



RIVERSTONE HOLDINGS LIMITED

LEADER

IN THE MANUFACTURING OF CLEANROOM & HEALTHCARE GLOVES

ANNUAL REPORT 2023



COMPANY VISION & MISSION

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

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

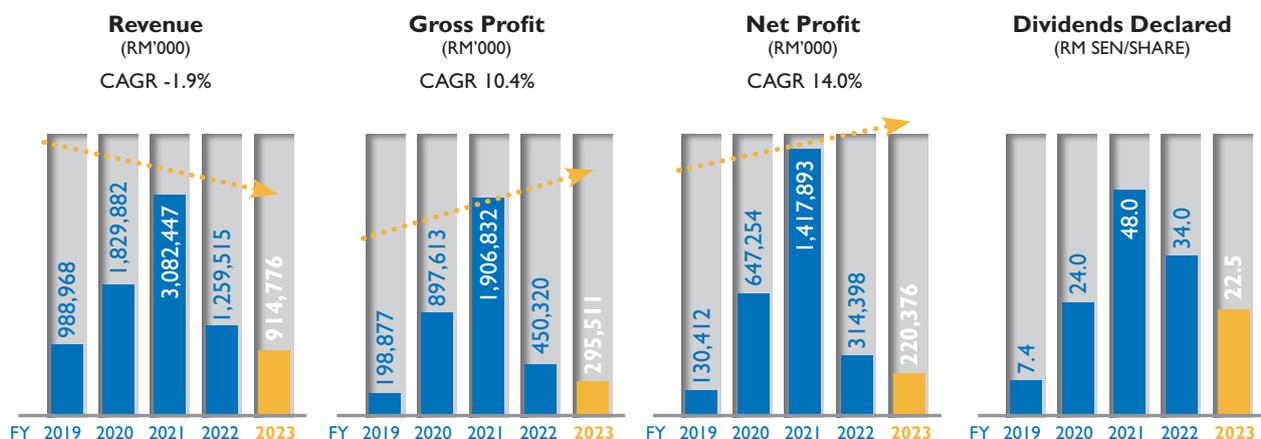




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GROUP FINANCIAL HIGHLIGHTS



	FY2023	FY2022	FY2021	FY2020	FY2019
For The Year (RM'000)					
Revenue	914,776	1,259,515	3,082,447	1,829,882	988,968
Gross Profit	295,511	450,320	1,906,832	897,613	198,877
Gross Profit Margin	32.3%	35.8%	61.9%	49.1%	20.1%
Profit before tax	279,350	417,005	1,858,589	841,353	157,413
Net Profit	220,376	314,398	1,417,893	647,254	130,412
Net Profit Margin	24.1%	25.0%	46.0%	35.4%	13.2%
Cashflow from operations	249,075	378,447	1,574,903	702,712	167,846
At Year End (RM'000)					
Total Assets	1,825,188	2,019,764	2,699,608	1,687,770	932,649
Shareholders Equity	1,681,564	1,852,929	2,332,457	1,358,097	789,425
Cash and Cash Equivalents	875,433	1,066,061	1,612,931	648,943	130,409
Debt*	–	–	1,000	7,000	13,000
Debt Equity Ratio	0.0%	0.0%	0.0%	0.5%	1.6%
Return on Equity	13.1%	17.0%	60.8%	47.7%	16.5%
Return on Assets	12.1%	15.6%	52.5%	38.3%	14.0%
Per share (RM sen)					
Earnings (Basic)**	14.9	21.2	95.7	43.7	8.8
Earnings (Diluted basis)	14.9	21.2	95.7	43.7	8.8
Net Tangible Asset	113.5	125.0	157.4	91.6	53.3
Dividend declared for the financial year***	22.5	34.0	48.0	24.0	7.4

* Excludes lease liabilities.

** EPS is computed based on weighted average number of shares of 1,482.2 million.

*** Dividends are tax-exempted (one-tier). The dividend declared for FY23 of 7.50 sen (RM) per ordinary share which is subject to approval by shareholders at the Annual General Meeting on 22 April 2024.

KEY MILESTONES

2023

- Phase 7 new factory commissioning fully completed.
- Phase 8 new factory commissioning underway and is expected to add an additional capacity of up to 1.5 billion gloves by 2H2024.
- Commenced factory plant upgrade works in Taiping for cleanroom gloves production expected to be commissioned by 2H2024.

2022

- Phase 7 new factory commissioning underway and is expected to add an additional capacity of up to 1.5 billion gloves by 1H2023.
- Acquired 18.3-acre of land located at Kamunting Raya Industrial Estate, Taiping, Perak in March 2022 for future expansion.

2021

- Total annual production capacity remains at 10.5 billion gloves amid multiple periods of lockdowns resulting in delay in output capacity increase to be rendered by Phase 7 new factory.
- Construction of Phase 7 new factory completed and ready to fully operate in FY2022.

2020

- Phase 6 expansion plan completed bringing the total annual production capacity to 10.5 billion gloves.
- Construction of Phase 7 new factory near completion.

2019

- The new glove factory building of Phase 6 completed.
- Machinery installation and commissioning of Phase 6 underway which expected to bring the Group's annual production capacity up to 10.4 billion gloves upon completion.
- Acquired a piece of 3.8-acre land contiguous to the 14.64-acre land acquired in 2018 located at the Kamunting Raya Industrial Estate, Taiping, Perak, Malaysia for expansion beyond Phase 6.

2018

- Completed 5th Phase of expansion plan in Taiping and increased total annual production capacity to 9.0 billion gloves.
- Started the construction of Phase 6 – new glove factory building in Taiping.

- Acquired 14.64-acre of land located at Kamunting Raya Industrial Estate, Taiping, Perak Darul Ridzuan, Malaysia for expansion beyond Phase 6.
- Set up sales office in Shenzhen, China.

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.
- Acquired 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-acre 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.

KEY MILESTONES

- 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. Set up office in the Philippines.

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

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 qualified and widely used by major global players in the electronic and healthcare industries. We export more than 80% of our products to key 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, China and established network of sales offices and strategic partners in Asia, the Americas and Europe.



MALAYSIA - HEAD OFFICE

Riverstone Resources Sdn Bhd



MALAYSIA - TAIPING

Riverstone Resources Sdn Bhd



THAILAND

Protective Technology Company Limited



MALAYSIA - BUKIT BERUNTUNG

Riverstone Resources Sdn Bhd
Riverstone Cleanroom Products Sdn Bhd



CHINA

Riverstone Resources (Wuxi) Company Limited



MALAYSIA - TAIPING

Eco Medi Glove Sdn Bhd

7

8

CHINA

Eco Medi Glove Products (Shenzhen) Co Ltd

9

MALAYSIA

Eco Star Glove Sdn Bhd

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 Cleanroom Products Sdn Bhd
- Eco Medi Glove Sdn Bhd
- Eco Star Glove Sdn Bhd

CHINA

- Riverstone Resources (Wuxi) Co Ltd
- Eco Medi Glove Products (Shenzhen) Co Ltd

SINGAPORE

- Riverstone Holdings Limited
- Riverstone Resources (S) Pte 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 33 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 corporate customers in the healthcare industry over a short period of time. Our products acting as an inexpensive protective barrier is now essential to healthcare, pharmaceutical and even food-related industries.

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
- ISO 45001:2018 Occupational Health and Safety Management system
- Certified Directive 93/42/EEC for Sterile Nitrile Gloves
- Certified Directive 93/42/EEC for Sterile Surgical latex Glove
- Registered US FDA 510(K) for medical devices
- Registered Japan FDA for medical devices
- Registered China FDA for medical devices
- European Foodsafe Certificate
- EU Type Examination Certificate (PPE, regulation (EU) 2016/425)
- Malaysia Medical Device Authority (MDA) Certification
- RBA (SVAP) Compliance



LETTER TO SHAREHOLDERS



MR WONG TEEK SON

Executive Chairman and CEO

Dear Shareholders,

FY2023 In Review

2023 was another challenging year for the glove industry as it continues to find market equilibrium. Despite this fact, Riverstone reported commendable results with revenue of RM914.8 million and net profit of RM220.4 million for FY2023. Notably, our bottom line was above the pre-pandemic level in FY2019. The robust performance was attributed to the diversified range of glove products that we have consistently built up over the years. We differentiated the Group from our peers by gaining sizeable exposure in specialized healthcare gloves and high-tech cleanroom gloves. This provided a strong cushion to navigate different market cycles such as the current downturn in generic healthcare gloves.

Product innovation lies at the core of our organization. Over the decades, we have been investing in research and development (“**R&D**”) to ensure that we remain at the industry frontier. In the cleanroom glove segment, we deal with products that have extremely stringent criteria. Hence, we work very closely with our customers to develop products that meet their specific needs.

