can significantly lower our overall production costs and enhance profitability, thereby maximising returns for our fellow shareholders. Automation is but one of the initiatives that we are gradually rolling out to yield long term benefits for our organisation.

Looking ahead, phase 6 of our capacity expansion plans is well underway to add 1.4 billion pieces to amass a total of 10.4 billion pieces by the end of the year, representing a healthy growth rate of 15.6%. Having consistently maintained a utilisation rate of 90.0%, the new lines coming on board will allow us to capitalise on strengthening global demand. With the market for healthcare gloves expected to grow at approximately 8.0% per annum on a large base of 268 billion pieces of gloves in 2018[1] , we have also begun mapping the blueprint for further expansion plans beyond 2019. In November 2018, we paved the way with the acquisition of 14.64 acres of land in Taiping, Malaysia which will house our new production facilities in due time.

Industry challenges will always be present but we strive to reinvent and outperform ourselves every step of the way. Since our listing in 2006, we have maintained a consistent track record of rewarding our loyal shareholders. As a mark of confidence in the Group's future outlook, the Board is pleased to declare a final dividend of 5.7 sen/share, adding to the interim dividend of 1.3 sen/share to lift full year dividends to 7.0 sen/share. This also translates to a 40.0% dividend payout ratio, where remaining profits are reinvested into the business for future capital expenditure to support our growth plans.

In closing, I would like to take this opportunity to thank our Board of Directors for your guidance and contributions over the years. Furthermore, I extend my appreciation to our staff for your diligence and dedication, and our various stakeholders for your loyalty and trust. Last but not least, I am sincerely grateful toward our valued shareholders for your many years of unwavering support and belief in the Board and management.

Yours Sincerely,

WONG TEEK SON
Executive Chairman and Chief Executive Officer

[1] "MARGMA: M'sia to grow global market share of gloves to 68% over next 2 years", The Edge Markets, 23 August 2018

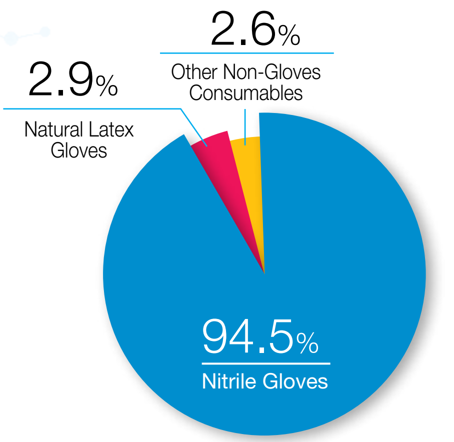
OPERATIONAL AND FINANCIAL REVIEW

REVENUE

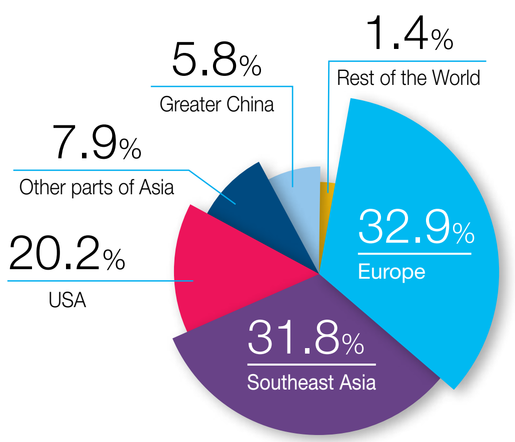
For the FY2018, the Group achieved RM921.0 million in total revenue, a 12.7% increase from RM817.0 million in FY2017. Sales contribution from gloves increased 12.7% to RM896.3 million (FY2017: RM795.4 million) and contribution from other non-glove products increased by 14.8% to RM24.8 million (FY2017: RM21.6 million). Sales from non-glove consumables were from finger cots, static shielding bags, face masks, wipers and packaging materials.

In FY2018, sales of nitrile gloves contributed RM870.0 million or 94.5% (FY2017: RM761.9 million or 93.3%) of our total revenue. Natural latex gloves contributed RM26.3 million or 2.9% (FY2017: RM33.5 million or 4.1%) of total revenue.

For FY2018, the key geographical markets contributing to the revenue were Europe, Southeast Asia and USA. Total revenue from Europe was recorded at RM303.3 million (FY2017: RM274.6 million), whereas total revenue from Southeast Asia and USA was at RM292.6 million (FY2017: RM256.5 million) and at RM186.1 million (FY2017: RM158.6 million) respectively.



REVENUE BY PRODUCT 2018



REVENUE BY REGION 2018

GROSS PROFIT

The Group's gross profit dropped by 3.7% from RM197.4 million in FY2017 to RM190.0 million in FY2018. The Group's gross profit margin came down from 24.2% to 20.6% 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 increased by 8.6% from RM14.6 million in FY2017 to RM15.8 million in FY2018 due to the increase in sales activities.

General and administrative expenses decreased by 12.5% from RM25.0 million in FY2017 to RM21.8 million in FY2018 mainly due to decrease in commission and incentives.

The Group registered other operating expenses of RM3.7 million in FY2018 mainly as a result of net foreign exchange gain of RM1.5 million offset by fair value loss on derivatives of RM1.0 million and research and development expenses of RM3.1 million.

OPERATIONAL AND FINANCIAL REVIEW (CONT'D)

NET PROFIT

The Group's profit before taxation for the year up by 1.7% from RM148.6 million in FY2017 to RM151.1 million in FY2018.

The Group's profit attributable to shareholders was RM129.7 million, increased by 1.6% from FY2017 of RM127.6 million. The Group's effective tax rate was 14.2% in FY2018, higher when compared to FY2017 of 14.1%, mainly due to availability of tax incentives claimable by the Group.

FINANCIAL POSITION

Our non-current assets which consist of Property, plant and equipment (PPE), other asset and deferred tax asset, increased to RM513.0 million as at 31 December 2018 from RM429.6 million as at 31 December 2017. PPE increased to RM484.4 million from RM419.8 million mainly on acquisition amounted to RM105.9 million coupled with foreign exchange adjustment of RM0.2 million offset by the depreciation charge and PPE written off/ disposal of RM41.3 million and RM0.2 million respectively. Other asset as at 31 December 2018 was at RM18.2 million for the purchase of land and deferred tax asset increased to RM10.4 million mainly due to the availability of reinvestment allowances.

Our current assets increased by RM11.0 million from RM348.8 million as at 31 December 2017 to RM359.8 million as at 31 December 2018. As at 31 December 2018, the trade receivables and inventories level increased by RM15.7 million to RM158.2 million and RM12.5 million to RM83.6 million respectively, mainly due to increase in sales and higher production volume. As a result of refund from Goods and services tax, other receivables reduced to RM13.6 million as at 31 December 2018 from RM15.4 million. Prepayments increased from RM2.4 million to RM5.2 million as at 31 December 2018 mainly due to prepayment of Malaysian government levy for foreign workers.

Cash and cash equivalent included fixed deposits, cash at banks and in hand. Cash and cash equivalents recorded at RM97.0 million as at 31 December 2018. The Group generated RM167.3 million from operating activities and net cash used in investing activities were amounted to RM126.0 million. The Group's investing activities amounted to RM126.0 million were mainly on the purchase of PPE and installment paid for the purchase of land. The Group has net cash flows used in financing activity amounted to RM56.9 million mainly for the dividend payout of RM51.9 million and repayment of bank borrowings of RM6.3 million. The Group has utilised a banking facility - Revolving Credit (RC) amounting to RM1.0 million for its short term financing requirements during the year.

Non-current liabilities declined by RM6.3 million from RM30.2 million as at 31 December 2017 to RM23.9 million as at 31 December 2018 mainly due to the repayment of bank borrowings of RM6.0 million.

Current liabilities increased by RM24.4 million to RM139.9 million as at 31 December 2018. This mainly due to higher payables and accruals from RM101.3 million as at 31 December 2017 to RM125.6 million as at 31 December 2018 and RM1.0 million RC drawn down during the year. Provision for taxation was RM6.9 million as at 31 December 2018, reduced from RM7.9 million as at 31 December 2017.

NET ASSETS PER SHARE

The net assets backing per share increased to 95.67 sen (RM) in FY2018 from 85.36 sen (RM) in FY2017 as a result of a 12.1% increase in shareholders' equity to RM709.0 million in FY2018 from RM632.6 million in FY2017.

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 previously worked at international banks and multinational corporations, and has more than 25 years experience in the areas of corporate strategy, finance and investment banking.

Mr Ho is also an independent director of iX Biopharma Limited, a company listed on Catalist, and a member of its Audit and Remuneration Committees. Mr Ho holds a Bachelor of Commerce degree from the Australian National University and is a Fellow Certified Practising Accountant with CPA Australia.

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.

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. He is also a member of the Board of Trustees of the NTUC Education and Training Fund.

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 BinjaiTree. 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.

LIM SING POEW joined our Group in 2017 and is the Group General Manager. Mr Lim is responsible for the business development strategy and growth of our Group. Mr Lim obtained his qualifications as a Chartered Certified Accountants in 1993. He is a Fellow member of the Association of Chartered Certified Accountants, UK, and a member of the Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia.

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.

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.

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.

KELLY GE joined our Group in 2004 and has been a Production Manager of Riverstone Resources (Wuxi) Co Ltd. In March 2016, she was appointed as the Acting General manager of our Group's China operations. She holds a Bachelor of Chemical Engineering from University of Tian Jin.

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 *ACS*

LEE PAY LEE *ACS*

Share Registrar

BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

Registered Office

80 Robinson Road
#02-00 Singapore 068898
Tel : +65 6236 3333
Fax: +65 6236 4399

Auditors

ERNST & YOUNG LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Wong Yew Chung
(Date of appointment: since financial year ended 31 December 2017)

FINANCIAL CONTENTS

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 generally adhered to the principles and guidelines as set out in the 2012 Code of Corporate Governance (the "Code") for the financial year ended 31 December 2018 ("FY2018"). Where there are deviations from the Code, appropriate explanations are provided.

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 has a matrix of approval which sets out the approval, limits of the Management and matters that specifically require Board's guidance. 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.

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)

The attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings are append below. Minutes of all Board Committee 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.

