

Company Registration No. 200510666D

Riverstone Holdings Limited

Condensed Interim Consolidated Financial Statements
For the six months ended 30 June 2021

Table of Contents

A. Condensed interim consolidated statement of profit or loss and other comprehensive income	3
B. Condensed interim statements of financial position.....	4
C. Condensed interim statements of changes in equity	6
D. Condensed interim consolidated statement of cash flows.....	8
E. Notes to the condensed interim consolidated financial statements.....	9
F. Other information required by Listing Rule Appendix 7.2.....	19

Riverstone Holdings Limited and Subsidiary Companies

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
Revenue	4	2,019,491	626,701
Cost of sales		(624,272)	(428,973)
Gross profit		1,395,219	197,728
Other income		6,011	1,539
Selling and distribution expenses		(15,580)	(9,318)
General and administrative expenses		(30,908)	(15,705)
Other operating income		4,738	1,183
Operating profit		1,359,480	175,427
Finance costs		(98)	(207)
Profit before taxation	6	1,359,382	175,220
Income tax expense	7	(318,651)	(37,694)
Profit for the financial period		1,040,731	137,526
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain		3,117	1,690
Other comprehensive income for the financial period		3,117	1,690
Total comprehensive income for the financial period		1,043,848	139,216
Profit attributable to:			
Equity holders of the Company		1,040,731	137,526
Non-controlling interests		– (1)	– (1)
		1,040,731	137,526
Total comprehensive income attributable to:			
Equity holders of the Company		1,043,848	139,216
Non-controlling interests		– (1)	– (1)
		1,043,848	139,216
Earnings per share			
Basic (sen)		70.22	9.28
Diluted (sen)		70.22	9.28

(1) Denotes amounts less than RM500.

Riverstone Holdings Limited and Subsidiary Companies

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Non-current assets					
Property, plant and equipment	11	640,868	587,281	–	–
Investments in subsidiary companies		–	–	202,833	199,236
Deferred tax assets		593	570	–	–
		641,461	587,851	202,833	199,236
Current assets					
Inventories		211,072	121,989	–	–
Trade receivables		476,008	319,735	–	–
Other receivables		2,753	1,213	50,026	20,064
Prepayments		5,443	4,963	31	57
Derivatives	10	–	2,931	–	–
Tax recoverable		145	145	–	–
Fixed deposits		664,138	296,707	147,877	281,522
Cash at banks and in hand		681,821	352,236	3,450	5,526
		2,041,380	1,099,919	201,384	307,169
Total assets		2,682,841	1,687,770	404,217	506,405
Current liabilities					
Payables and accruals		197,698	166,376	285	332
Amount due to a subsidiary company		–	–	67	–
Borrowings	12	4,554	6,516	–	–
Contract liabilities		–	15,415	–	–
Derivatives	10	2,568	–	–	–
Provision for taxation		319,015	93,586	13	31
		523,835	281,893	365	363
Net current assets		1,517,545	818,026	201,019	306,806
Non-current liabilities					
Borrowings	12	287	1,542	–	–
Employee benefit obligations		522	511	–	–
Deferred tax liabilities		52,686	45,727	–	–
		53,495	47,780	–	–
Total liabilities		577,330	329,673	365	363
Net assets		2,105,511	1,358,097	403,852	506,042

Riverstone Holdings Limited and Subsidiary Companies

B. Condensed interim statements of financial position (cont'd)

	Note	Group		Company	
		30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Equity attributable to owners of the Company					
Share capital	13	156,337	156,337	156,337	156,337
Treasury shares		(815)	(815)	(815)	(815)
Reserves		1,949,984	1,202,570	248,330	350,520
		2,105,506	1,358,092	403,852	506,042
Non-controlling interests		5	5	–	–
Total equity		2,105,511	1,358,097	403,852	506,042
Total equity and liabilities		2,682,841	1,687,770	404,217	506,405