Effectively managing and producing a wide variety of customised products at a commercially viable scale is something that we have mastered and developed over the years. This operational flexibility has enabled us to foster robust long-term relationships with a wide range of clients across industries.

In FY2023, we continued to expand upon this customer base by securing new customers for the specialized healthcare glove segment. This has negated some of the softness seen in our consumer electronics and healthcare-related customers.



LETTER TO SHAREHOLDERS

Outlook for FY2024

Going forward, 2024 is projected to be a better year as the industry is nearing supply-demand equilibrium. In our opinion, we think that the healthcare glove segment has already bottomed in the second half of 2023, and we expect a gradual uptick going forward. For the cleanroom glove segment, the demand for consumer electronics is likely to recover in the second half of 2024 which will translate to higher orders for our products.

Looking at the longer-term trajectory for the cleanroom glove segment, we believe that there is still room for growth as the technology industry continues to evolve. With the rise in complexity and miniaturisation trend, the requirements are getting more stringent. Given our expertise and track record in this space, we are well-positioned to increase our market share.

In anticipation of that, Riverstone is currently constructing new dipping lines catered for our cleanroom and customised glove products. We expect some of these lines to be ready in the third quarter of 2024. This will boost our capacity for these products, allowing us to enlarge our serviceable market thereafter.

Operationally, the industry in general will be facing some headwinds due to a confluence of factors around our various input costs. Raw material prices were at a historic low in 2023 and are likely to normalise in 2024. Other inputs such as labour costs, fuel costs and utility costs are expected to also increase year-on-year which will impact margin. While most of these factors are beyond our control, we will continue to focus on improving our operational efficiency to reduce wastage and optimise cost.

To maintain our competitive edge, we will also be doubling our investments on R&D this year with emphasis on new product developments. Developing new glove products that match the industry's needs will give us a greater pricing advantage due to the limited supply available in the initial stage. Managing these product cycles is essential to maintaining a healthy profitability level over the long run. Additionally, we are also looking to acquire new customers from different subindustries to increase our customer base and earnings stability.

Building a Sustainable Future

At Riverstone, we recognise that the activities we conduct have implications for the wider stakeholder group beyond shareholders and ourselves. We are committed to carefully manage our carbon footprint in all aspects of our operations. Currently, several projects are in motion to reduce energy usage, water usage, waste generation, and carbon emissions. We have also set clear targets to achieve by 2025 for each of these indicators. At the same time, we also prioritise maintaining high standards of social governance. Our facilities and operations are audited by reputable third-party auditors such as the Responsible Business Alliance ("**RBA**").

Dividends

The Group is dedicated to rewarding our shareholders consistently, which we have done so since our listing on the Singapore Exchange ("**SGX**") in 2006. For FY2023, total dividends amounted to 22.5 sen, which includes 10 sen that has been distributed, 7.5 sen that was proposed by the Board in February 2024, and 5.0 sen special interim dividend that was recommended in the same month. This will translate to a dividend payout ratio in excess of 150%. In view of our strong cash balance and subject to future market conditions, we strive to maintain this practice as a token of appreciation to our loyal shareholders.

Appreciation

I would like to take this opportunity to thank the management team and all employees of Riverstone for the hard work you have put in for FY2023. Our continued success would not have been possible without your valuable contribution. In addition, I want to extend our appreciation to our shareholders, customers, suppliers, and business associates, thank you for your unwavering support and for staying by our side during both good and bad times. Last but not least, I want to thank my fellow Board members for successfully guiding and steering the Group forward and taking the Riverstone brand to a new level it is currently at today.

Sincerely,

MR. WONG TEEK SON
Executive Chairman and CEO

GROUP FINANCIAL REVIEW

FINANCIAL PERFORMANCE

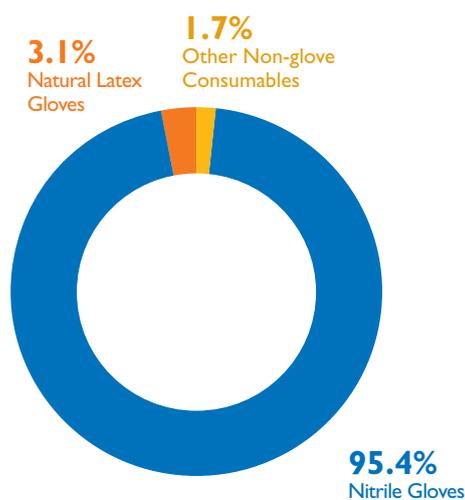
Revenue

During FY2023 the Group reported total revenue of RM914.8 million, marking a decline of 27.4% from RM1,259.5 million. This decrease was attributed to a reduction in sales volume driven by persistent glove demand-supply imbalance and increased competition from existing glove manufacturers. Notably, revenue from the glove segment decreased by 27.3% to RM899.5 million (FY2022: RM1,237.5 million) while non-glove segment, which includes finger cots, static shielding bags, face masks, wipers and packaging materials declined by 30.7% at RM15.2 million (FY2022: RM22.0 million).

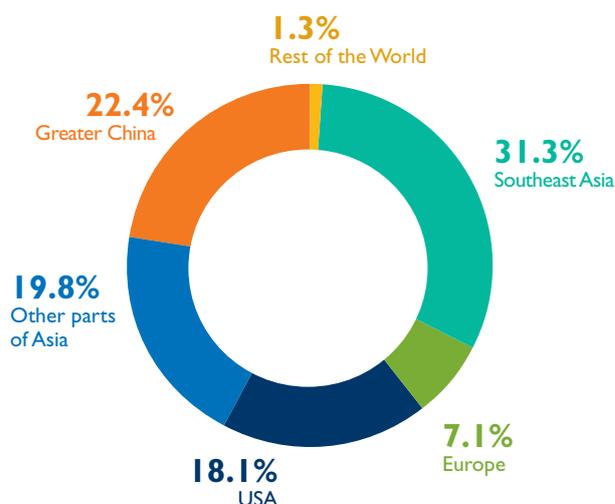
Within the glove segment, nitrile glove sales constituted the much greater part, totalling RM870.8 million, representing 95.2% (FY2022: RM1,201.4 million or 95.4%) of total revenue. On the other hand, contribution from natural latex gloves remained insignificant at RM28.7 million or 3.1% (FY2022: RM36.1 million or 2.9%).

Geographically, Southeast Asia, USA and Europe remained the key contributors accounting for 73.5% of total revenue. Southeast Asia registered the highest sales at RM286.4 million (FY2022: RM345.9 million) while USA and Europe amounted to RM205.3 million (FY2022: RM304.1 million) and RM181.1 million (FY2022: RM288.9 million) respectively.

REVENUE BY PRODUCT 2023



REVENUE BY REGION 2023



Gross Profit

The group saw its gross profit decreased to RM295.5 million from RM450.3 million, reflecting a 34.4% decline primarily due to lower revenue resulting from reduced sales volume and declining average selling prices intensified by continuing competitive market conditions.

Operating Expenses/Income

Selling and distribution expenses decreased by 21.6% to RM15.4 million from RM19.7 million primarily due to decreased carriage outwards resulting from lower sales volume. General and administrative expenses decreased to RM31.3 million from RM39.7 million, representing a 21.2% drop in FY2023 due mainly to reduction in performance incentives. However, net operating income of RM0.9 million for FY2022 turned into net operating expenses of RM0.6 million in FY2023 primarily due to lower net foreign exchange gain.

GROUP FINANCIAL REVIEW

Net Profit

Aligned with the year-on-year decrease in profit before tax, the Group's net profit declined by 29.9%, amounting to RM220.4 million compared with RM314.4 million for FY2022. Effective tax rate decreased to 21.1% from 24.6% previously primarily due to imposition of prosperity tax for Companies in Malaysia for FY2022. Consequently, basic earnings per share for FY2023 fell by 29.9% to 14.87 sen against 21.21 sen.

FINANCIAL POSITION

As at 31 December 2023, the book value of non-current assets, comprising property, plant, and equipment (PPE) along with deferred tax assets declined to RM727.1 million from RM742.8 million. PPE saw a decrease to RM726.0 million from RM741.6 million primarily due to additions totaling RM45.3 million, offset by foreign exchange adjustments, depreciation charges of RM60.4 million, and disposals of PPE. Deferred tax assets decreased to RM1.1 million.

Inventories increased to RM83.2 million from RM82.4 million in previous year, mainly due to a slight rise in production volume. Likewise, trade receivables grew from RM118.2 million to RM128.0 million due mainly to slower collections.

Cash and cash equivalents decreased to RM875.4 million from RM1,066.1 million mainly due to lower net cash flow generated from operating activities at RM249.1 million against RM378.4 million for FY2022 while net cash flow used in financing activities decreased to RM415.5 million from RM801.9 million mainly because of lower dividend payments. Net cash flow used in investing activities of RM51.5 million was lower than RM133.2 million for FY2022 mainly due to lower PPE purchases in the current year.