Attendance at Meetings

	Board		AC		RC		NC	
Name of Director	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	4	6	6	1	1	1	1
Hong Chin Fock	4	4	6	6	1	1	1	1
Albert Ho Shing Tung	4	4	6	6	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 with site visits to understand the Group's business operations and governance practices. 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. Training will also be provided for first-time Directors in areas such as accounting, legal and industry-specific knowledge where appropriate.

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.

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 Code.

There is an independent element on the Board. The criteria for independence are determined based on the definition as provided in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Listing Manual") and the Code. 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. A director will not be independent if he is employed by the Company or any of its related corporation for the current or any of the past three financial years or if he has an immediate family who is employed or has been employed by the Company or any of its related corporation for the past three financial years. 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. 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. The Board recognises the important contribution of non-executive directors although non-executive directors are independent of the Management and business or other relationships which could materially interfere with the exercise of independent judgement. Non-executive directors constructively challenge and help develop proposals on strategy by providing a different perspective or wider view of external factors affecting the Company and its business environment. Non-executive directors monitor and review the performance of management and meet regularly without management present. The Lead Independent Director provides feedback to the Chairman after each meeting.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board comprise businessmen and professionals with strong financial and business background, providing the necessary experience and expertise to direct and lead the Group. The Board is of the view that the current Board members comprises persons whose diverse skills, experience and attributes provide for effective direction for the Group. These include finance, banking, accounting, and tax with entrepreneurial and management experience and familiarity with regulatory requirements and risk management. The Board is of the view that 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. While the Board did not set specific targets for the participation of women on the Board, the Company will take into consideration gender as one of the selection criteria of a director, without compromising on qualifications, experience and capabilities for new appointments to the Board. The Board concurred with the NC that progressive refreshing of the Board should come without undue disruptions and take into account the scope and nature of the operations of the Company. The Board will constantly examine its size annually with a view to determine its impact upon its effectiveness and review its appropriateness for the nature and scope of the Group's operations. The Directors were furnished with updates on the relevant laws such as changes to the Listing Manual.

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 have 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 Code. The NC agreed that at all times, the Directors concerned have expressed his individual viewpoints, objectively debated issues brought up at meetings and scrutinised Board matters and Board Committee matters. The Directors concerned also exercised strong independence in character and judgment whilst discharging his duties as a member of the Board and Board Committees. Each of the Directors concerned 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 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 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. 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 ("Mr Wong") is both the Executive Chairman and Chief Executive Officer ("CEO") of the Company. He is not an independent director. 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.

As Executive Chairman, Mr Wong bears responsibility for the conduct of the Board. He is responsible for the effective working of the Board, ensuring adequate time available for discussion and encourage constructive relations within the Board and between the Board and Management. He is also responsible for promoting a culture of openness and debate at the Board as well as to ensure the Directors receive complete, adequate and timely information. 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. Independent Directors meet without the presence of other directors and the Lead Independent Director provides feedback to the Chairman after each meeting.

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. There is no alternate director appointed to the Board in FY2018.

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. Mr Wong Teck Choon and Mr Low Weng Keong are due for retirement by rotation at the forthcoming AGM. The NC has recommended to the Board for the re-election of Mr Wong Teck Choon and Mr Low Weng Keong. In reviewing the nomination of director for re-appointment at the forthcoming AGM, the NC has considered criteria such as the Director's contribution, participation, preparedness and attendance. The NC also considered the Company's corporate governance in the longer-term in respect of the 2018 Code of Governance which covers financial year commencing from 1 January 2019. Mr Wong Teck Choon has indicated that he will not be seeking re-election at the forthcoming AGM. To retain his skills and experiences especially knowledge in the industry, Mr Wong Teck Choon will be appointed as alternate director to Mr Wong Teek Son after the conclusion of the AGM. Meanwhile, Mr Low Weng Keong consented to re-election at the forthcoming AGM. Additional information on Mr Low Weng Keong, a director seeking re-election at the AGM is enclosed in this Annual Report.

The Board has not determined the maximum number of listed company board representation which any Director may hold. 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 in listed companies, 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. 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 specific skills set required and recommendation for new Directors, review their qualifications and meet with such candidates before any 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. The criteria for identifying candidates and reviewing nomination for appointments shall include gender diversity in the pool of candidates evaluated for new appointments to the Board. 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 Page 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	24 April 2017	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	23 April 2018	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)
Hong Chin Fock	2 October 2006	24 April 2017	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	23 April 2018	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, relevant sector knowledge, 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 Board has a formal process for assessing the effectiveness and performance of the Board as a whole and its Board Committees with objective performance criteria and contribution of by the Chairman and each individual director to the effectiveness of the Board. The performance criteria remained the same as last year. The Chairman, in consultation with the NC, may where appropriate propose new members to be appointed to the Board or seek the resignation of Directors. The Board assessment takes into consideration both qualitative and quantitative criteria, such as 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. Each member of the NC abstained from deliberations in respect of the assessment of his own performance. All feedback and comments received from Directors are reviewed by the NC, in consultation with the Chairman of the NC and Board. External consultants were not used in the annual assessment.

Based on the NC's review, the Board and the various Board Committees operate effectively and each Director continues to contribute to the overall effectiveness of the Board.

Principle 6: Access to Information

All Directors receive complete and regular supply of information from Management about the Group's financial and operational performance, apprised of the operations to participate 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 and background relating to business environment, industry, 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.

Directors are briefed on the execution and implementation of the Company's operations including expansion plans. Updates on the budget and variance between projections and actual results were disclosed and explained to the Board.

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, are complied with. The appointment and the 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 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 RC;

(f) retaining such professional consultancy firm as the RC 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 RC 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. No external remuneration consultants were appointed during the financial year.

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, risk policies 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. The Board is satisfied that non-executive Directors are not overcompensated to the extent that their independence are compromised.

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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.

Having reviewed and considered the variable components of the Chairman and CFO, and key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentives from the Chairman and CEO and key management personnel in exceptional cases of wrong doings.

The remuneration (including salary, bonus, directors' fees, performance-related profit-sharing bonus and benefits-in-kind) paid to Directors and top 6 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 %
S$1,000,000 and to below S$1,250,000					
NIL	-	-	-	-	-
S$750,000 and to below S$1,000,000	-	-	-	-	-
NIL					
S$500,000 and to below S$750,000					
Wong Teek Son	32%	-	68%	-	100%
S$250,000 and to below S$500,000					
Lee Wai Keong	30%	-	70%	-	100%
Below S$250,000					
Wong Teck Choon	47%	-	53%	-	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 6 management personnel	Salaries, allowances and benefits-in-kind	Bonus	Profit sharing	Directors' Fees	Total
Below S$250,000					
Chee Mei Chuan	39%	-	61%	-	100%
Dumrongsak Aroonprasertkul	55%	-	45%	-	100%
Lim Sing Poew	86%	14%	-	-	100%
Tan Wang Thing	85%	15%	-	-	100%
Casey Khor Kuan Ching	86%	14%	-	-	100%
Kelly Ge	91%	9%	-	-	100%

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 the competitive industry, the Company has not disclosed the aggregate remuneration paid to the top 6 key management personnel of the Group in this report.

Mr Wong Teek Son and Mr Wong Teck Choon are brothers. 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 FY2018.

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 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 by training and reinforcement of practise behaviours and safeguard critical information through establishing a strong compliance culture. Management 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.

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:

CORPORATE GOVERNANCE STATEMENT (CONT'D)

- 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.

The Board as a whole undertakes the oversight responsibilities in respect of risk governance of the Group. Based on the Group's business and operations, the Board agreed a separate Board Risk Committee will not be effective to preserve corporate governance.

The risk register will be updated and assessments carried out periodically. The 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 risk management and 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 is satisfied that the Group's risk management and internal controls, addressing financial, operational, compliance risks and information technology systems, were adequate and effective as at 31 December 2018. The AC concurred with the Board's comments on the adequacy and effectiveness of internal controls (including financial, operational, information technology and compliance) and risk management. These controls are and will be continually assessed for improvement. The AC assists the Board to oversee the Company's risk management framework and policies. The Board received assurance in writing from CEO and CFO that 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. The assurance from CEO and CFO also includes effectiveness of the Company's risk management and internal control systems. However, the Board also notes 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 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 66 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 and apprised of the impact to the Company's financial statements.

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 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 Manual.

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. The Group has a well-defined process which ensures independent investigation of such matters and the assurance that employees will be protected from reprisals, within the limits of the law.

The AC does not have a former partner or director of the Company's existing auditing firm acting as a member within 12 months commencing on the date of directors ceasing to be a partner of the auditing firm or has any financial interest in the auditing firm.

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 approves the hiring, removal, evaluation and compensation of the internal audit firm.

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 AC is satisfied that the internal audit function is adequately resourced after it has been outsourced to an auditing firm and has appropriate standing within the Company. The internal auditor has access to all records including access to the AC. The internal auditors reports directly to the Chairman of the AC. The AC reviews the adequacy and effectiveness of the internal audit function annually.

The Company has engaged Crowe Governance Sdn Bhd ("Crowe Governance") as the internal auditor to perform the Company's internal audit function. Crowe Governance 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of shareholder meetings

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 treats 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.

Currently, the Company does not have a fixed dividend policy but strives to achieve the objective of maximising shareholders value by balancing the amount of dividends paid with keeping sufficient funds for future growth. 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 FY2018, in addition to the interim dividend of RM0.013 per share (tax-exempt 1-tier), the Company is recommending a final dividend of RM0.057 per share (tax-exempt 1-tier) for the approval of shareholders at the AGM.

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. At general meetings, separate resolutions on each separate issue will be tabled for approval by shareholders. 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. All resolutions put to vote by poll in the presence of independent scrutineers and the detailed results were released to SGX-ST after the meeting. As the present Articles of Association of the Company does not have a provision to allow shareholders to vote in absentia, via methods such as e-mail, fax, etc., and the legal and regulatory environment is not entirely conducive for voting in absentia, the Company does not allow a shareholder to vote in absentia at general meetings. The introduction of absentia voting methods will be deferred until an appropriate time.

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 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 all the Group, its officers including Directors, management staff and employees in possession of confidential information. The Group, the Group's Directors and affected employees are also 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.