Riverstone Holdings Limited and Subsidiary Companies

C. Condensed interim statements of changes in equity

Group	Attributable to equity holders of the Company				Total reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital (Note 13) RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves RM'000			
2021							
Balance at 1 January 2021	156,337	(815)	1,245,405	(42,835)	1,202,570	5	1,358,097
Profit for the financial period	–	–	1,040,731	–	1,040,731	– ⁽¹⁾	1,040,731
Other comprehensive income for the financial period	–	–	–	3,117	3,117	–	3,117
Total comprehensive income for financial period	–	–	1,040,731	3,117	1,043,848	– ⁽¹⁾	1,043,848
Dividends (Note 8)	–	–	(296,434)	–	(296,434)	– ⁽¹⁾	(296,434)
Transfer to statutory reserve	–	–	(1,812)	1,812	–	–	–
Balance at 30 June 2021	156,337	(815)	1,987,890	(37,906)	1,949,984	5	2,105,511
2020							
Balance at 1 January 2020	156,337	(815)	672,189	(38,291)	633,898	5	789,425
Profit for the financial period	–	–	137,526	–	137,526	– ⁽¹⁾	137,526
Other comprehensive income for the financial period	–	–	–	1,690	1,690	–	1,690
Total comprehensive income for the financial period	–	–	137,526	1,690	139,216	– ⁽¹⁾	139,216
Dividends (Note 8)	–	–	(43,353)	–	(43,353)	– ⁽¹⁾	(43,353)
Transfer to statutory reserve	–	–	(156)	156	–	–	–
Balance at 30 June 2020	156,337	(815)	766,206	(36,445)	729,761	5	885,288

⁽¹⁾ Denotes amounts less than RM500.

Riverstone Holdings Limited and Subsidiary Companies

C. Condensed interim statements of changes in equity (cont'd)

Company	Share capital (Note 13) RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves RM'000	Total reserves RM'000	Total equity RM'000
2021						
Balance at 1 January 2021	156,337	(815)	313,393	37,127	350,520	506,042
Profit for the financial period	–	–	187,354	–	187,354	187,354
Other comprehensive income for the financial period	–	–	–	6,890	6,890	6,890
Total comprehensive income for the financial period	–	–	187,354	6,890	194,244	194,244
Dividends (Note 8)	–	–	(296,434)	–	(296,434)	(296,434)
Balance at 30 June 2021	156,337	(815)	204,313	44,017	248,330	403,852
2020						
Balance at 1 January 2020	156,337	(815)	50,436	43,246	93,682	249,204
Profit for the financial period	–	–	29,624	–	29,624	29,624
Other comprehensive income for the financial period	–	–	–	2,366	2,366	2,366
Total comprehensive income for the financial period	–	–	29,624	2,366	31,990	31,990
Dividends (Note 8)	–	–	(43,353)	–	(43,353)	(43,353)
Balance at 30 June 2020	156,337	(815)	36,707	45,612	82,319	237,841

Riverstone Holdings Limited and Subsidiary Companies

D. Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
Cash flows from operating activities		
Profit before taxation	1,359,382	175,220
Adjustments for:		
Depreciation of property, plant and equipment	27,723	25,569
Property, plant and equipment written off	11	56
Loss/(gain) on disposal of property, plant and equipment	30	(860)
Fair value loss on derivatives	5,499	410
Interest expense	98	207
Interest income	(5,227)	(1,140)
Operating cash flows before working capital changes	1,387,516	199,462
(Increase)/decrease in inventories	(89,083)	14,427
(Increase)/decrease in receivables and prepayments	(158,293)	19,536
Increase in employee benefit obligations	11	35
Increase/(decrease) in payables, accruals, contract liabilities and refund liabilities	15,907	(1,863)
Cash flows generated from operations	1,156,058	231,597
Interest paid	(98)	(207)
Interest received	5,227	1,140
Income tax paid	(86,286)	(10,306)
Net cash flows generated from operating activities	1,074,901	222,224
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	67	1,813
Purchase of property, plant and equipment	(81,383)	(30,048)
Installments paid for purchase of land	-	(5,391)
Net cash flows used in investing activities	(81,316)	(33,626)
Cash flows from financing activities		
Proceeds from revolving credit	-	2,000
Repayment of revolving credit	-	(2,000)
Repayment of borrowings	(3,000)	(3,000)
Payment of principal portion of lease liabilities	(263)	-
Dividends paid	(296,434)	(43,353)
Net cash flows used in financing activities	(299,697)	(46,353)
Net increase in cash and cash equivalents	693,888	142,245
Effect of foreign currency exchange rates	3,128	1,505
Cash and cash equivalents at beginning of financial period	648,943	130,409
Cash and cash equivalents at end of the financial period	1,345,959	274,159