Current liabilities decreased to RM84.6 million primarily due to lower payables and accruals which were reduced to RM71.5 million from RM84.9 million.

Non-current liabilities decreased to RM59.0 million from RM60.7 million, primarily due to the reversal of deferred tax liabilities.

The equity attributable to owners of the Company decreased primarily due to lower current year profit of RM220.4 million, offset by dividend payments to shareholders amounting to RM415.0 million.

NET ASSETS PER SHARE

The net assets backing per share decreased to RM1.13 in FY2023 from RM1.25 in FY2022, reflecting a 9.2% decrease in shareholders' equity to RM1,681.6 million in FY2023 from RM1,852.9 million in FY2022.



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.



SABARIAH BINTI SALLEH

Alternate Director of Mr Wong Teek Son

Sabariah Binti Salleh is the Senior QA Manager of Riverstone. She was appointed as alternate director of Mr Wong Teek Son on 15 May 2023 to support the day-to-day management of the Group including developing business strategies and overseeing the Group's operations. Puan Sabariah holds a Bachelor of Science from University Technology Malaysia.



CHONG CHU MEE

Alternate Director of Mr Lee Wai Keong

Chong Chu Mee is the Senior Manager of Riverstone. She was appointed as alternate director of Mr Lee Wai Keong on 15 May 2023 for overseeing the Group's production facilities in Malaysia, Thailand and China. Ms Chong holds a Bachelor of Science (Hons) from University of Malaya and Master of Business Administration from The University of Strathclyde.

DIRECTORS' PROFILE



Lim Jun Xiong Steven
Lead Independent Non-Executive Director

Lim Jun Xiong Steven was appointed to the Board as an Independent Non-Executive Director on 26 April 2021.

Mr Lim holds a Bachelor of Commerce majoring in Accounting and Finance from the University of Newcastle, Australia. Mr Lim is a fellow member of CPA Australia, the Institute of Singapore Chartered Accountants and a member of the Society of Trust and Estate Practitioners.

Mr Lim was the Chief Executive Officer of SG Trust (Asia) Ltd, a wholly-owned subsidiary and fiduciary services arm of Société Générale Private Banking. Prior to this, he was heading the Global Wealth Solutions unit of HSBC Private Bank (Suisse) SA. Mr Lim started his career at PriceWaterhouseCoopers.

Presently, Mr Lim is an Independent Director of Bund Center Investment Limited, Sinarmas Land Limited, Livingstone Health Holdings Limited, CosmoSteel Holdings Ltd and Baker Technology Limited, all of which are listed on the official list of the Singapore Exchange Securities Trading Limited.



Raymond Fam Chye Soon
Independent Non-Executive Director

Raymond Fam Chye Soon was appointed to the Board as an Independent Non-Executive Director on 3 June 2020. Mr Raymond holds a Masters in Financial Planning from University of Sunshine Coast, Australia and Corporate Finance qualification from Institute of Chartered Accountants in England and Wales. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He obtained a Certificate in Digital Marketing from National University of Singapore in June, 2022 and Certificate in Oxford Leading Sustainable Corporations Programme from University of Oxford in March, 2023.

Mr Raymond was also appointed to the Board of Export-Import Bank of Malaysia on 15 February, 2023 and Generali Insurance Malaysia Berhad on 2 May 2023.



Yoong Kah Yin
Independent Non-Executive Director

Yoong Kah Yin was appointed to the Board as an Independent Non-Executive Director on 26 April 2021. Mr Yoong was independent non-executive chairman of an engineering and renewable energy company listed on Bursa Malaysia. In addition to this, he was independent non-executive director of two other listed companies on Bursa Malaysia. He co-founded and listed a food and beverage company on Bursa Malaysia after having worked in an investment bank in a senior position.

Mr Yoong holds Bachelor Degree (Honors) in Accounting and Finance from Middlesex University, London and Master of Business Administration, Bayes Business School, City University London, United Kingdom.

EXECUTIVE MANAGEMENT



Wong Teck Choon joined our Group in 1991 and is the Group Business Development Manager. He was appointed to the Board as an Executive Director on 2 October 2006 and ceased as Alternate Director to Mr Wong Teek Son with effect from 11 August 2020. 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.

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.

Lee Keat Leong joined our Group in 2008 as Business Development Manager and later promoted to Senior Sales Manager responsible for developing and marketing medical and healthcare gloves. Mr Lee obtained his Bachelor of Science (Hons) (Chemistry) from National University of Malaysia (UKM). Based on his requisite qualification and experiences, he was appointed on 15 May 2023 as Co-Chief Operating Officer.

Gan Ah Mooi joined our Group as Sales and Customer Service Manager in 1996. During her tenure in our Group, she set up the Philippines sales office and Thailand factory. Ms Gan holds a Bachelor of Science major in Chemistry and Mathematics from Tunku Abdul Rahman College. She was appointed on 15 May 2023 as Group Cleanroom Business Development Director responsible for business development of cleanroom business for the Group.

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.

Mohamed Anuar Bin Idris joined Riverstone Resources Sdn Bhd in December 1997 as a Process Engineer. In the year 2002 he was promoted to Production Manager, responsible for overall glove dipping operation and process improvement. In the year 2007 he was promoted to Senior Manager (Engineering, Facility, Environmental, Health and Safety). In April 2021, he was promoted to General Manager of Riverstone Resources Sdn Bhd. He is registered with the Department of Occupational Safety and Health (DOSH) Malaysia as Safety and Health Officer as well as Steam Engineer. Mr Anuar holds a Bachelor of Chemical Engineering and an Executive Master of Occupational Safety and Health Management from Universiti Teknologi Malaysia.

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 the Production Manager of Riverstone Resources (Wuxi) Co Ltd. since March 2016, she was appointed as the Acting General manager of our Group's China operations. She holds a Bachelor of Chemical Engineering from Tianjin University of Science & Technology.

CORPORATE INFORMATION

BOARD OF DIRECTORS

WONG TEEK SON

Executive Chairman & Chief Executive Officer

LEE WAI KEONG

Executive Director & Chief Operating Officer

SABARIAH BINTI SALLEH

Alternate Director of Mr Wong Teek Son

CHONG CHU MEE

Alternate Director of Mr Lee Wai Keong

LIM JUN XIONG STEVEN

Lead Independent Non-Executive Director

RAYMOND FAM CHYE SOON

Independent Non-Executive Director

YOONG KAH YIN

Independent Non-Executive Director

AUDIT COMMITTEE

LIM JUN XIONG STEVEN

Chairman

RAYMOND FAM CHYE SOON

YOONG KAH YIN

NOMINATING COMMITTEE

YOONG KAH YIN

Chairman

WONG TEEK SON

LIM JUN XIONG STEVEN

REMUNERATION COMMITTEE

RAYMOND FAM CHYE SOON

Chairman

LIM JUN XIONG STEVEN

YOONG KAH YIN

COMPANY SECRETARIES

CHAN LAIYIN ACS

SHARE REGISTRAR

BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD

1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

REGISTERED OFFICE

9 Raffles Place
#26-01 Republic Plaza
Singapore 048619
Tel : +65 6236 3333
Fax: +65 6236 4399

AUDITORS

ERNST & YOUNG LLP

One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Ng Boon Heng
(Date of appointment: since financial year ended
31 December 2022)

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "**Board**") of Riverstone Holdings Limited (the "**Company**") recognises that sound corporate governance practices are important to the proper functioning of the Company and its subsidiaries (the "**Group**") and to the enhancement of shareholders' value. The Board confirms that the Group has generally adhered to the principles and provisions as set out in the Code of Corporate Governance 2018 (the "**2018 Code**"), and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the financial year ended 31 December 2023 ("**FY2023**"). Where there is any deviation from any provisions of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in totality, instead of being read separately under each principle of the Code.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:1 The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1 – Principal functions of the Board

The Company is led by the Board who is responsible for the long-term success of the Company by setting the Group's strategy, financial objectives and risk appetite and provide leadership to the business. The Directors promote the desired culture, value and ethics within the Company and monitor the Company's overall financial performance.

The Board works closely with the Management to steer the Company towards its vision and create value for stakeholders. All Directors are fiduciaries who objectively make decisions at all times as fiduciaries in the best interests of the Company and hold Management accountable for performance and governance. Directors monitor the Management through various mechanisms in the form of policies established to address risk management and internal controls, promote organisational culture, conduct and ethics with appropriate tone-from-the-top through conversations in each of the meetings attended by key management personnel and Directors.