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 transaction with an interested person for FY2018 is as follow:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
Hoe Hup Heng Engineering - Purchase of stainless steel equipment and machinery and provision of repair and maintenance services	S$412,677	(equivalent to RM1,234,400)	S$0	(equivalent to RM0)

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 are no material contracts entered into by the Company and its subsidiaries involving the interest of CEO, any director or controlling shareholder, which are subsisting at the end of FY2018.

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 2018.

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 2018 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

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 1 January 2018	As at 31 December 2018	As at 1 January 2018	As at 31 December 2018
Ordinary sharesof the Company				
Wong Teek Son	–	–	376,066,560 (1)	376,066,560 (1)
Lee Wai Keong	80,891,800	80,891,800	–	–
Wong Teck Choon	23,663,960	23,663,960	–	–
Albert Ho Shing Tung	–	600,000	600,000 (2)	–
Hong Chin Fock	480,000	480,000	–	–

(1) 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.

(2) 600,000 ordinary shares are held in the name of Raffles Nominees (Pte) Ltd.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

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.

SHARE OPTIONS

During the financial year, there was:

(a) no option granted by the Company to any person to take up unissued shares in the Company; and

(b) no share issued by virtue of any exercised option to take up unissued shares of the Company.

As at the end of the financial year, there was no unissued share of the Company under option.

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

22 March 2019

INDEPENDENT AUDITOR'S REPORT

to the Members of Riverstone Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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 2018, 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.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position 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 Singapore Financial Reporting Standards (International) (SFRS(I)) 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 2018 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 2018 amounted to RM 921.03 million. The Group's revenue recognition policy is to recognise revenue at a point in time upon the satisfaction of performance obligations by transferring control of the goods to the customer. This policy also applies to the sale of consignment goods. The timing of the transfer of control of goods to the customer (including products sold by consignees to end customers) is defined by the specific agreement or shipping terms agreed with the customers. Incorrect determination of the point at which control of goods is transferred to customers could affect the timing of revenue recognition. In addition, part of the remuneration of the key management personnel of the Group was based on the performance-related incentive bonus scheme. Accordingly, as there are risks that revenue could be recognised in the incorrect period for sales transactions occurring near at or the year-end, and revenue could be overstated 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 also considered the results of confirmations received from customers 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 performed trend analysis over products by comparing against prior year, and assessed if the variances were within our expectations based on our understanding of the Group's business.

We also considered the adequacy of the disclosures regarding the Group's revenue in Notes 2.18 and 4 to the financial statements.

Recoverability of deferred tax assets

As at 31 December 2018, the Group has recognised deferred tax assets of RM 10.42 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. This assessment process involved significant management judgement given that it is based on assumptions and estimates of future taxable profits.

As part of our audit procedures, we compared the consistency of management's profit forecasts with those included in the business plans approved by those charged with governance. We tested the reasonableness of management's assumptions applied in assessing future profitability by testing key estimates such as production capacity, revenue and production costs growth rates against our understanding of the business and by comparing to actual performance. In assessing the recoverability of deferred tax assets, we evaluated management's assumptions relating to 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 deferred tax and income tax expense in Notes 16 and 6 to the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
to the Members of Riverstone Holdings Limited

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report and directors' statement set out on page 1 to 3, but does not include the financial statements and our auditor's report thereon.

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 SFRS(I), 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. Wong Yew Chung.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

22 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000
Revenue	4	921,033	817,057
Cost of sales		(731,021)	(619,681)
Gross profit		190,012	197,376
Other income		3,387	4,285
Selling and distribution expenses		(15,847)	(14,596)
General and administrative expenses		(21,828)	(24,959)
Other operating expenses		(3,706)	(12,465)
Operating profit		152,018	149,641
Finance costs		(946)	(1,023)
Profit before taxation	5	151,072	148,618
Income tax expense	6	(21,386)	(21,010)
Profit for the year		129,686	127,608
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss		(1,407)	(1,404)
Other comprehensive loss for the year		(1,407)	(1,404)
Total comprehensive income for the year		128,279	126,204
Profit attributable to:			
Equity holders of the Company		129,686	127,608
Non-controlling interests		– [(1)]	– [(1)]
		129,686	127,608
Total comprehensive income attributable to:			
Equity holders of the Company		128,279	126,204
Non-controlling interests		– [(1)]	– [(1)]
		128,279	126,204
Earnings per share	7		
Basic (sen)		17.50	17.22
Diluted (sen)		17.50	17.22

[(1)] 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 2018

	Note	Group 2018 RM'000	Group 31.12.2017 RM'000	Group 1.1.2017 RM'000	Company 2018 RM'000	Company 31.12.2017 RM'000	Company 1.1.2017 RM'000
Non-current assets							
Property, plant and equipment	8	484,430	419,845	336,662	–	–	–
Other assets	8	18,175	–	–	–	–	–
Investments in subsidiary companies	9	–	–	–	199,026	199,486	203,581
Deferred tax assets	16	10,420	9,737	8,521	–	–	–
Current assets							
Inventories	10	83,635	71,131	66,978	–	–	–
Trade receivables	11	158,246	142,535	140,329	–	–	–
Other receivables	12	13,595	15,418	9,238	27,821	23,337	–
Prepayments		5,245	2,414	1,710	26	27	27
Derivatives	15	1,127	2,101	–	–	–	–
Tax recoverable		973	973	973	–	–	–
Fixed deposits	13	24,860	29,459	43,983	9,703	8,926	37,835
Cash at banks and in hand	13	72,150	84,791	59,212	3,117	11,627	4,610
		359,831	348,822	322,423	40,667	43,917	42,472
Current liabilities							
Payables and accruals	14	125,579	101,250	89,814	288	330	306
Borrowings	17	7,000	6,000	–	–	–	–
Derivatives	15	–	–	4,635	–	–	–
Refund liabilities		403	381	691			
Provision for taxation		6,883	7,893	5,287	3	6	6
		139,865	115,524	100,427	291	336	312
Net current assets		219,966	233,298	221,996	40,376	43,581	42,160
Non-current liabilities							
Borrowings	17	13,000	19,000	–	–	–	–
Employee benefit obligations		261	239	–	–	–	–
Deferred tax liabilities	16	10,711	11,025	12,671	–	–	–
		23,972	30,264	12,671	–	–	–
Net assets		709,019	632,616	554,508	239,402	243,067	245,741

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)
as at 31 December 2018

	Note	Group 2018 RM'000	Group 31.12.2017 RM'000	Group 1.1.2017 RM'000	Company 2018 RM'000	Company 31.12.2017 RM'000	Company 1.1.2017 RM'000
Equity attributable to owners of the Company							
Share capital	18	156,337	156,337	156,337	156,337	156,337	156,337
Treasury shares	19	(815)	(815)	(815)	(815)	(815)	(815)
Reserves		553,492	477,089	398,981	83,880	87,545	90,219
		709,014	632,611	554,503	239,402	243,067	245,741
Non-controlling interests		5	5	5	–	–	–
Total equity		709,019	632,616	554,508	239,402	243,067	245,741

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 2018

Group	Share capital (Note 18) RM'000	Treasury shares (Note 19) RM'000	Retained earnings RM'000	Other reserves (Note 20) RM'000	Total reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to equity holders of the Company						
Balance at 1 January 2017	156,337	(815)	436,331	(37,350)	398,981	5	554,508
Profit for the year	–	–	127,608	–	127,608	– [1]	127,608
Other comprehensive loss for the year	–	–	–	(1,404)	(1,404)	–	(1,404)
Total comprehensive income for the year	–	–	127,608	(1,404)	126,204	– [1]	126,204
Dividends (Note 21)	–	–	(48,096)	–	(48,096)	– [1]	(48,096)
Balance at 31 December 2017	156,337	(815)	515,843	(38,754)	477,089	5	632,616
Balance at 1 January 2018	156,337	(815)	515,843	(38,754)	477,089	5	632,616
Profit for the year	–	–	129,686	–	129,686	– [1]	129,686
Other comprehensive loss for the year	–	–	–	(1,407)	(1,407)	–	(1,407)
Total comprehensive income for the year	–	–	129,686	(1,407)	128,279	– [1]	128,279
Dividends (Note 21)	–	–	(51,876)	–	(51,876)	– [1]	(51,876)
Balance at 31 December 2018	156,337	(815)	593,653	(40,161)	553,492	5	709,019

[1] 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 2018

Company	Share capital (Note 18) RM'000	Treasury shares (Note 19) RM'000	Retained earnings RM'000	Other reserves (Note 20) RM'000	Total reserves RM'000	Total equity RM'000
Balance at 1 January 2017	156,337	(815)	40,553	49,666	90,219	245,741
Profit for the year	–	–	49,782	–	49,782	49,782
Other comprehensive income for the year	–	–	–	(4,360)	(4,360)	(4,360)
Total comprehensive income for the year	–	–	49,782	(4,360)	45,422	45,422
Dividends (Note 21)	–	–	(48,096)	–	(48,096)	(48,096)
Balance at 31 December 2017	156,337	(815)	42,239	45,306	87,545	243,067
Balance at 1 January 2018	156,337	(815)	42,239	45,306	87,545	243,067
Profit for the year	–	–	50,075	–	50,075	50,075
Other comprehensive income for the year	–	–	–	(1,864)	(1,864)	(1,864)
Total comprehensive income for the year	–	–	50,075	(1,864)	48,211	48,211
Dividends (Note 21)	–	–	(51,876)	–	(51,876)	(51,876)
Balance at 31 December 2018	156,337	(815)	40,438	43,442	83,880	239,402

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 2018

	2018 RM'000	2017 RM'000
Cash flows from operating activities		
Profit before taxation	151,072	148,618
Adjustments for:		
Depreciation of property, plant and equipment	41,310	34,549
Property, plant and equipment written off	34	14
Loss/(gain) on disposal of property, plant and equipment	26	(76)
Fair value loss/(gain) on derivatives	974	(6,738)
Trade receivables written off	–	2,398
Interest expenses	946	1,023
Interest income	(2,027)	(2,153)
Operating cash flows before working capital changes	192,335	177,635
Increase in inventories	(12,504)	(4,153)
Increase in receivables and prepayments	(16,719)	(11,488)
Increase in employee benefit obligations	22	239
Increase in payables, accruals and refund liabilities	26,428	3,586
Cash flows from operations	189,562	165,819
Interest paid	(946)	(1,023)
Interest received	2,027	2,153
Income tax paid	(23,393)	(21,266)
Net cash flows from operating activities	167,250	145,683
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	126	1,023
Purchase of property, plant and equipment (Note 13)	(107,978)	(111,291)
Installments paid for purchase of land	(18,175)	–
Net cash flows used in investing activities	(126,027)	(110,268)
Cash flows from financing activities		
Proceeds from revolving credit	1,000	–
Proceeds from term loans	–	30,000
Repayment of borrowings	(6,000)	(5,000)
Dividends paid	(51,876)	(48,096)
Net cash flows used in financing activities	(56,876)	(23,096)
Net (decrease)/increase in cash and cash equivalents	(15,653)	12,319
Effect of foreign currency exchange rates	(1,587)	(1,264)
Cash and cash equivalents at beginning of year (Note 13)	114,250	103,195
Cash and cash equivalents at end of year (Note 13)	97,010	114,250

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 2018

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 9.