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Riverstone Holdings Limited (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are set out as below:

Name of company (Country of incorporation)	Principal activities
(1) Riverstone Resources Sdn Bhd (Malaysia)	Manufacturer and distributor of cleanroom gloves and finger cots
Riverstone Industrial Products Sdn Bhd (Malaysia)	Manufacturer of plastic bags and trader in latex products
(2) Eco Medi Glove Sdn Bhd (Malaysia)	Manufacturer and distributor of cleanroom gloves and finger cots
Eco Star Glove Sdn Bhd (Malaysia)	Manufacturer and distributor of examination gloves, cleanroom gloves and finger cots
Protective Technology Co. Ltd (Thailand)	Manufacturer and distributor of cleanroom gloves
Riverstone Resources (S) Pte Ltd (Singapore)	Distributor of cleanroom products

(1) Subsidiary company held by Riverstone Resources Sdn Bhd:

Name of company (Country of incorporation)	Principal activities
Riverstone Resources (Wuxi) Co. Ltd (People's Republic of China)	Processing and packing of cleanroom gloves

(2) Subsidiary company held by Eco Medi Glove Sdn Bhd:

Name of company (Country of incorporation)	Principal activities
Eco Medi Glove Products (Shenzhen) Co. Ltd (People's Republic of China)	Distributor of cleanroom and medical glove products

E. Notes to the condensed interim consolidated financial statements

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant effect on the carrying amounts of assets and liabilities within the next interim period are included in the following notes.

- Note 7 - Income taxes
- Note 11 - Depreciation of plant and machinery

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

4. 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 and non-glove consumables such as finger cots, static shielding bags, face masks, wipers and packaging materials.

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

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

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

(a) *Geographical information*

	Malaysia	Thailand	China	Others	Eliminations	Total
1 January 2021 to 30 June 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External	1,903,851	41,566	49,217	24,857	–	2,019,491
Inter segment	180,474	24,255	7,019	189,936	(401,684)	–
Total revenue	2,084,325	65,821	56,236	214,793	(401,684)	2,019,491
Results:						
Segment result	1,321,783	30,545	20,284	192,408	(205,540)	1,359,480
Finance costs	(71)	–	(27)	–	–	(98)
Profit before taxation	1,321,712	30,545	20,257	192,408	(205,540)	1,359,382
Income tax expense	(305,942)	(4,273)	(5,074)	(1,554)	(1,808)	(318,651)
Total profit	1,015,770	26,272	15,183	190,854	(207,348)	1,040,731
Assets and liabilities:						
Segment assets	2,476,965	65,278	57,687	166,510	(83,599)	2,682,841
Segment liabilities	599,497	14,760	7,346	8,124	(52,397)	577,330
Other segment information:						
Additions to non-current assets	80,786	492	105	–	–	81,383

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

4. Segment information (cont'd)

(a) Geographical information (cont'd)

1 January 2020 to 30 June 2020	Malaysia	Thailand	China	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External	567,478	19,086	27,313	12,824	–	626,701
Inter segment	153,242	23,946	2,695	30,925	(210,808)	–
Total revenue	720,720	43,032	30,008	43,749	(210,808)	626,701
Results:						
Segment result	163,137	16,684	2,817	30,671	(37,882)	175,427
Finance costs	(2,599)	–	–	–	2,392	(207)
Profit before taxation	160,538	16,684	2,817	30,671	(35,490)	175,220
Income tax expense	(33,703)	(1,966)	(537)	(590)	(898)	(37,694)
Total profit	126,835	14,718	2,280	30,081	(36,388)	137,526
Assets and liabilities:						
Segment assets	1,139,408	56,153	32,207	49,231	(234,607)	1,042,392
Segment liabilities	342,942	10,378	10,004	10,342	(216,562)	157,104
Other segment information:						
Additions to non-current assets	31,504	285	3,650	–	–	35,439

(b) Business information

The following table presents the revenue information regarding the business segments for the 6 months ended 30 June 2021 and 2020. 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	Others	Total
	RM'000	RM'000	RM'000
Revenue:			
Sales to external customers			
- 6 months ended 30 June 2021	2,006,354	13,137	2,019,491
- 6 months ended 30 June 2020	609,793	16,908	626,701