The primary function of the Board is to protect and enhance long-term shareholders' value and return. In addition to its the statutory responsibilities, the principal duties and roles of the Board include:

- (a) guide formulation of the Group's overall long-term strategic objectives and directions. This include provide entrepreneurial leadership and set the strategic objectives, which should include appropriate focus on value creation, innovation and sustainability;
- (b) ensure that the necessary resources are in place for the company to meet its strategic objectives;
- (c) establish and maintain risk management system to effectively identify, monitor and manage the key potential risks, and to achieve an appropriate balance between risks and company performance, including safeguarding of shareholder's interests and the Company's assets;
- (d) conduct periodic review of the Group's internal controls, financial performance, compliance practices and resource allocation;

CORPORATE GOVERNANCE STATEMENT

- (e) provide oversight in the proper conduct of the Group's business and assume responsibility for corporate governance;
- (f) ensure the management discharges business leadership and management skills with the highest level of integrity;
- (g) consider sustainability issues relating to the environment and social factors as part of the strategic formulation of the Group;
- (h) 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; and
- (i) ensure transparency and accountability to key stakeholder groups.

All Directors exercise due diligence and independent judgement in discharging their duties and responsibilities at all times as fiduciaries and act objectively in the best interests of the Company. Should any issues of conflict arise, Directors facing conflicts of interest are required to disclose their interest and recuse themselves from the discussions and decisions involving the issues of conflict.

All Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company for the financial year ended 31 December 2023.

The Independent Directors visited the Group's facilities in April 2023 and gained better understanding of the Group operations whilst meeting up and getting acquainted with the senior management at the facilities.

Provision 1.2 – Directors' orientation and training

The Company will provide a formal letter of appointment to newly appointed Independent Non-Executive Director, setting out the Director's duties and obligations and terms of appointment whereas Executive Directors has Service Agreements or Employment Contract, where applicable.

Newly appointed Directors, if any, will be provided with orientation programme and briefed on the background information about the Group, Group's structure, business operations, vision and values, strategic plans, policies and governance practices. Further, at the quarterly Board meetings, the Chief Executive Officer ("**CEO**") would provide the Board with regular updates on the Group's business performance and plans. Where the Company appoints a new director who does not have any prior experience as a director of a listed company, the new appointee would be required to attend the Listed Company Director Programme conducted by the Singapore Institute of Directors ("**SID**"). Directors appointed in 2021 without prior experience as director of a listed company, had completed the Listed Company Director Programme by SID.

Except for the appointment of two alternate Directors, there was no new Directors appointed during FY2023.

In order to keep the Directors abreast of new laws, regulations, changing commercial risks and accounting standards, all Directors is updated on any amendments and requirements of the SGX-ST and other statutory changes to regulatory requirements and the Directors' obligations to the Company, from time to time, or during the Board meetings by the Management and professionals.

Directors are encouraged to attend programmes organised by the Accounting and Corporate Regulatory Authority and the SID. All Directors who had completed the course on sustainability matters organised by the SID as required under Rule 720 of the Listing Manual of the SGX-ST ("**Listing Manual**") are able to equip themselves with basic knowledge on sustainability matters.

CORPORATE GOVERNANCE STATEMENT

Provision 1.3 – Matters requiring Board's approval

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's approval is required for matters include, but are not limited to 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, proposal of dividends, approval of Statement by Directors and audited financial statements, the release of the Group's quarterly and full year's financial results, interested person transaction of a material nature and other significant corporate actions. The Board communicates matrix of approval with the Management, and it is updated as the business grows.

Provision 1.4 – Delegation by the Board

The Board has delegated specific authority to the three Board committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). All Board Committees are chaired by an Independent Director and a majority of the members are Independent Directors. Each of the Committees has written terms of reference with authority to examine particular issues and report to the Board with their recommendations. The responsibilities and authority of the Committees set out in their respective terms of reference are in line with the 2018 Code. The effectiveness of each Board Committee is constantly reviewed by the Board. The ultimate responsibility for final decision on all matters lies with the Board.

As at the date of this report, the Board comprises two Executive Directors and three Non-Executive Directors. All of the Non-Executive Directors are independent.

During FY2023, two alternate directors were appointed to the two Executive Directors as part of the leadership refresh and succession planning.

Provision 1.5 – Board meetings, attendance and multiple commitments

The Company releases quarterly reporting of financial results on voluntary basis to provide investors with financial results information about the Company or the Group in a timely manner. The Board conducts scheduled meetings on a quarterly basis and additional Board meetings will be convened as and when they are deemed necessary to address any significant issues that may arise in between the scheduled meetings. 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. The Company's Constitution provides for Board and Board Committees' meetings to be conducted by way of electronic means. Where appropriate, Directors made decisions by passing resolutions in writing as if it had been passed at the Board meeting.

CORPORATE GOVERNANCE STATEMENT

The attendance of the Directors at meetings of the Board and Board committees, as well as the general meetings held in 2023 are append below:

Attendance at Meetings

Name of Director	Board		AC		RC		NC	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Wong Teek Son	4	4					2	2
Lee Wai Keong	4	4						
Lim Jun Xiong Steven	4	4	4	4	2	2	2	2
Raymond Fam Chye Soon	4	4	4	4	2	2		
Yoong Kah Yin	4	4	4	4	2	2	2	2
Sabariah Binti Salleh ⁽¹⁾	2	2	–	–	–	–	–	–
Chong Chu Mee ⁽²⁾	2	2	–	–	–	–	–	–

Notes:

- (1) Puan Sabariah Binti Salleh was appointed as Alternate Director of Mr Wong Teek Son on 15 May 2023. She attended the meeting by invitation.
- (2) Ms Chong Chu Mee was appointed as Alternate Director of Mr Lee Wai Keong on 15 May 2023. She attended the meeting by invitation.

The Board is satisfied that the Directors have devoted sufficient time and attention to the affairs of the Company. Directors attended all meetings held during the year. A calendar of meetings is scheduled for the Board at the beginning of the year. Although some of the Directors have multiple board representations, the Board is of the view that they widen the experience of the Board and give it a broader perspective. Details of the other principal commitments of the Directors are set out in the Board of Directors section of this Annual Report.

Provision 1.6 – Access to information

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 as well as receive complete and regular supply of information from the Management about the Group's financial and operational performance, apprised of the operations in order to fully participate in Board meetings. The Directors also briefed on the execution and implementation of the Company's operations including expansion plans. Updates on the budget and variances between projections and actual results were disclosed and explained to the Board.

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. The Directors are given board papers in advance of meetings for them to be adequately prepared for the meeting and key management personnel (who are not executive directors) are in attendance at Board and Board Committee meetings, whenever necessary. This enables the Board to make informed assessments of the Company's performance and prospects.

CORPORATE GOVERNANCE STATEMENT

Provision 1.7 – Access to Management, Company Secretary and External Advisers

All Directors have unrestricted access to the Group's records and information to enable them to carry out their duties. Directors also liaise with key management personnel 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 Board procedures are followed and reviewed so that the Board functions effectively, the relevant rules and regulations, including requirements of the Companies Act 1967 (the "**Companies Act**") and the Listing Manual are complied with, and provides the Board with regular updates of the latest governance and listing policies. 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.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1 – Board Independence

Provision 2.2 – Majority Independent Directors where Chairman is not independent

Provision 2.3 – Majority Non-Executive Directors in a Board

The Board comprises five directors with three are Non-Executive and Independent Directors (excluding alternate directors) as at the date of this report. There is strong and independent element on the Board with Independent and Non-Executive Directors make up a majority of the Board. The Independent Directors are Mr Lim Jun Xiong Steven, Mr Raymond Fam Chye Soon and Mr Yoong Kah Yin. Independent Directors made up at least one-third of the Board in compliance with Rule 210(5)(c) of the Listing Manual.

The criteria of independence are determined based on the definition as provided in the Listing Manual and the 2018 Code. The Board considers an "independent" director is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company and Group. The NC considers the following while reviewing the independence of Directors:

1. Whether a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service.
2. Whether a director, or a director whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services).
3. Whether they constitute a significant portion of the revenue of the organisation in question.

CORPORATE GOVERNANCE STATEMENT

4. Whether a director who is or has been directly associated with a substantial shareholder of the company, in the current or immediate past financial year.

The Board also reviewed independence of Directors annually based on Rule 210(5)(d) of the Listing Manual which sets out the specific circumstances in which a director should be deemed non-independent. These circumstances include:

- (a) a director who is being employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the RC; or
- (c) if he has been a director for an aggregate period of more than nine years (whether before or after listing) which such director may continue to be considered independent until the conclusion of the next Annual General Meeting ("**AGM**") for the financial year ending 31 December 2023 (effective 11 January 2023).