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 (International) ("SFRS(I)").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

– The comparative information do not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

There is no material impact arising from SFRS(I) 9 adoption at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retropectively to those financial assets that were not derecognied before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group did not recognise additional impairment on its financial assets measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 January 2017;

- For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year ended 31 December 2017. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have been lower;

- For the comparative year ended 31 December 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

The Group is in the business of manufacturing and distributing cleanroom and healthcare gloves, finger cots and latex products. The key impact of adopting SFRS(I) 15 is the accounting for volume rebates.

For the sale of cleanroom and healthcare gloves, some contracts with customers provide volume rebates. Such provision give rise to variable consideration under SFRS(I) 15. The Group previously recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of volume rebates. Under SFRS(I) 15, variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved.

The Group provides retrospective rebates to one of its customers if the customer reach a certain threshold of purchase. Before the adoption of SFRS(I) 15, the Group recorded a provision for rebates in trade and other payables based on the actual sales made to this customer during the year.

Under SFRS(I) 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the "most likely amount method" for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. Upon adoption of SFRS(I) 15, the Group recognised refund liabilities of RM691,000 for the expected future rebates on sale of goods which consideration have been received from customers as at 1 January 2017. The Group also derecognised the provision included in trade and other payables of RM691,000, as at 1 January 2017.

The Group's balance sheet as at 31 December 2017 was restated, resulting in recognition of refund liabilities of RM381,000 and a decrease in trade and other payables of RM381,000. The profit or loss for the year ended 31 December 2017 was also restated, resulting in a decrease in revenue of RM381,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the balance sheet of the Group.

	Group		
	1.1.2017	SFRS(I) 15 Adjustments	1.1.2017
	RM'000	RM'000	RM'000
Non-current assets			
Property, plant and equipment	336,662	–	336,662
Other asset	–	–	–
Investments in subsidiary companies	–	–	–
Deferred tax asset	8,521	–	8,521
Current assets			
Inventories	66,978	–	66,978
Trade receivables	140,329	–	140,329
Other receivables	9,238	–	9,238
Prepayments	1,710	–	1,710
Derivatives	–	–	–
Tax recoverable	973	–	973
Fixed deposits	43,983	–	43,983
Cash at banks and in hand	59,212	–	59,212
	322,423	–	322,423
Current liabilities			
Payables and accruals	90,505	(691)	89,814
Borrowings	–	–	–
Derivatives	4,635	–	4,635
Refund liabilities	–	691	691
Provision for taxation	5,287	–	5,287
	100,427	–	100,427
Net current assets	221,996	–	221,996
Non-current liabilities			
Borrowings	–	–	–
Employee benefit obligations	–	–	–
Deferred tax liabilities	12,671	–	12,671
	12,671	–	12,671
Net assets	554,508	–	554,508

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the balance sheet of the Group.

		Group	
	1.1.2017	SFRS(I) 15 Adjustments	1.1.2017
	RM'000	RM'000	RM'000
Equity attributable to owners of the Company			
Share capital	156,337	–	156,337
Treasury shares	(815)	–	(815)
Reserves	398,981	–	398,981
	554,503	–	554,503
Non-controlling interests	5	–	5
Total equity	554,508	–	554,508

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 and 1 January 2018 to the balance sheet of the Group.

		Group	
	31.12.2017	SFRS(I) 15 Adjustments	1.1.2018
	RM'000	RM'000	RM'000
Non-current assets			
Property, plant and equipment	419,845	–	419,845
Other asset	–	–	–
Investments in subsidiary companies	–	–	–
Deferred tax asset	9,737	–	9,737
Current assets			
Inventories	71,131	–	71,131
Trade receivables	142,535	–	142,535
Other receivables	15,418	–	15,418
Prepayments	2,414	–	2,414
Derivatives	2,101	–	2,101
Tax recoverable	973	–	973
Fixed deposits	29,459	–	29,459
Cash at banks and in hand	84,791	–	84,791
	348,822	–	348,822

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 and 1 January 2018 to the balance sheet of the Group.

		Group	
		SFRS(I) 15	
	31.12.2017	Adjustments	1.1.2018
	RM'000	RM'000	RM'000
Current liabilities			
Payables and accruals	101,631	(381)	101,250
Borrowings	6,000	–	6,000
Derivatives	–	–	–
Refund liabilities	–	381	381
Provision for taxation	7,893	–	7,893
	115,524	–	115,524
Net current assets	233,298	–	233,298
Non-current liabilities			
Borrowings	19,000	–	19,000
Employee benefit obligations	239	–	239
Deferred tax liabilities	11,025	–	11,025
	30,264	–	30,264
Net assets	632,616	–	632,616
Equity attributable to owners of the Company			
Share capital	156,337	–	156,337
Treasury shares	(815)	–	(815)
Reserves	477,089	–	477,089
	632,611	–	632,611
Non-controlling interests	5	–	5
Total equity	632,616	–	632,616

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards to the comprehensive income of the Group for the year ended 31 December 2017.

	31.12.2017 RM'000	SFRS(I) 15 Adjustments RM'000	31.12.2017 RM'000
Revenue	817,438	(381)	817,057
Cost of sales	(619,681)	–	(619,681)
Gross profit	197,757	–	197,376
Other income	4,285	–	4,285
Selling and distribution expenses	(14,977)	381	(14,596)
General and administrative expenses	(24,959)	–	(24,959)
Other operating expenses	(12,465)	–	(12,465)
Operating profit	149,641	–	149,641
Finance costs	(1,023)	–	(1,023)
Profit before taxation	148,618	–	148,618
Income tax expense	(21,010)	–	(21,010)
Profit for the year	127,608	–	127,608
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss	(1,404)	–	(1,404)
Other comprehensive loss for the year	(1,404)	–	(1,404)
Total comprehensive income for the year	126,204	–	126,204
Profit attributable to:			
Equity holders of the Company	127,608	–	127,608
Non-controlling interests	– [1]	–	– [1]
	127,608	–	127,608

[1] Denotes amounts less than RM500.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards to the comprehensive income of the Group for the year ended 31 December 2017.

	31.12.2017 RM'000	SFRS(I) 15 Adjustments RM'000	31.12.2017 RM'000
Total comprehensive income attributable to:			
Equity holders of the Company	126,204	–	126,204
Non-controlling interests	– (1)	–	– (1)
	126,204	–	126,204
Earnings per share			
Basic (sen)	17.22	–	17.22
Diluted (sen)	17.22	–	17.22

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT FRS 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between and Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

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

SFRS(I) 16 Leases

SFRS(I) 16 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. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects the recognition of right of use assets and lease liabilities to be not material.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

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

(b) Business combinations and goodwill (cont'd)

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.

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).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.6 Functional and foreign currency (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.7 Property, plant and equipment (cont'd)

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 balance sheet, investments in subsidiaries are accounted for at cost less any impairment losses.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.9 Impairment of non-financial assets (cont'd)

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.

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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

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.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.11 Financial instruments (cont'd)

(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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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 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.

2.15 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.

2.16 Employee benefits

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.

2.17 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 2018

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

2.18 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of cleanroom and healthcare gloves

The Group manufactures and supplies cleanroom and healthcare gloves.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. Sale of goods to one customer is sold with a retrospective volume discounts based on the aggregate sales in the calendar year.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises the expected volume discounts payable to customer where consideration have been received from customers as refund liabilities.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.19 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.

(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, 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, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.19 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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.

(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.

2.20 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.

2.21 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

2.22 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:

(i) 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.

2.23 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 end of each 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 judgments and estimates which have the most significant effect on the amounts recognised in the consolidated financial statements:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

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

(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 2018 was RM246,629,000 (2017: RM210,958,000).

(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 2018 were RM6,883,000 and RM10,711,000 (2017: RM7,893,000 and RM11,025,000) respectively.

Deferred tax assets are recognised for all unutilised reinvestment allowances to the extent that it is probable that taxable profit will be available against which the allowances can be utilised. Significant management judgement is required 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. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts for the next 5 years.

The carrying amounts of the Group's deferred tax asset at 31 December 2018 was RM10,420,000 (2017: RM9,737,000) and the unutilised reinvestment allowances at 31 December 2018 was RM149,230,000 (2017: RM115,901,000).

(c) **Provision for expected credit losses of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

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

(c) Provision for expected credit losses of trade receivables (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 11.

The carrying amount of trade receivables as at 31 December 2018 are RM158,246,000 (31 December 2017: RM142,535,000, 1 January 2017: RM140,329,000).