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Financial Assets:				
Financial assets at fair value through profit or loss (FVPL)	–	2,931	–	–
Cash and bank balances, fixed deposits, trade and other receivables (Amortised cost)	1,824,273	969,766	201,353	307,112
	<u>1,824,273</u>	<u>972,697</u>	<u>201,353</u>	<u>307,112</u>

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Financial Liabilities:				
Financial liabilities at fair value through profit or loss (FVPL)	2,568	–	–	–
Trade and other payables and borrowings (Amortised cost)	202,539	174,434	285	332
	<u>205,107</u>	<u>174,434</u>	<u>285</u>	<u>332</u>

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

6. Profit before taxation

6.1 Significant items

	Group	
	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
Income		
Interest income from bank balances	5,227	1,140
Expenses		
Interest expenses on borrowings	98	207
Depreciation of property, plant and equipment	27,723	25,569
Net foreign exchange gain	(12,913)	(2,352)
Fair value loss on derivatives	5,499	410
Property, plant and equipment written off	11	56
Loss/(gain) on disposal of property, plant and equipment	30	(860)

6.1 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 period.

	Group	
	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
Other related parties:		
Purchases of repair and maintenance services	10	13
Purchases of plant and equipment	802	57

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

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

6. Profit before taxation (cont'd)

6.1 Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group	
	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
Directors' fee	326	307
Short term benefits	1,820	1,511
Central Provident Fund contributions	123	130
Performance incentive scheme	18,723	4,970
	20,992	6,918
Comprise amounts paid to:		
- Directors of the Company	15,037	5,525
- Other key management personnel	5,955	1,393
	20,992	6,918

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.

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 June 2021 RM'000	6 months ended 30 June 2020 RM'000
Current income tax expense	311,715	25,777
Deferred income tax expense relating to origination and reversal of temporary difference	6,936	11,917
	318,651	37,694

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

8. Dividends

	Group and Company	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	RM'000	RM'000
Final exempt (one-tier) dividend for 2020: 16.00 sen (2019: 5.85 sen) per ordinary share	237,147	43,353
Special exempt (one-tier) dividend for 2020: 4.00 sen (2019: nil) per ordinary share	59,287	–
	296,434	43,353

9. Net asset value

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM	RM	RM	RM
Net asset value per ordinary share	1.42	0.92	0.27	0.34

10. Fair value of financial instruments

Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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

E. Notes to the condensed interim consolidated financial statements

10. Fair value of financial instruments (cont'd)

(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 respective reporting period:

	Group Significant observable inputs other than quoted prices (Level 2)	
	30 June 2021 RM'000	31 December 2020 RM'000
Financial assets:		
<u>Derivatives (Note 5)</u>		
- Forward currency contracts	-	2,931
Financial liabilities:		
<u>Derivatives (Note 5)</u>		
- Forward currency contracts	2,568	-

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, cash and cash equivalents, payables and accruals and borrowings 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.

11. **Property, plant and equipment**

During the six months ended 30 June 2021, the Group acquired assets amounting to RM81,383,000 (30 June 2020: RM30,048,000) and disposed of assets amounting to RM97,000 (30 June 2020: RM953,000).

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

12. Borrowings

	Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Amount repayable within one year		
Secured term loan	4,000	6,000
Lease liabilities	554	516
	4,554	6,516
Amount repayable after one year		
Secured term loan	–	1,000
Lease liabilities	287	542
	287	1,542
Total borrowings	4,841	8,058

The lease liabilities are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The bank borrowings are secured by a corporate guarantee of the Company and a charge over a piece of leasehold land and buildings.

13. Share capital

	Group and Company			
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	No. of shares	No. of shares	RM'000	RM'000
At 1 January	1,484,904,100	742,452,050	156,337	156,337
Shares issued during the year	–	742,452,050	–	–
At 31 December	1,484,904,100	1,484,904,100	156,337	156,337

As at 30 June 2021, the Company held 2,736,000 of its issued shares as treasury shares (31 December 2020: 2,736,000).

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Riverstone Holdings Limited and Subsidiary Companies as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

2a Income Statement Review

For the 1H2021, the Group achieved RM2,019.5 million total revenue, a 222.2% increase as compared to RM626.7 million in 1H2020. Cost of sales increased to RM624.3 million in 1H2021 in line with the increase in products produced. Gross profit rose 605.6% from RM197.7 million to RM1,395.2 million in 1H2021. The Group's gross profit margin improved from 31.6% to 69.1% due to higher average selling price.