The NC reviewed the declaration of independence of each director and was satisfied that all Independent Directors were considered independent for the purpose of Provision 2.1 of the 2018 Code and Rule 210(5)(d) of the Listing Manual. The Independent Directors do not have any relationship with the Company, related corporations, its substantial shareholders or officers. The Independent Directors are not employees of any company within the Group and they bring diverse experience to the Company's decision-making process. Apart from receiving Director's fees, they do not have any other material pecuniary relationship or transactions with companies within the Group or the management, which in the judgement of the Board may affect their independence of judgement.

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 Independent Non-Executive Directors. Independent 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. Independent Non-Executive Directors monitor and review the performance of Management and meet without Management present when required. The Lead Independent Director provides feedback to the Chairman after each such meeting.

Provision 2.4 – Board composition and diversity

The Board comprises five (5) Directors as follow:

Wong Teek Son – Executive Chairman and Chief Executive Officer
Lee Wai Keong – Chief Operating Officer and Executive Director
Lim Jun Xiong Steven – Lead Independent Non-Executive Director
Raymond Fam Chye Soon – Independent Non-Executive Director
Yoong Kah Yin – Independent Non-Executive Director

CORPORATE GOVERNANCE STATEMENT

Alternate Directors:

Puan Sabariah Binti Salleh – Alternate Director of Mr Wong Teek Son

Ms Chong Chu Mee – Alternate Director of Mr Lee Wai Keong

The Board is of the view that the current size of the Board is appropriate for effective decision making taking into account the scope and the nature of the operations of the Company and as a group provides valuable perspectives and knowledge of the Company. The Board, with the review by NC, has annually examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company.

The Board comprises 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, that includes in the manufacturing industry, 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.

The Board has adopted a Board Diversity Policy and works towards implementing the objectives of a diverse Board to enhance its performance and work towards its long-term objectives. A diverse Board will enhance the decision-making process of the Board through perspectives derived from the various skills, industry and business experiences, gender, age, geographies, tenures of service and other distinctive qualities of the Directors.

The Company's operation is substantially located in Malaysia. Geographical diversity for Board members in the country with substantial operations allows the Board to understand and manage risks and opportunities effectively. The number of Independent Directors, whose principal country of residence in Malaysia has increased to two. In compliance with the provision of the Companies Act and as a Singapore incorporated company listed in the SGX-ST, the Company's Lead Independent Director is a Singapore Citizen.

Directors with diverse range of skills and knowledge with experiences in different industry brings depth to Board discussion which eventually forms corporate strategy for the Company. The Board comprises Directors who comes from various professions. These include accounting or finance, legal, business or management experience and engineering. Specific expertise and experience of Directors are set out in the Board of Directors section.

The Company went through Board refreshment progressively with the appointment of two female alternate directors in May 2023 as part of succession planning and refresh the Board. The diversity of gender in the Board brings fresh perspective, problem-solving abilities and inventiveness and eventually lead to work group diversity. One of the female alternate directors is a Muslim and she brings understanding of new products to meet demand of customers.

The age of newly appointed directors bridges the gap in understanding the customers' needs while their knowledge and experiences of more than 20 years in the industry are valuable to the Group. The Company reaps the benefit of diversity of gender, age and culture.

The NC reviews its targets for diversity from time to time and may recommend changes or additional targets to achieve greater diversity.

CORPORATE GOVERNANCE STATEMENT

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 – Separation of the role of the Chairman and the CEO

Provision 3.2 – Role of the Chairman and the CEO

Mr Wong Teek Son ("**Mr Wong**") is both the Executive Chairman and 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. Majority of the Board comprises Independent Directors who expressed their views independently at all times and involved in deliberations at the Boardroom. Independent Directors provided objective and constructive challenge to the assumptions and viewpoints presented by the Chairman. There is a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual represents a considerable concentration of power.

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. Mr Wong 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. He maintains effective communications with shareholders of the Company.

The CEO is responsible for the day-to-day management of the business in line with the long-term success of the Company. As CEO, Mr Wong formulates and proposes strategic direction for value creation of the business. The CEO together with the Executive Director, Mr Lee Wai Keong have full executive responsibilities over the business directions and operational decisions and responsible for succession planning for key management personnel.

Provision 3.3 – Lead Independent Director

Mr Lim Jun Xiong Steven is 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 Chairman or Management has failed to resolve or is inappropriate. The Lead Independent Director also provides leadership in situation where the Chairman or Director is conflicted.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2 – Roles and composition of the NC

The terms of reference of the NC provide that the NC shall comprise at least three Directors, the majority of whom, including the NC Chairman, shall be independent, and the Lead Independent Director, shall be a member. As at the date of this report, the NC comprises two Independent Directors, Mr Yoong Kah Yin who is the Chairman of the NC and Mr Lim Jun Xiong Steven, the Lead Independent Director as well as the CEO, Mr Wong Teek Son.

CORPORATE GOVERNANCE STATEMENT

The NC is regulated by a set of written terms of reference which are in line with the 2018 Code, that describe its objectives, duties and responsibilities. The objective of the NC is to maintain an effective Board and to ensure that only competent individuals capable of contributing to the success of the Company are appointed. 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 (including alternate director, where applicable);
- (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 of re-nomination and re-election of Directors;
- (e) review of training and professional development programmes for the Board and its Directors; and
- (f) review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel.

Provision 4.3 – Board Renewal

Where new appointments are required, the NC will consider specific skills set required and recommendation for new Directors, review their qualifications and interview 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 NC would interview with such candidates, before a decision is made on a selection. The criteria for identifying candidates and reviewing nominations for appointments shall include diversity of gender, skills and experience in the pool of candidates evaluated for new appointment to the Board.

All Directors have to submit themselves for re-nomination/re-election at regular intervals or at least once every three years in accordance with the Company's Constitution. Pursuant to Rule 720(5) of the Listing Manual, Mr Lee Wai Keong and Mr Raymond Fam Chye Soon are due for retirement by rotation at the forthcoming AGM. The NC has recommended to the Board for the re-election of Mr Lee Wai Keong and Mr Raymond Fam Chye Soon. In reviewing the nomination of director for re-election at the forthcoming AGM, the NC has considered criteria such as the Director's contribution, participation, preparedness and attendance. Mr Lee Wai Keong and Mr Raymond Fam Chye Soon respectively has consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, Mr Lee Wai Keong and Mr Raymond Fam Chye Soon will be offering themselves for re-election at the forthcoming AGM.

The NC regards succession planning as an important part of corporate governance and places strong emphasis on its recommendations to the Board on relevant matters relating to succession plans for the Board, key management personnel and other senior members of Management. The Board recognised the importance of identifying potential candidate within the Company for succession planning for the CEO and key management personnel. The NC reviews succession plan annually to ensure continuity of leadership.

CORPORATE GOVERNANCE STATEMENT

Provision 4.4 – Independence review of Directors

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. Each of the Independent Director had recused themselves from the NC's and the Board's deliberations on their own independence. 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 (with each NC member who is an Independent Director recused himself from determining his own independence) and determined that Mr Lim Jun Xiong Steven, Mr Raymond Fam Chye Soon and Mr Yoong Kah Yin are independent having regard the circumstances set forth in the Listing Manual and 2018 Code. The Independent Directors do not have any relationship with the Company, related corporations, its substantial shareholders or officers. The Independent Directors are not employees of any company within the Group.

Provision 4.5 – Directors' time commitments and multiple Directorships

The NC ensures that all newly-appointed Directors are aware of their duties and obligations. The Board has not determined the maximum number of listed company board representation which any Director may hold. The NC and the Board is of the view that the Directors with multiple board representations, especially in listed companies, were able to and have been adequately carrying out their duties as a Director of the Company and 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. The NC, together with the Board, is satisfied that the Directors have discharged their duties diligently, given that sufficient time, attention, resources and expertise has have been given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations as well as any other principal commitments. These Directors would widen the experience of the Board and give it a broader perspective.

Summary of activities in 2023

- Reviewed structure, size and composition of the Board and Board Committees;
- Reviewed independence and time commitment of Directors;
- Reviewed and initiate process for evaluating Board, Board Committee, Chairman and individual Directors performance;
- Reviewed results of performance evaluation and feedback to the Board, Board Committees and individual Directors;
- Reviewed the need to progressive refreshing of the Board;
- Considered recommendations for new Director (including alternate director), review their qualifications and meet with such candidates, before a decision is made on a selection;
- Reviewed succession planning for Chairman, CEO and key management personnel and notified the Board;
- Reviewed Board Diversity policy; and
- Discussed information required to be reported under the 2018 Code or Listing Manual.