4. REVENUE

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

5. PROFIT BEFORE TAXATION

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

	Group	
	2018 RM'000	2017 RM'000
Foreign exchange (gain)/loss – net	(1,530)	12,891
Interest income from bank balances	(2,027)	(2,153)
Interest expenses from bank borrowings	946	1,023
Staff costs *	107,541	97,480
Depreciation of property, plant and equipment	41,310	34,549
Rental expenses	892	889
Fair value loss/(gain) on derivatives	974	(6,738)
Directors' fee	574	598
Auditors' remuneration		
- audit fee paid to the auditor of the Company	135	131
- audit fee paid to member firms of the auditor of the Company	251	235
- audit fee paid to other auditors	44	43
- non audit fee paid to member firms of the auditor of the Company	23	23
Trade receivables written off	–	2,398
Property, plant and equipment written off	34	14
Loss/(gain) on disposal of property, plant and equipment	26	(76)

* Included in staff costs (excluding directors' remunerations) are contributions to defined contribution schemes of RM4,890,000 (2017: RM4,461,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

6. INCOME TAX EXPENSE

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

	Group	
	2018 RM'000	2017 RM'000
Current income tax		
Current income taxation	20,574	21,889
(Over)/under provision in respect of prior years	(141)	45
Withholding tax on foreign sourced income	1,947	1,938
	22,380	23,872
Deferred income tax		
Movement in temporary differences	(1,349)	(2,297)
Movements in withholding tax on undistributed foreign-sourced dividend income	(760)	101
Under/(over) provision in respect of prior years	1,115	(666)
	(994)	(2,862)
	21,386	21,010

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	
	2018 RM'000	2017 RM'000
Profit before taxation	151,072	148,618
Tax at domestic statutory tax rates applicable to profits in the countries where the Group operates	35,484	34,782
Effects of expenses not deductible for tax purposes	275	292
Effects of non-taxable income	(1,405)	(2,797)
Reduction in tax rate on incremental chargeable business income	(1)	(22)
Effects of utilisation of reinvestment allowance	2,398	1,610
Deferred tax assets on unutilised reinvestment allowances	11,441	10,164
Utilisation of unabsorbed business losses	(530)	(204)
Controlled transferred	–	(151)
Effects of double deduction of expenses	(798)	(742)
Withholding tax on foreign source of dividend income	1,947	1,938
Deferred tax on withholding tax on undistributed foreign-sourced dividend income	(760)	101
Others	39	208
Under/(over) provision in respect of prior years	974	(621)
Income tax expense recognised in statement of comprehensive income	21,386	21,010

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2018

6. INCOME TAX EXPENSE (CONT'D)

During the financial year ended 31 December 2018, Riverstone Resources Sdn Bhd ("RRSB") had utilised reinvestment allowances of approximately RM9,992,000 (2017: RM6,709,000). 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 2018, Eco Medi Glove Sdn Bhd ("EMG") had utilised reinvestment allowances of approximately RM14,101,000 (2017: RM14,238,000). 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 2018, the Group had unutilised reinvestment allowances of approximately RM149,230,000 (2017: RM115,901,000) for which deferred tax asset has been recognised in Note 16.

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 2018, PT had generated tax-exempt income of approximately RM8,337,000 (2017: RM11,007,000). During the financial year ended 31 December 2017, the Group incurred withholding tax amounting to RM1,947,165 (2017: RM1,938,255) 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:

	2018	2017
Singapore	17%	17%
Malaysia	24%	24%
Thailand	20%	20%
China	25%	25%

7. EARNINGS PER SHARE

Earnings per share for the financial year ended 31 December 2018 is calculated based on profit for the year of RM129,686,000 (2017: RM127,608,000), attributable to equity holders of the Company, divided by the weighted average number of 741,084,000 (2017: 741,084,000) ordinary shares outstanding during the financial year.

The basic and fully diluted earnings per share for the financial years ended 31 December 2018 and 2017 were the same.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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
Cost							
Balance at 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 and 1 January 2017	165,898	307,563	4,401	5,381	7,809	17,055	508,107
Additions	7,219	2,597	674	1,217	853	106,271	118,831
Disposals	–	(6,203)	–	–	(270)	–	(6,473)
Transfer upon completion of capital work-in-progress	44,111	58,877	–	–	–	(102,988)	–
Write-off	–	(1,606)	(65)	(133)	–	–	(1,804)
Translation adjustments	(93)	(411)	(26)	(12)	(5)	3	(544)
Balance at 31 December 2017 and 1 January 2018	217,135	360,817	4,984	6,453	8,387	20,341	618,117
Additions	6,343	1,904	849	830	803	95,172	105,901
Disposals	–	(1,220)	(1)	–	(31)	–	(1,252)
Transfer upon completion of capital work-in-progress	29,865	67,436	82	–	–	(97,383)	–
Write-off	(3)	(102)	(277)	(6)	(137)	–	(525)
Translation adjustments	243	379	(23)	3	6	–	608
Balance at 31 December 2018	253,583	429,214	5,614	7,280	9,028	18,130	722,849

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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
Accumulated depreciation							
Balance at 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 and 1 January 2017	30,370	129,307	2,730	2,909	6,129	–	171,445
Charge for the year	5,148	27,722	393	480	806	–	34,549
Disposals	–	(5,256)	–	–	(270)	–	(5,526)
Write-off	–	(1,600)	(61)	(129)	–	–	(1,790)
Translation adjustments	(53)	(314)	(23)	(11)	(5)	–	(406)
Balance at 31 December 2017 and 1 January 2018	35,465	149,859	3,039	3,249	6,660	–	198,272
Charge for the year	5,877	33,602	486	597	748	–	41,310
Disposals	–	(1,076)	(1)	–	(23)	–	(1,100)
Write-off	(1)	(99)	(249)	(6)	(136)	–	(491)
Translation adjustments	140	299	(19)	2	6	–	428
Balance at 31 December 2018	41,481	182,585	3,256	3,842	7,255	–	238,419
Net carrying amount							
At 31 December 2018	212,102	246,629	2,358	3,438	1,773	18,130	484,430
At 31 December 2017	181,670	210,958	1,945	3,204	1,727	20,341	419,845
At 1 January 2017	135,528	178,256	1,671	2,472	1,680	17,055	336,662

(a) Included in land and buildings are three (2017: three; 2016: two) lots of freehold land with a total carrying amount of RM12,025,000 (2017: RM11,990,000; 2016: RM8,561,000).

(b) Included in land and buildings are three lots of leasehold land with a total carrying amount of RM20,006,000 (2017: RM21,035,000; 2016: RM21,035,000). The unexpired lease period of the three lots of leasehold land is 79 years (2017: 80 years; 2016: 81 years), 80 years (2017: 81 years; 2016: 82 years) and 84 years (2017: 85 years; 2016: 86 years) respectively.

(c) Land and buildings with a carrying amount of RM5,092,000 (2017: RM5,499,000; 2016: RM5,842,000) are pledged to the bank for banking facilities granted to the Group.

(d) During the year, the Group purchased land by installments, amounting to RM18,175,000. As at 31 December 2018, the legal title of the land has not been passed on to the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

9. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2018 RM'000	Company 31.12.2017 RM'000	Company 1.1.2017 RM'000
Unquoted equity shares, at cost	199,026	199,486	203,581

Details of subsidiary companies are as follows:

Name of company (Country of incorporation)	Principal activities	Cost of Investment 2018 RM'000	Cost of Investment 31.12.17 RM'000	Cost of Investment 1.1.17 RM'000	Percentage of equity held by the Group 2018 %	Percentage of equity held by the Group 31.12.17 %	Percentage of equity held by the Group 1.1.17 %
(1) Riverstone Resources Sdn Bhd (Malaysia)	Manufacturer and distributor of cleanroom gloves and finger cots	113,925	114,188	116,532	100	100	100
(1) Riverstone Industrial Products Sdn Bhd (Malaysia)	Manufacturer of plastic bags and trader in latex products	1,855	1,860	1,897	100	100	100
(1) Eco Medi Glove Sdn Bhd (Malaysia)	Manufacturer and distributor of cleanroom gloves and finger cots	60,359	60,499	61,741	100	100	100
(2) Protective Technology Co. Ltd (Thailand)	Manufacturer and distributor of cleanroom gloves	22,070	22,120	22,575	99.99	99.99	99.99
(3) Riverstone Resources (S) Pte Ltd (Singapore)	Distributor of cleanroom products	817	819	836	100	100	100
		199,026	199,486	203,581			

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

9. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Subsidiary company held by Riverstone Resources Sdn Bhd:

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group		
		2018 %	31.12.17 %	1.1.17 %
[4] Riverstone Resources (Wuxi) Co. Ltd (People's Republic of China)	Processing and packing of cleanroom gloves	100	100	100

Subsidiary company held by Eco Medi Glove Sdn Bhd:

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group		
		2018 %	31.12.17 %	1.1.17 %
[5] Eco Medi Glove Products (Shenzhen) Co. Ltd (People's Republic of China)	Distributor of cleanroom and medical glove products	100	–	–

(1) Audited by Ernst & Young, Malaysia
(2) Audited by Thai-Audit The Truth Limited
(3) Audited by Ernst & Young LLP, Singapore
(4) Audited by Wuxi Jiayu Certified Public Accountants Co., Ltd
(5) Audited by Shenzhenshi Zhonghang Certified Public Accountants

10. INVENTORIES

	Group		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Statement of financial position:			
Raw materials	33,284	29,943	26,788
Work-in-progress	34,378	27,835	23,553
Finished goods	15,973	13,353	16,637
Total inventories at lower of cost and net realisable value	83,635	71,131	66,978
Statement of profit or loss:			
Inventories recognised as an expense in cost of sales	441,123	386,331	286,273

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

11. TRADE RECEIVABLES

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 90 days' (2017: 30 to 90 days'; 2016: 30 to 90 days') terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade receivables are denominated in the following currencies:

	Group		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
United States dollar	138,481	117,800	118,842
Ringgit Malaysia	8,128	13,183	5,462
Thai Baht	6,347	5,543	9,016
Renminbi	4,607	5,049	5,830
Hong Kong dollar	413	436	597
Singapore dollar	270	524	582
	158,246	142,535	140,329

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM23,696,000 as at 31 December 2017 and RM16,270,000 as at 1 January 2017 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:

	Group	
	31.12.2017 RM'000	1.1.2017 RM'000
Trade receivables that are past due but not impaired:		
- Less than 3 months	23,693	15,144
- 3 months to 6 months	3	1,126
	23,696	16,270

Trade receivables that are impaired

	Group	
	31.12.2017 RM'000	1.1.2017 RM'000
Trade receivables – nominal amounts	2,301	5
Less: Trade receivables written off (Note 5)	(2,398)	(5)
Net exchange differences	97	–
Balance at 31 December	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

11. TRADE RECEIVABLES (CONT'D)

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.