The Group's other income increased by 290.6% to RM6.0 million in 1H2021 mainly due to higher interest income from increase in fixed deposits.

Selling and distribution expenses increased by 67.2% from RM9.3 million in 1H2020 to RM15.6 million in 1H2021 mainly due to the increase in sales activities.

General and administrative expenses increased by 96.8% to RM30.9 million in 1H2021 mainly due to increase in performance incentives.

Other operating income increased to RM4.7 million in 1H2021 was mainly due to net foreign exchange gain.

The Group's effective tax rate was higher at 23.4% in 1H2021 compared to 21.5% in 1H2020 due to lower reinvestment allowances recognised in 1H2021.

Overall in 1H2021, the Group's profit before taxation and profit after taxation increased by 675.8% to RM1,359.4 million and 656.8% to RM1,040.7 million respectively.

2b Balance Sheet Review

As at 30 June 2021, non-current assets which consist of property, plant and equipment (PPE) and deferred tax assets increased to RM641.5 million from RM587.9 million. PPE increased to RM640.9 million from RM587.3 million mainly on additions amounting to RM81.4 million coupled with foreign exchange adjustment offset by the depreciation charge of RM27.7 million and PPE written or disposed off. Deferred tax assets (DTA) has slight increase to RM0.6 million.

Inventories increased from RM122.0 million as at 31 December 2020 to RM211.1 million as at 30 June 2021 mainly due to higher production volume. Trade receivables increased from RM319.7 million to RM476.0 million mainly due to increase in sales.

Cash and cash equivalents increased from RM648.9 million as at 31 December 2020 to RM1,346.0 million as at 30 June 2021. For the 1H2021, the Group generated RM1,074.9 million in net cash flows generated from operating activities and net cash flows used in investing activities amounting to RM81.3 million were mainly for the purchase of PPE. The Group's net cash flows used in financing activities in 1H2021 amounted to RM299.7 million for repayment of bank borrowings and payment of dividends.

OTHER INFORMATION

2. Review of performance of the Group (cont'd)

2b Balance Sheet Review (cont'd)

Current liabilities increased to RM523.8 million as at 30 June 2021 mainly due to higher provision for taxation of RM319.0 million, and higher payables and accruals of RM197.7 million as at 30 June 2021.

Non-current liabilities increased to RM53.5 million as at 30 June 2021 from RM47.8 million mainly due to the increase in deferred tax liabilities.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As previously announced, the Group will add an additional capacity of up to 1.5 billion pieces of gloves by end of 2021 for its expansion plans, which will bring the Group's total annual production capacity up to 12.0 billion pieces of gloves.

Macroeconomic headwinds such as US Dollar fluctuations, volatile raw material prices and increase in overall production costs continue to remain challenging for the Group. Covid-19 and movement control restrictions in Malaysia could also pose an additional challenge to the Group.

5. Dividend information

5a Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Name of Dividend	Interim
Dividend Type	Cash
Dividend amount per Share (in sen)	10.00 sen (RM) per ordinary share
Tax Rate	Tax-exempt one-tier

Yes. The Board are pleased to declare a one-tier tax exempt interim dividend of 10.00 sen (RM) per ordinary share (2020: tax exempt one-tier cash dividend of 4.00 sen (RM) per ordinary share) in respect of the half year ended 30 June 2021.

5b Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

OTHER INFORMATION

5. Dividend information (cont'd)

5b Corresponding Period of the Immediate Preceding Financial Year (cont'd)

Name of Dividend	Interim
Dividend Type	Cash
Dividend amount per Share (in sen)	4.00 sen (RM) per ordinary share
Tax Rate	Tax-exempt one-tier

5c Date Payable

To be determined

5d Book Closure Date

To be determined

6. Interested person transactions

The Company does not have an Interested Person Transactions mandate.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 4.4 Rule 720(1) of the Listing Manual of the SGX-ST.

CONFIRMATION BY THE BOARD

On behalf of the Board of Directors, I, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors which may render the condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

WONG TEEK SON
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER
5 August 2021

This release may contain forward looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.