CORPORATE GOVERNANCE STATEMENT

Key information regarding the Directors of the Company are disclosed as follows:

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	25 April 2022	Executive Chairman/ Chief Executive Officer	Member of Nominating Committee	None
Lee Wai Keong	3 August 2005	26 April 2021	Executive Director/ Chief Operating Officer	None	None
Lim Jun Xiong Steven	26 April 2021	24 April 2023	Independent Director	Lead Independent Director, Chairman of Audit Committee and member of Remuneration Committee and Nominating Committee	<ul style="list-style-type: none"> • Mirach Energy Limited (Resigned on 30 April 2021) • Keong Hong Holdings Limited (Resigned on 31 December 2021) • Hong Fok Corporation Limited (Resigned on 1 September 2023) • Sinarmas Land Limited • Livingstone Health Holdings Limited • Bund Center Investment Limited • Cosmosteel Holdings Ltd • Baker Technology Limited
Raymond Fam Chye Soon	3 June 2020	25 April 2022	Independent Director	Chairman of Remuneration Committee and member of Audit Committee	<ul style="list-style-type: none"> • Export-Import Bank of Malaysia Berhad • Generali Insurance Malaysia Berhad
Yoong Kah Yin	26 April 2021	24 April 2023	Independent Director	Chairman of Nominating Committee and member of Remuneration and Audit Committee	

CORPORATE GOVERNANCE STATEMENT

Details of other principal commitments of the Directors are set out in the Directors' Profile of this Annual Report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

Provisions 5.1 and 5.2 – Board Evaluation Process

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.

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 evaluating and 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. The results of the assessment were collated by the Company Secretary and presented to the NC with comparatives from the previous year's results (where applicable). The evaluation exercise provided feedback from each Director, his views on the Board process and procedures as well as the effectiveness of the Board as a whole. All feedback and comments received from Directors are reviewed by the NC, in consultation with the Chairman of the NC and Board. There was no change in the process for the assessment of the 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.

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.

External consultants were not engaged in the annual assessment.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

CORPORATE GOVERNANCE STATEMENT

Provisions 6.1 and 6.2 – Composition of the RC

Provision 6.3 – Remuneration framework

The terms of reference of the RC provide that the RC shall comprise at least three Directors, the majority of whom, including the RC Chairman, shall be independent. The RC comprises three Independent Directors, namely and Mr Raymond Fam Chye Soon, who is the Chairman of the RC, Mr Lim Jun Xiong Steven and Mr Yoong Kah Yin as at the date of this report.

The RC is regulated by a set of written terms of reference, which are in line with the Code. The RC is responsible for, including but not limited to, the following key terms of reference:

- (a) ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel;
- (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) 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.

The RC shall review the Company's obligations arising in the event of the termination of an Executive Director and/or key management personnel's contract of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

For financial year 2023, there were no termination, retirement and post-employment benefits granted to the Directors and key management personnel.

Provision 6.4 – Remuneration consultant

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. The Company had engaged an external remuneration consultant, HR Guru in 2021 to review the remuneration of Independent Non-Executive Directors through benchmarking study, responsibilities vested and effort and time commitment required from the Independent Non-Executive Directors given the complexities of the business and business structure. This is to ensure the remuneration of Independent Non-Executive Directors is appropriate to the level of contribution taking into account factors such as effort, time spend and responsibilities. Review from HR Guru guides the Board in reviewing the remuneration for Directors.

CORPORATE GOVERNANCE STATEMENT

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provisions 7.1 and 7.3 – Remuneration of Executive Directors and KMPs

Provision 7.2 – Remuneration of Non-Executive Directors

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 one of the Executive Director, namely Mr Lee Wai Keong, are paid a basic salary and a performance-related profit sharing bonus. No Director will be involved in deciding his own remuneration.

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 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 over-compensated to the extent that their independence are compromised. Other than Directors' fees, which have to be approved by shareholders at every AGM, the Independent Directors do not receive any other forms of remuneration from the Company.

Directors' fees amounting to SGD221,000 for the financial year ending 31 December 2023 have been proposed for payment in arrears on a quarterly basis. This recommendation has been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

No Director is involved in deciding his or her own remuneration.

Provision 7.3 – Long Term incentives

The Company currently does not have any share option scheme or any long term scheme in place as the Company believes "pay holds employees accountable" for improving shareholders value and drive productivity profit. The Company currently does not have any contractual provisions to allow the Company to reclaim incentive from Executive Directors and key management personnel in exceptional cases of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The RC believes the current remuneration is sufficient to attract, retain and motivate directors to provide good stewardship to the Company and key management personnel for long-term objectives and shareholders' value.

CORPORATE GOVERNANCE STATEMENT

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 – Disclosure of remuneration

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 Executive Chairman, Executive Director and Chief Financial Officer (“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 breakdown of remuneration paid to Directors for FY2023 on an individual basis are as follow:

Remuneration of Directors:

Name of Director	Salaries, allowances and benefits-in-kind S\$	Bonus S\$	Profit sharing S\$	Directors’ Fees S\$	Total S\$
Wong Teek Son	180,274	–	488,110	–	668,384
Lee Wai Keong	129,317	–	438,834	–	568,151
Sabariah Binti Salleh	93,160	21,762	–	–	114,922
Chong Chu Mee	99,983	21,718	–	–	121,701
Lim Jun Xiong Steven	–	–	–	83,000	83,000
Raymond Fam Chye Soon	–	–	–	69,000	69,000
Yoong Kah Yin	–	–	–	69,000	69,000
	502,734	43,480	926,944	221,000	1,694,158

Remuneration of Key Management Personnel:

Remuneration Band and Name of top 8 key management personnel	Salaries, allowances and benefits-in-kind	Bonus	Profit sharing	Directors’ Fees	Total
Below S\$250,000					
Lim Sing Poew	89%	11%	–	–	100%
Dumrongsak Aroonprasertkul	57%	–	43%	–	100%
Tan Wang Thing	84%	16%	–	–	100%
Lee Keat Leong	64%	36%	–	–	100%
Mohamed Anuar Bin Idris	82%	18%	–	–	100%
Gan Ah Mooi	81%	19%	–	–	100%
Casey Khor Kuan Ching	85%	15%	–	–	100%
Ge Ren Ping	82%	18%	–	–	100%

CORPORATE GOVERNANCE STATEMENT

For competitive reasons and to maintain confidentiality of staff remuneration and to prevent poaching of key management personnel in the competitive industry, the Company is disclosing remuneration breakdown of top eight (8) key management personnel of the Group (who are not Directors or CEO) in bands of S\$250,000 for FY2023 without disclosing aggregate total remuneration paid to the top 8 key management personnel of the Group in this report. The Board is of the view that specific remuneration disclosure of aggregate total remuneration of top eight (8) key management personnel is not in the best interest of the Company considering the competitive industry and it may adversely affect the Company's talent retention efforts, given the sensitive nature in the industry for key talent. Considering the highly competitive business environment which the Group operates and potential impact of such disclosure will have on the Group as well as the Group's retention efforts for key talent especially in anticipation of post-pandemic time, the current disclosure of key management personnel on a named basis and in bands of S\$250,000 was sufficient.

Provision 8.2 – Remuneration of related employees

Mr Wong Teek Son and Mr Wong Teck Choon are brothers. Puan Sabariah Binti Salleh and Encik Mohamed Anuar Bin Idris are husband and wife. The Group does not have any employees who are immediate family members of a Director or the CEO and or a substantial shareholder of the Company whose remuneration exceeded S\$100,000 for the FY2023.

Provision 8.3 – Forms of remuneration and details of employee share schemes

The Company does not have any employee share scheme.

Summary of activities in 2023
<ul style="list-style-type: none"> • Reviewed and approved fixed remuneration, total cash remuneration and total remuneration for executives; • Discussion on remuneration packages of employees in the Group which includes salary adjustments and bonus; • Reviewed remuneration package of the Executive Directors and CEO which includes salary and profit sharing bonus; and • Reviewed remuneration package of the Independent Non-Executive Directors.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1 – Nature and extent of risks

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

CORPORATE GOVERNANCE STATEMENT

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 the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and Company's assets. The Board has adopted an enterprise risk management framework to ensure that a robust risk management and internal controls are in place. The head of departments had oversight of the Group's risk governance as follow:

- Review the adequacy and 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 adequacy and 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, Board Committees and the Board, the Board is satisfied that the Group's risk management systems and internal controls (including financial, operational, compliance and information technology) were adequate and effective for financial year ended 31 December 2023. 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 systems. 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.

Subsequent to the close of financial year end 2023, international bodies and national governments have imposed sanctions with the aim of achieving foreign policy or national security goals. Although the Group has principal place of business outside Singapore with customers overseas, none of the Group's person or entity is exposed to sanctions-related risks. The Board confirmed there has been no material change in its risk of being subject to any Sanctions Law. The Board's comment on the adequacy and effectiveness of internal controls and risk management systems included consideration related to any sanctions-related risk. The AC concurred with the Board's comment.