Expected credit losses

As at 31 December 2018, no expected credit loss is recorded as the Group has computed that the expected credit loss arising from trade receivables are not material.

12. OTHER RECEIVABLES

	Group			Company		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Sundry receivables	718	1,959	1,038	7	–	–
Deposits	599	432	349	–	–	–
VAT recoverable	12,114	12,923	7,765	–	–	–
Advances to suppliers	164	104	86	–	–	–
Dividend receivables	–	–	–	27,814	23,337	–
	13,595	15,418	9,238	27,821	23,337	–

VAT recoverable mainly consists of Goods and Services Tax (GST) from the Malaysian subsidiaries. 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			Company		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Ringgit Malaysia	12,609	14,485	8,654	27,814	18,481	–
Thai Baht	722	786	456	–	4,856	–
Renminbi	247	96	118	–	–	–
Singapore dollar	17	10	10	7	–	–
United States dollar	–	41	–	–	–	–
	13,595	15,418	9,238	27,821	23,337	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

13. CASH AND CASH EQUIVALENTS

	Group			Company		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Fixed deposits	24,860	29,459	43,983	9,703	8,926	37,835
Cash at banks and in hand	72,150	84,791	59,212	3,117	11,627	4,610
	97,010	114,250	103,195	12,820	20,553	42,445

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.05% to 2.80% per annum (2017: 0.05% to 3.25% per annum; 2016: 0.05% to 2.80% 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 2.20% per annum (2017: 0.92% per annum; 2016: 0.91% per annum).

Cash and cash equivalents are denominated in the following currencies:

	Group			Company		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Ringgit Malaysia	54,234	54,615	22,687	–	–	–
Thai Baht	10,005	22,866	9,868	–	–	–
United States dollar	12,841	17,115	22,409	44	7	9
Singapore dollar	14,625	15,644	44,239	12,776	20,546	42,436
Renminbi	4,251	2,947	2,799	–	–	–
Hong Kong dollar	1,042	1,040	1,177	–	–	–
Philippine peso	12	23	16	–	–	–
	97,010	114,250	103,195	12,820	20,553	42,445

Note to the consolidated statement of cash flows

	Group		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Purchase of property, plant and equipment:			
Aggregate cost of property, plant and equipment acquired (Note 8)	105,901	118,831	87,083
Adjustment:			
Decrease/(increase) in payables for purchase of plant and equipment (Note 14)	2,077	(7,540)	7,847
Cash payments to acquire property, plant and equipment	107,978	111,291	94,930

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

14. PAYABLES AND ACCRUALS

	Group			Company		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Payables for raw materials	53,166	44,164	44,824	–	–	–
Accruals for operating expenses	47,746	30,342	25,786	288	330	306
Payables for purchase of plant and equipment	24,667	26,744	19,204	–	–	–
	125,579	101,250	89,814	288	330	306

Payables are unsecured, interest-free and are normally settled on 30 to 60 days' (2017: 30 to 60 days'; 2016: 30 to 60 days') terms.

Payables and accruals are denominated in the following currencies:

	Group			Company		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Ringgit Malaysia	93,950	74,128	56,303	15	63	18
United States dollar	25,575	20,674	27,657	–	–	–
Thai Baht	4,787	5,309	4,563	–	–	–
Renminbi	939	845	975	–	–	–
Singapore dollar	323	291	313	273	267	288
Hong Kong dollar	5	3	3	–	–	–
	125,579	101,250	89,814	288	330	306

15. DERIVATIVES

	Group					
	2018		31.12.2017		1.1.2017	
	Contract/ Notional Amount RM'000	Assets RM'000	Contract/ Notional Amount RM'000	Assets RM'000	Contract/ Notional Amount RM'000	Liabilities RM'000
Forward currency contracts	106,802	1,127	83,937	2,101	93,872	4,635

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 April 2019 (2017: May 2018; 2016: June 2017).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

16. DEFERRED TAX

	Group		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deferred tax assets:			
Balance at 1 January	9,737	8,521	6,746
Credit to statement of comprehensive income (Note 6)	680	1,216	1,775
Exchange currency translation differences	3	–	–
Balance at 31 December	10,420	9,737	8,521
Deferred tax liabilities:			
Balance at 1 January	(11,025)	(12,671)	(11,696)
Credited/(charged) to statement of comprehensive income (Note 6)	314	1,646	(975)
Balance at 31 December	(10,711)	(11,025)	(12,671)

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

	Group		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deferred tax assets			
Differences in depreciation for tax purposes	(26,288)	(18,633)	(12,642)
Unutilised reinvestment allowances	35,815	27,816	21,011
Others	893	554	152
	10,420	9,737	8,521
Deferred tax liabilities			
Differences in depreciation for tax purposes	(9,862)	(10,648)	(11,450)
Withholding tax on undistributed foreign-sourced dividend income	(846)	(1,606)	(1,505)
Others	(3)	1,229	284
	(10,711)	(11,025)	(12,671)

Unrecognised temporary differences relating to investments in subsidiaries and joint venture

At the end of the reporting period, no deferred tax liability (2017: nil; 2016: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to RM8,070,000 (2017: RM6,340,000; 2016: RM5,920,000). The deferred tax liability is estimated to be RM807,000 (2017: RM634,000; 2016: RM592,000).

Tax consequences of proposed dividends

There are no income tax consequences (2017: nil; 2016: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

17. BORROWINGS

	Group		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current			
Secured term loan	13,000	19,000	–
Current			
Secured term loan	6,000	6,000	–
Revolving Credit	1,000	–	–
	20,000	25,000	–

On 6 February 2017, EMG drew down RM30,000,000 under a secured term loan. During the year, a principal amount of RM6,000,000 (2017:5,000,000) has been repaid. There were no non-cash movement relating to this term loan.

Term loan bears interest ranging from 4.12% to 4.37% (2017:4.11% to 4.14%) per annum and is secured by first party all monies first legal charge over a piece of leasehold land and buildings (Note 8) and a corporate guarantee from the Company. The term loan is repayable over 60 monthly payments commencing March 2017.

18. SHARE CAPITAL

	Group and Company			
	2018 No. of shares	2017 No. of shares	2018 RM'000	2017 RM'000
At 1 January and 31 December	742,452,050	742,452,050	156,337	156,337

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.

19. TREASURY SHARES

	Group and Company			
	2018 No. of shares	2017 No. of shares	2018 RM'000	2017 RM'000
At 1 January and 31 December	1,368,000	1,368,000	(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 2018

20. OTHER RESERVES

		Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(a)	**Foreign currency translation reserve**				
	Balance at 1 January	17,373	18,777	45,306	49,666
	Movement for the year	(1,407)	(1,404)	(1,864)	(4,360)
	Balance at 31 December	15,966	17,373	43,442	45,306
(b)	**Statutory reserve**				
	Balance at 1 January and 31 December	2,441	2,441	–	–
(c)	**Merger reserve**				
	Balance at 1 January and 31 December	(58,568)	(58,568)	–	–
	Total other reserves	(40,161)	(38,754)	43,442	45,306

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 the 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 2017, 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 2018

21. DIVIDENDS

(a) Declared and paid during the financial year

	Group and Company 2018 RM'000	2017 RM'000
Final exempt (one-tier) dividend for 2017: 5.70 sen (2016: 5.19 sen) per ordinary share	42,242	38,462
Interim exempt (one-tier) dividend for 2018: 1.30 sen (2017: 1.30 sen) per ordinary share	9,634	9,634
	51,876	48,096

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

	Group and Company 2018 RM'000	2017 RM'000
Final exempt (one-tier) dividend for 2018 of 5.70 sen (2017: 5.70 sen) per ordinary share	42,242	42,242

22. 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 2018 RM'000	2017 RM'000
Other related parties:		
Purchases of repair and maintenance services	–	4
Purchases of plant and equipment	1,234	2

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 2018

22. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel

	Group	
	2018 RM'000	2017 RM'000
Directors' fee	574	598
Short term benefits	2,792	2,652
Central Provident Fund contributions	254	240
Performance incentive scheme	3,350	5,024
	6,970	8,514
Comprise amounts paid to:		
Directors of the Company	4,823	6,234
Other key management personnel	2,147	2,280
	6,970	8,514

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.

23. 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 four years. Future minimum lease payments under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Within one year	348	335	298
More than one year	191	58	66
	539	393	364

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2018

23. COMMITMENTS AND CONTINGENCIES (CONT'D)

(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		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Acquisition of property, plant and equipment	25,793	18,624	23,190

(c) Contingent liability

The Company has provided a corporate guarantee to a bank for the RM 127,000,000 (2017: RM117,000,000) forward currency contracts (Note 15) and banking facilities taken by subsidiaries.

24. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

24. SEGMENT INFORMATION (CONT'D)

(a) Geographical information

2018	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue:						
External	851,042	32,884	30,588	6,519	–	921,033
Inter segment	206,683	44,433	52	52,748	(303,916)	–
Total revenue	1,057,725	77,317	30,640	59,267	(303,916)	921,033
Results:						
Segment result	135,858	19,327	1,856	52,236	(57,259)	152,018
Finance costs	(5,961)	–	–	–	5,015	(946)
Profit before taxation	129,897	19,327	1,856	52,236	(52,244)	151,072
Income tax expense	(18,016)	(2,141)	–	(1,950)	721	(21,386)
Profit for the year	111,881	17,186	1,856	50,286	(51,523)	129,686
Assets and liabilities:						
Segment assets	1,022,623	38,832	17,561	15,573	(221,733)	872,856
Segment liabilities	367,122	7,600	3,053	869	(214,807)	163,837
Other segment information:						
Additions to non-current assets	123,867	43	154	12	–	124,076
Other non-cash expense						
Depreciation of property, plant and equipment	38,798	2,300	210	2	–	41,310
Property, plant and equipment written off	10	– [1]	24	–	–	34
Fair value loss on derivatives	974	–	–	–	–	974

[1] Denotes amounts less than RM500.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

24. SEGMENT INFORMATION (CONT'D)

(a) Geographical information (cont'd)

2017	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue:						
External	747,882	33,064	31,674	4,437	–	817,057
Inter segment	190,190	44,687	–	53,470	(288,347)	–
Total revenue	938,072	77,751	31,674	57,907	(288,347)	817,057
Results:						
Segment result	129,401	23,116	642	51,979	(55,497)	149,641
Finance costs	(4,009)	–	–	–	2,986	(1,023)
Profit before taxation	125,392	23,116	642	51,979	(52,511)	148,618
Income tax expense	(16,431)	(2,326)	–	(1,944)	(309)	(21,010)
Profit for the year	108,961	20,790	642	50,035	(52,820)	127,608
Assets and liabilities:						
Segment assets	844,109	51,421	15,529	48,396	(181,051)	778,404
Segment liabilities	281,989	8,178	2,496	26,220	(173,095)	145,788
Other segment information:						
Additions to non-current assets	117,129	1,686	16	–	–	118,831
Other non-cash expense						
Depreciation of property, plant and equipment	31,857	2,396	296	–	–	34,549
Property, plant and equipment written off	14	–	–	–	–	14
Fair value gain on derivatives	(6,580)	(158)	–	–	–	(6,738)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

24. SEGMENT INFORMATION (CONT'D)

(b) Business information

The following table presents the revenue information regarding the business segments for the years ended 31 December 2018 and 2017. 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			
- 2018	896,252	24,781	921,033
- 2017	795,430	21,627	817,057

(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									
- 2018	303,321	169,794	186,094	52,975	42,415	80,397	72,617	13,420	921,033
- 2017	274,598	153,779	158,564	55,196	42,614	60,133	66,166	6,007	817,057

(d) Information about major customers

No single customer is accounted for more than 16% (2017: 15%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

25. 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.

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 15.

The Group holds cash and cash equivalents of RM14,625,000 (2017: RM15,644,000) denominated in Singapore dollar ("SGD") and RM12,841,000 (2017: RM17,115,000) 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.

<u>Sensitivity analysis for foreign currency risk</u>

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	
		2018 RM'000 Profit before taxation	2017 RM'000 Profit before taxation
USD/RM	- strengthened 1% (2017: 1%)	1,253	1,139
	- weakened 1% (2017: 1%)	(1,253)	(1,139)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

(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.

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	1 year or less RM'000	2018 1 to 5 years RM'000	Total RM'000
Financial assets:			
Trade receivables	158,246	–	158,246
Other receivables	1,481	–	1,481
Derivatives:	1,127	–	1,127
- forward currency contracts – gross receipts	107,929	–	107,929
- forward currency contracts – gross payments	(106,802)	–	(106,802)
Cash and cash equivalents	97,010	–	97,010
Total undiscounted financial assets	257,864	–	257,864
Financial liabilities:			
Payables and accruals	125,579	–	125,579
Refund liabilities	403	–	403
Borrowings	7,687	13,597	21,284
Employee benefit obligations	–	261	261
Total undiscounted financial liabilities	133,669	13,858	147,527
Total net undiscounted financial assets/(liabilities)	124,195	(13,858)	110,337

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

(b) Liquidity risk (cont'd)

Group	1 year or less RM'000	31.12.2017 1 to 5 years RM'000	Total RM'000
Financial assets:			
Trade receivables	142,535	–	142,535
Other receivables	2,495	–	2,495
Derivatives:	2,101	–	2,101
- forward currency contracts – gross receipts	86,038	–	86,038
- forward currency contracts – gross payments	(83,937)	–	(83,937)
Cash and cash equivalents	114,250	–	114,250
Total undiscounted financial assets	261,381	–	261,381
Financial liabilities:			
Payables and accruals	101,250	–	101,250
Refund liabilities	381	–	381
Borrowings	6,900	20,217	27,117
Employee benefit obligations	–	239	239
Total undiscounted financial liabilities	108,531	20,456	128,987
Total net undiscounted financial assets/(liabilities)	152,850	(20,456)	132,394

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

(b) Liquidity risk (cont'd)

Group	1.1.2017 1 year or less RM'000	1 to 5 years RM'000	Total RM'000
Financial assets:			
Trade receivables	140,329	–	140,329
Other receivables	1,473	–	1,473
Cash and cash equivalents	103,195	–	103,195
Total undiscounted financial assets	244,997	–	244,997
Financial liabilities:			
Payables and accruals	89,814	–	89,814
Refund liabilities	691	–	691
Derivatives:	4,635	–	4,635
- forward currency contracts – gross payments	93,872	–	93,872
- forward currency contracts – gross receipts	(89,237)	–	(89,237)
Borrowings	–	–	–
Employee benefit obligations	–	–	–
Total undiscounted financial liabilities	95,140	–	95,140
Total net undiscounted financial assets	149,857	–	149,857

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

25. FINANCIAL RISK MANAGEMENT AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Company	1 year or less RM'000	2018 1 to 5 years RM'000	Total RM'000
Financial assets:			
Other receivables	27,821	–	27,821
Cash and cash equivalents	12,820	–	12,820
Total undiscounted financial assets	40,641	–	40,641
Financial liabilities:			
Payables and accruals	288	–	288
Total undiscounted financial liabilities	288	–	288
Total net undiscounted financial assets	40,353	–	40,353

Company	1 year or less RM'000	31.12.2017 1 to 5 years RM'000	Total RM'000
Financial assets:			
Other receivables	23,337	–	23,337
Cash and cash equivalents	20,553	–	20,553
Total undiscounted financial assets	43,890	–	43,890
Financial liabilities:			
Payables and accruals	330	–	330
Total undiscounted financial liabilities	330	–	330
Total net undiscounted financial assets	43,560	–	43,560

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

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

(b) Liquidity risk (cont'd)

Company	1 year or less RM'000	1.1.2017 1 to 5 years RM'000	Total RM'000
Financial assets:			
Other receivables	–	–	–
Cash and cash equivalents	42,445	–	42,445
Total undiscounted financial assets	42,445	–	42,445
Financial liabilities:			
Payables and accruals	306	–	306
Total undiscounted financial liabilities	306	–	306
Total net undiscounted financial assets	42,139	–	42,139

(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.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables, using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance as at 31 December 2018 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

As at 31 December 2018, no expected credit loss is recorded as the Group has computed that the expected credit loss arising from trade receivables are not material.

During the financial year, there are no write-off of trade receivables for the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the financial year ended 31 December 2018

25. 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					
	2018		31.12.2017		1.1.2017	
	RM'000	% of total	RM'000	% of total	RM'000	% of total
By Country:						
United States	38,148	24%	25,233	18%	29,717	21%
Singapore	27,072	17%	1,719	1%	1,748	1%
Sweden	14,024	9%	6,483	5%	7,513	5%
Malaysia	12,437	8%	37,735	26%	26,422	19%
Denmark	11,085	7%	7,892	5%	2,837	2%
Thailand	10,479	7%	9,862	7%	10,185	7%
China	8,854	6%	8,881	6%	10,024	7%
United Kingdom	6,339	4%	12,807	9%	14,557	11%
Germany	5,615	4%	4,006	3%	13,139	10%
Japan	5,373	3%	7,279	5%	5,354	4%
Vietnam	4,769	3%	8,396	6%	2,848	2%
Italy	3,479	2%	3,634	3%	3,817	3%
Philippines	2,352	1%	2,644	2%	3,379	2%
Other countries	8,220	5%	5,964	4%	8,789	6%
	158,246	100%	142,535	100%	140,329	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 11.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

25. 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 2018, if the raw materials price had been 2% (2017: 2%) higher/lower, with all other variables held constant, the Group's profit net of tax would have been lower/higher by RM8,822,000 (2017: RM 7,727,000).

26. 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 that 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)		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Financial asset:			
Derivatives (Note 15)			
- Forward currency contract	1,127	2,101	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

26. 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)		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Financial liability:			
Derivatives (Note 15)			
- 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 11 and 12), cash and cash equivalents (Note 13) and payables and accruals (Note 14) 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.

27. 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 2018 and 2017.

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 2018 and 2017 (Note 20).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the financial year ended 31 December 2018

27. CAPITAL MANAGEMENT (CONT'D)

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 2018 and 2017 (Note 20).

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 2018 and 2017 were RM709,019,000 and RM632,616,000 respectively.

28. 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		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade receivables (Note 11)	158,246	142,535	140,329	–	–	–
Other receivables (Note 12)	1,481	2,495	1,473	27,821	23,337	–
Fixed deposits (Note 13)	24,860	29,459	43,983	9,703	8,926	37,835
Cash at banks and in hand (Note 13)	72,150	84,791	59,212	3,117	11,627	4,610
	256,737	259,280	244,997	40,641	43,890	42,445

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

	Group			Company		
	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Payables and accruals (Note 14)	125,579	101,250	89,814	288	330	306
Refund liabilities	403	381	691	–	–	–
Borrowings (Note 17)	20,000	25,000	–	–	–	–
	145,982	126,631	90,505	288	330	306

28. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

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

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivatives (Note 15)	1,127	2,101	(4,635)	–	–	–

29. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 22 March 2019.

STATISTICS OF SHAREHOLDINGS

as at 8 March 2019

Total no. of issued shares excluding treasury shares and subsidiary holdings	:	741,084,050
Total no. of treasury shares	:	1,368,000
No. of subsidiary holdings held	:	NIL
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote per share The Company cannot exercise any voting right in respect of ordinary shares held by it as treasure shares.

DISTRIBUTION OF SHAREHOLDINGS

Size Of Shareholdings	No. Of Shareholders	%	No. Of Shares	%
1 - 99	243	17.45	4,599	0.00
100 - 1,000	125	8.97	70,520	0.01
1,001 - 10,000	561	40.27	2,938,558	0.40
10,001 - 1,000,000	445	31.95	33,195,829	4.48
1,000,001 AND ABOVE	19	1.36	704,874,544	95.11
TOTAL	1,393	100.00	741,084,050	100.00

SUBSTANTIAL SHAREHOLDERS

(as per the Register of Substantial Shareholders as at 8 March 2019)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Wong Teek Son	-		376,066,560	50.75
Ringlet Investment Limited	376,066,560	50.75[2]	-	-
Credit Suisse Trust Limited (in its capacity as trustee of The Ringlet Trust)	376,066,560	50.75[3]	-	-
Lee Wai Keong	80,891,800	10.92	-	-

1 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.