CORPORATE GOVERNANCE STATEMENT

Provision 9.2 – Assurance from the CEO and CFO

The Board received assurance in writing from CEO and CFO that (i) the financial records have been properly maintained and the financial statements of the Company give a true and fair view of the Company's operations and finances and (ii) the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls). However, the Board also notes that no system of internal controls and risk management systems can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1, 10.2 and 10.3 – Composition of the AC

The terms of reference of the AC provide that the AC shall comprise at least three members, all of whom shall be Non-Executive Directors and a majority of whom, including the AC Chairman, shall be independent. The AC comprises three Independent Directors, namely Mr Lim Jun Xiong Steven, who is the Chairman of the AC, Mr Raymond Fam Chye Soon and Mr Yoong Kah Yin as at the date of this report.

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 internal 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:

- To review 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;
- making recommendation to the Board on (i) the proposals to the shareholders on the appointment, re-appointment or removal of external auditors, remuneration and terms of engagement of external auditors;
- Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal controls and risk management audit function; and
- Reviewing the assurance from the CEO and the CFO on the financial records and financial statements.

The AC will be responsible for (a) monitoring the issuer's risk of becoming subject to, or violating, any Sanctions Law; and (b) ensuring timely and accurate disclosures to SGX and other relevant authorities. The AC terms of reference will be reviewed to include assessment in relation to the sanctions-related risks.

CORPORATE GOVERNANCE STATEMENT

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 65 for details of the 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 also received the Audit Quality Indicators from the external auditors.

The AC agreed that the Key Audit Matters ("**KAM**") highlighted by the external auditors were appropriate areas to focus on. The AC examined the findings on the KAM together with the external auditors and Management. In each of the KAM, the AC reviewed and accepted their assessment, judgements and estimates on the significant matter reported by the external auditor. The AC concurred with the external auditors regarding the KAM.

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, with the concurrence of the Board, had recommended the re-appointment of Messrs Ernst & Young LLP as the Company's external auditors at the forthcoming AGM. During the year, there was no non-audit related work carried out by its external auditors.

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 Rules 712 and 715 of the Listing Manual.

Provision 10.4 – Internal audit function

The internal audit function of the Group is outsourced to an auditing firm. 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.

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 is satisfied with the independence and effectiveness of the internal audit function.

CORPORATE GOVERNANCE STATEMENT

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 and risk management. 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 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 and identity of the whistle-blower is kept confidential. 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 is responsible for oversight and monitoring of whistleblowing policy.

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.

Summary of activities for 2023

- Reviewing quarterly financial statements and announcements and recommend to the Board;
- Reviewing financial and operating performance of the Group;
- Reviewing budget and forecasts as presented by Management;
- Reviewing interested person and related party transactions;
- Reviewing the audit report from the external auditor, including areas of audit emphasis and key audit matters, findings and progress of Management's actions as well as update on new accounting standards with status of Management's implementations;
- Evaluating and recommending the re-appointment of the external auditors, review of audit fees, provision of non-audit services, objectivity and independence and review of the audit plan;
- Reviewing the internal audit plan (including progress, implementation of management actions, changes to the plan and auditable entity) and follow-up actions;
- Reviewing the adequacy and effectiveness of the internal controls (including financial, operations, compliance and information technology) and risk management systems with reference to the Internal Control Framework and Statement of Internal Controls with the internal auditor;
- Reviewing the adequacy and effectiveness, independence and scope of the internal audit function and approve the auditing firm to which the internal function is outsourced including audit resources and its appropriate standing within the Group; and
- Meeting with the external auditor and internal auditor without the presence of Management.

CORPORATE GOVERNANCE STATEMENT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1, 11.2, 11.3 and 11.4 – Conduct of general meetings

The Board is accountable to the shareholders and is mindful of its obligation to provide a balanced and understandable of material information to shareholders, investors and public. This allows shareholders to assess its performance, position and prospects.

The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholders' rights.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

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. The Company conducts investor briefings after the release of its financial results, inviting analysts, fund managers, both mainstream and non-mainstream media and shareholders of the Company, in an effort to promote regular, effective and fair flow of information between shareholders and its stakeholders. All presentation slides made during the investor briefings are uploaded via SGXNET. Shareholders may contact the Company with questions and through which the Company may responds to such questions.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. The Company's Constitution allows shareholders the right to appoint a proxy to attend and vote on their behalf of the shareholder's meetings. The electronic Annual Report and notice of AGM are made available on the Company's website www.riverstone.com.my 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 and are available to address questions. The external auditors are also present to assist the Directors in addressing any relevant queries by 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 Constitution 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 it is appropriate to do so.

CORPORATE GOVERNANCE STATEMENT

The AGM held on 24 April 2023 was conducted physically in Singapore. Shareholders had the opportunity to submit questions in advance before the AGM and they are given at least seven days after notice of AGM to submit questions relating to the AGM agenda. The Company had on 20 April 2023 addressed the relevant and substantial questions submitted in advance by shareholders and Securities Investors Association (Singapore) ("SIAS"). Directors also replied to questions by shareholders at the physical AGM.

Provision 11.5 – Minutes of general meetings

Minutes of general meetings include substantial and relevant queries or comments from shareholders and responses from the Board and Management relating to the agenda of the meeting. These minutes would be available to shareholders upon their request. The Company had published minutes of the AGM held on 24 April 2023 via SGXNET on 24 May 2023.

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.

Provision 11.6 – Dividend policy

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 FY2023, the Company had paid interim dividend of RM0.08 per share (tax-exempt 1-tier), RM0.10 per share (tax-exempt 1-tier), RM0.05 per share (tax-exempt 1-tier) and another RM0.05 per share (tax-exempt 1-tier) on 24 March 2023, 19 May 2023, 6 October 2023 and 8 December 2023 respectively and also a special interim dividend of RM0.05 per share (tax exempt 1-tier) payable on 5 April 2024. The Company has recommended a final dividend of RM0.075 per share (tax-exempt 1-tier) for the financial year ended 31 December 2023 payable on 17 May 2024 subject to the shareholders' approval at the forthcoming AGM.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provisions 12.1, 12.2 and 12.3 – Shareholder engagement

The Company aims to engage in regular, effective and fair communication with shareholders, and be as descriptive, detailed and forthcoming as possible. The Annual Report and Notice of AGM is made available to all shareholders and published on SGXNET. The notice is also advertised in the press and made available on the website. At AGM, the Company encourages shareholders participation and shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company.

CORPORATE GOVERNANCE STATEMENT

The electronic Annual Report and financial results are disclosed on an equal and timely basis through SGXNET within the mandatory period and the information is also available on the Company's website. Information on the Company's new initiatives or key developments are first disseminated via SGXNET and also made available on-line to shareholders on a timely and transparent manner with the same disclosure given publicly to all. Price sensitive information is announced through SGXNET. However, any information that may be regarded as undisclosable material information about the Group will not be given.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provisions 13.1, 13.2 and 13.3 – Stakeholder engagement

The Company engages its stakeholders through different channels to establish, address and monitor the material environmental, social and governance (ESG) factors of the Company's operation and its impact on the various stakeholders.

The Company engages stakeholders with the various channels that are already in place, to better understand its stakeholders' concerns, and address any issues that they may face. Engagement channels and frequencies are reviewed periodically to ensure that they are sufficient to deal with current identified stakeholders' ESG-related issues.

The Company is committed to enhance and improve the current engagement initiatives, while staying abreast of new trends or developments that may affect the sustainability standing of the Company, and eventually devise corresponding measures to resolve the new ESG issues. For more information on the Company's approach to stakeholder engagement and materiality assessment, please refer to the Company's Sustainability Report which will be available on or before 30 April 2024.

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 one month before announcement of the Company's half yearly results and 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.

CORPORATE GOVERNANCE STATEMENT

The Company does not have an Interested Person Transactions Mandate.

The transaction with an interested person for FY2023 is as follow:

Name of interested person	Nature of relationship	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	Partners of Hoe Hup Heng Engineering are Kuan Ban Hoe and Kuan Thye Ho, both of whom are the brothers-in-law of our Executive Chairman and CEO, Mr Wong Teek Son	S\$10,497	(equivalent to RM35,670)	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 FY2023.

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 subsidiaries (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 2023.

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 2023 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)
Sabariah Binti Salleh	(Alternate director to Wong Teek Son)
Lee Wai Keong	
Chong Chu Mee	(Alternate director to Lee Wai Keong)
Lim Jun Xiong Steven	
Raymond Fam Chye Soon	
Yoong Kah Yin	

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' interests in shares and debentures

According to the register of directors' shareholdings, kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), the directors of the Company who held office at the end of the financial year had no interest in shares of the Company and its related corporations except as stated below:

	Direct interest		Deemed interest	
	As at 1 January 2023 or date of appointment	As at 31 December 2023	As at 1 January 2023 or date of appointment	As at 31 December 2023
Ordinary shares of the Company				
Wong Teek Son	8,868,000	8,868,000	752,133,120*	752,133,120*
Lee Wai Keong	130,791,600	130,791,600	–	–
Sabariah Binti Salleh (Alternate director to Wong Teek Son)	196,000	196,000	72,000**	72,000**
Chong Chu Mee (Alternate director to Lee Wai Keong)	260,000	260,000	–	–

* 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.