2 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.

3 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 and subsidiary holdings) as at 8 March 2019.

STATISTICS OF SHAREHOLDINGS (CONT'D)
as at 8 March 2019

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	398,584,560	53.78
2	LEE WAI KEONG	80,891,800	10.92
3	CITIBANK NOMINEES SINGAPORE PTE LTD	62,883,786	8.49
4	DBSN SERVICES PTE. LTD.	31,311,600	4.23
5	HSBC (SINGAPORE) NOMINEES PTE LTD	26,686,300	3.60
6	WONG TECK CHOON	23,663,960	3.19
7	DBS NOMINEES (PRIVATE) LIMITED	21,341,452	2.88
8	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	16,203,500	2.19
9	DUMRONGSAK AROONPRASERTKUL	8,821,700	1.19
10	PHILLIP SECURITIES PTE LTD	5,866,908	0.79
11	BPSS NOMINEES SINGAPORE (PTE.) LTD.	4,938,568	0.67
12	CHEE TING TUAN	4,352,900	0.59
13	RHB SECURITIES SINGAPORE PTE. LTD.	4,338,680	0.59
14	FRANCIS KONG @ KONG FEN SHIN	3,572,524	0.48
15	LAM YOON CHAN	3,299,800	0.45
16	UOB KAY HIAN PRIVATE LIMITED	2,885,900	0.39
17	CHEE MEI CHUAN	2,142,506	0.29
18	CHEE HENG TUAN	2,010,000	0.27
19	WONG AH LEE	1,078,100	0.15
20	RONIE TAN CHOO SENG	800,000	0.11
	TOTAL	705,674,544	95.25

* Percentages are calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) as at 8 March 2019.

SHAREHOLDINGS HELD ON THE HANDS OF THE PUBLIC

Based on information available to the Company as at 8 March 2019, approximately 33.1% of the total number of issued shares excluding treasury shares and subsidiary holdings 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 8 March 2019, the Company held 1,368,000 treasury shares, representing 0.185 % of the total issued shares excluding treasury shares and subsidiary holdings.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Raffles City Convention Centre, Moor & Morrison room, Level 4, 2 Stamford Road, Singapore 178882, on Monday, 22 April 2019 at 2.00 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 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (1-tier) dividend of 5.70 sen (RM) per ordinary share for the financial year ended 31 December 2018. **(Resolution 2)**

3. To record the retirement of Mr Wong Teck Choon who is retiring pursuant to Article 93 of the Articles of Association of the Company.

4. To re-elect Mr Low Weng Keong who is retiring by rotation pursuant to Article 93 of the Articles of Association of the Company. **[See Explanatory Note (i)]** **(Resolution 3)**

   Mr. Low Weng Keong will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and Nominating Committee, and a Member of the Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To approve the payment of the Directors' fees of SGD192,000 or approximately RM 581,760 (based on the rate of exchange of SGD1 : RM3.03) for the financial year ending 31 December 2019 to be paid on a quarterly basis (2018: SGD192,000 or RM581,760 based on the exchange rate of SGD1 : RM3.03) **(Resolution 4)**

6. To re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

7. 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:

8. Authority to allot and issue shares. **(Resolution 6)**

   "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 and subsidiary holdings (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 and subsidiary holdings (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 and subsidiary holdings is based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings 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

(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, 5 April 2019

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes:

(i) The detailed information of Mr Low Weng Keong can be found under the section entitled "Directors' Profile" in the Annual Report. There are no relationships (including immediate family relationships) with the other Directors, the Company or its 10% shareholders.

(ii) Ordinary Resolution 6 proposed in item 8 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 and subsidiary holdings 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 and subsidiary holdings 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 2019 for the preparation of dividend warrants for the proposed final tax exempt (1-tier) dividend of 5.70 sen [RM] per ordinary share for the financial year ended 31 December 2018.

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 30 April 2019 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 30 April 2019 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 22 April 2019, will be made on 17 May 2019.

By Order of the Board

Chan Lai Yin
Lee Pay Lee
Company Secretaries

Singapore, 5 April 2019

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.

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Mr Low Weng Keong is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 22 April 2019 (“AGM”) (“Retiring Director”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Director as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR. LOW WENG KEONG
Date of Appointment	2 October 2006
Date of last re-appointment	18 April 2016
Age	66
Country of principal residence	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the contribution and performance, attendance, preparedness, participation and suitability of Mr Low Weng Keong for re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Low Weng Keong possess the experience, expertise, knowledge and skills to contribute towards the core competences of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Non-Executive Director, Chairman of the Audit Committee and Nominating Committee and Member of the Remuneration Committee
Professional qualifications	1 Fellow and Life member of CPA Australia 2 Fellow of the Institute of Chartered Accountants in England & Wales 3. Fellow of the Institute of Singapore Chartered Accountants 4. Associate of the Chartered Institute of Taxation (United Kingdom) 5. Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals
Working experience and occupation(s) during the past 10 years	Independent director of various listed companies
Shareholding interest in the listed issuer and its subsidiaries	No

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION (CONT'D)

	MR. LOW WENG KEONG
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#	Past (for the last 5 years) Bracell Limited (listed on the Hong Kong Stock Exchange)
	Present 1 UOL Group Limited 2. iX Biopharma Limited 3 Aquarius Investment Advisors Pte. Limited 4. Singapore Institute of Accredited Tax Practitioners Limited 5. Confederation of Asian and Pacific Accountants Limited 6. NTUC Education and Training Fund (as member of Board of Trustees)
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION (CONT'D)

		MR. LOW WENG KEONG
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION (CONT'D)

	MR. LOW WENG KEONG
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere In connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued by warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes Prior experience as a director of a listed company in the past 5 years and current:- 1 UOL Group Limited (listed on the Main Board of the SGX-ST) 2 iX Biopharma Limited (listed on the Catalist of the SGX-ST) 3 Bracell Limited (Listed on the Hong Kong Stock Exchange)

RIVERSTONE HOLDINGS LIMITED
(Company Registration No. 200510666D)
(Incorporated in the Republic of Singapore)

PROXY FORM

Personal data privacy
By submitting an instrument appointing a proxy and/or representative, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 April 2019.

IMPORTANT:
1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2019.

I/We ____ (Name) NRIC/Passport No. ______________________

of ____ (Address)

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 Raffles City Convention Centre, Moor & Morrison room, Level 4, 2 Stamford Road, Singapore 178882, on Monday, 22 April 2019 at 2.00 p.m.and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions 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:**	**For***	**Against***
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018		
2.	Payment of proposed final tax exempt (1-tier) dividend		
3.	Re-election of Mr. Low Weng Keong as director		
4.	Approval for payment of Directors' fees of SGD192,000 or approximately RM 581,760 (based on the rate of exchange of SGD1 : RM3.03) for the financial year ending 31 December 2019 to be paid on a quarterly basis.		
5.	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.		
6.	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 ___________________ 2019.

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

Please affix stamp here

The Company Secretary

Riverstone Holdings Limited
80 Robinson Road #02-00
Singapore 068898

2nd fold

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.

3rd fold

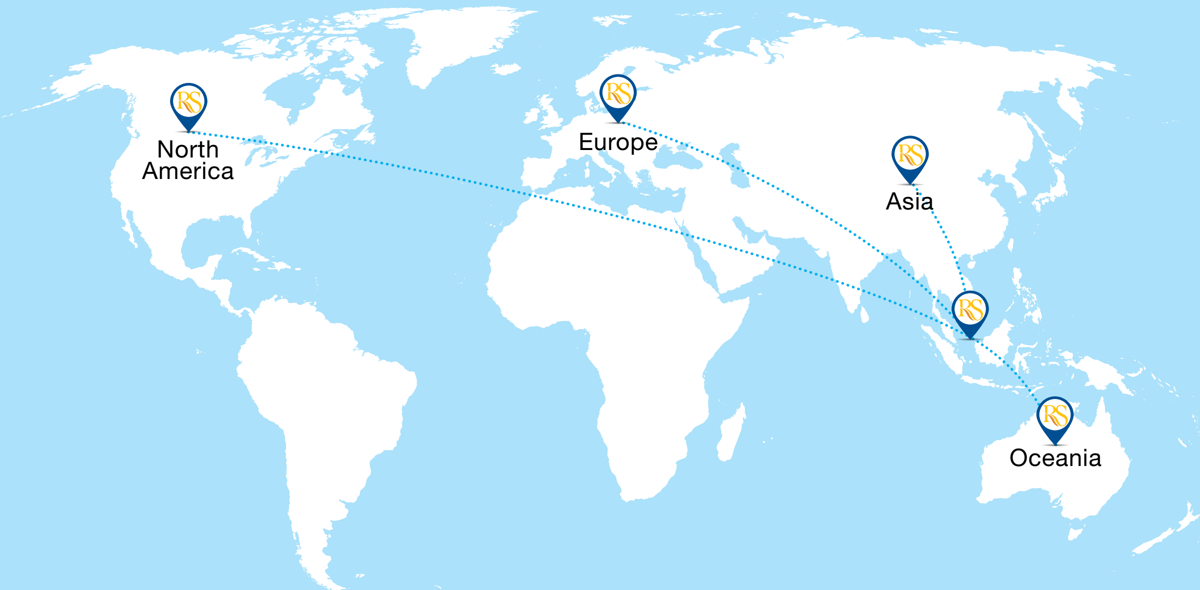
6. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Robinson Road, #02-00 Singapore 068898, not less than 48 hours before the time set for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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 must (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.



Company Registration No. 200510666D

MALAYSIA

Lot 55, No. 13, Jalan Jasmin 2, Kawasan Perindustrian Bukit Beruntung, 48300 Bukit Beruntung, Selangor, Malaysia.
Tel +603 6028 3033   Fax +603 6028 3022

THAILAND

208, Moo 7, Tambol Thatoom, Amphur Srimahaphot Prachinburi, Thailand 25140
Tel +663 741 4097   Fax +663 741 4088

CHINA

Standard Factory 10#, Xiangnan Road, Shuofang Industrial Park, Wuxi New District, Jiangsu, China 214142
Tel +86 510 8531 1811 / 1812   Fax +86 510 8531 1815