** Sabariah Binti Salleh is deemed interested in the shares held by her spouse in the Company.

DIRECTORS' STATEMENT

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2024.

By virtue of Section 7 of the Singapore Companies Act 1967 (the "Act"), Wong Teek Son is deemed to have interests in shares of the subsidiaries to the extent held by the Company.

Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

At the end of the financial year, there were 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 Act. The functions performed are detailed in the Report on Corporate Governance.

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

25 March 2024

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023, 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 material accounting policy information.

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 Singapore Companies Act 1967 (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 2023 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 matter

Key audit matters are those matter that, in our professional judgement, are of most significance in our audit of the financial statements of the current period. These matters are 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 the 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 the matter. 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 matter below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Key audit matter (Continued)

Revenue recognition

Revenue for the year ended 31 December 2023 amounted to RM914.78 million (2022: RM1,259.52 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 are based on the performance-related incentive bonus scheme. Accordingly, we have identified this as a key audit matter because revenue could be recognised in the incorrect financial period for sales transactions occurring near or at the year-end and could be overstated to achieve performance targets.

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 sales transactions on a sample basis that took place near to and 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 to assess whether the sales transactions were recognised in the correct financial year. We also considered the results of confirmations received from customers with significant balances outstanding at year end. For material credit notes issued after the balance sheet date, we performed procedures to assess whether the related sales transactions were recognised in the correct financial year. In addition, we performed trend analysis of sales by products by comparing against prior year and assessed if the variances were within our expectations based on our understanding of the Group's business, taking into consideration the current economic environment. For subsidiaries with significant sales, we performed correlation analysis to analyse the relationship between revenue, trade receivables and cash to identify outliers, if any, or trends not within our expectations of the Group's business.

We also considered the adequacy of the disclosures regarding the Group's revenue in Notes 2.17 and 4 to the financial statements.

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 pages 41 to 42.

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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.
- 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Auditor's responsibilities for the audit of the financial statements (Continued)

- 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.

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 subsidiaries 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 Ng Boon Heng.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

25 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Revenue	4	914,776	1,259,515
Cost of sales		(619,265)	(809,195)
Gross profit		295,511	450,320
Other income	5	31,171	25,120
Selling and distribution expenses		(15,425)	(19,671)
General and administrative expenses		(31,260)	(39,652)
Other operating (expenses)/income – net		(613)	911
Operating profit		279,384	417,028
Finance costs		(34)	(23)
Profit before taxation	6	279,350	417,005
Income tax expense	7	(58,974)	(102,607)
Profit for the year		220,376	314,398
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain		23,265	6,445
Other comprehensive income for the year		23,265	6,445
Total comprehensive income for the year		243,641	320,843
Profit attributable to:			
Equity holders of the Company		220,377	314,399
Non-controlling interests		(1)	(1)
		220,376	314,398
Total comprehensive income attributable to:			
Equity holders of the Company		243,642	320,844
Non-controlling interests		(1)	(1)
		243,641	320,843
Earnings per share	8		
Basic (sen)		14.87	21.21
Diluted (sen)		14.87	21.21

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current assets					
Property, plant and equipment	9	726,026	741,562	–	–
Investment in subsidiaries	10	–	–	228,563	215,416
Deferred tax assets	17	1,101	1,230	–	–
		727,127	742,792	228,563	215,416
Current assets					
Inventories	11	83,183	82,368	–	–
Trade receivables	12	128,001	118,206	–	–
Other receivables	13	5,632	4,167	2,208	1,111
Prepayments		4,272	5,122	60	62
Derivatives	16	1,540	903	–	–
Tax recoverable		–	145	–	–
Cash and cash equivalents	14	875,433	1,066,061	404,742	410,146
		1,098,061	1,276,972	407,010	411,319
Total assets		1,825,188	2,019,764	635,573	626,735
Current liabilities					
Payables and accruals	15	71,525	84,875	490	438
Lease liabilities	18	495	–	–	–
Contract liabilities	4	628	1,502	–	–
Provision for taxation		11,940	19,735	2,240	248
		84,588	106,112	2,730	686
Net current assets		1,013,473	1,170,860	404,280	410,633
Non-current liabilities					
Lease liabilities	18	523	–	–	–
Employee benefit obligations		930	803	–	–
Deferred tax liabilities	17	57,583	59,920	–	–
		59,036	60,723	–	–
Total liabilities		143,624	166,835	2,730	686
Net assets		1,681,564	1,852,929	632,843	626,049
Equity attributable to owners of the Company					
Share capital	19	156,337	156,337	156,337	156,337
Treasury shares	20	(815)	(815)	(815)	(815)
Reserves		1,526,039	1,697,403	477,321	470,527
		1,681,561	1,852,925	632,843	626,049
Non-controlling interests		3	4	–	–
Total equity		1,681,564	1,852,929	632,843	626,049
Total equity and liabilities		1,825,188	2,019,764	635,573	626,735

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 2023

Attributable to equity holders of the Company

Group	Share capital	Treasury shares	Retained earnings	Other reserves	Total reserves	Non-controlling interests	Total equity
	(Note 19)	(Note 20)	(Note 21)	(Note 21)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	156,337	(815)	2,215,640	(38,710)	2,176,930	5	2,332,457
Profit for the year	–	–	314,399	–	314,399	(1)	314,398
Other comprehensive income for the year	–	–	–	6,445	6,445	–	6,445
Total comprehensive income for the year	–	–	314,399	6,445	320,844	(1)	320,843
Dividends (Note 22)	–	–	(800,371)	–	(800,371)	–	(800,371)
As at 31 December 2022	156,337	(815)	1,729,668	(32,265)	1,697,403	4	1,852,929
As at 1 January 2023	156,337	(815)	1,729,668	(32,265)	1,697,403	4	1,852,929
Profit for the year	–	–	220,377	–	220,377	(1)	220,376
Other comprehensive income for the year	–	–	–	23,265	23,265	–	23,265
Total comprehensive income for the year	–	–	220,377	23,265	243,642	(1)	243,641
Dividends (Note 22)	–	–	(415,006)	–	(415,006)	–	(415,006)
As at 31 December 2023	156,337	(815)	1,535,039	(9,000)	1,526,039	3	1,681,564

Company	Share capital	Treasury shares	Retained earnings	Other reserves	Total reserves	Total equity
	(Note 19)	(Note 20)	(Note 21)	(Note 21)		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	156,337	(815)	581,772	43,406	625,178	780,700
Profit for the year	–	–	625,703	–	625,703	625,703
Other comprehensive income for the year	–	–	–	20,017	20,017	20,017
Total comprehensive income for the year	–	–	625,703	20,017	645,720	645,720
Dividends (Note 22)	–	–	(800,371)	–	(800,371)	(800,371)
As at 31 December 2022	156,337	(815)	407,104	63,423	470,527	626,049
As at 1 January 2023	156,337	(815)	407,104	63,423	470,527	626,049
Profit for the year	–	–	389,222	–	389,222	389,222
Other comprehensive income for the year	–	–	–	32,578	32,578	32,578
Total comprehensive income for the year	–	–	389,222	32,578	421,800	421,800
Dividends (Note 22)	–	–	(415,006)	–	(415,006)	(415,006)
As at 31 December 2023	156,337	(815)	381,320	96,001	477,321	632,843

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 2023

	2023 RM'000	2022 RM'000
Cash flows from operating activities		
Profit before taxation	279,350	417,005
Adjustments for:		
Depreciation of property, plant and equipment	60,429	62,878
Property, plant and equipment written off	633	743
Gain on disposal of property, plant and equipment	(95)	(45)
Fair value (gain)/loss on derivatives	(906)	432
Interest expense	34	23
Interest income	(29,777)	(22,796)
Foreign exchange differences	(4,086)	(3,322)
Operating cash flows before working capital changes	305,582	454,918
(Increase)/decrease in inventories	(815)	70,644
(Increase)/decrease in receivables and prepayments	(10,410)	112,673
Increase in employee benefit obligations	127	272
Decrease in payables, accruals and contract liabilities	(6,320)	(53,473)
Cash flows generated from operations	288,164	585,034
Interest paid	(34)	(23)
Interest received	29,777	22,796
Income tax paid	(68,832)	(229,360)
Net cash flows generated from operating activities	249,075	378,447
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	253	259
Purchase of property, plant and equipment (Note 14)	(51,712)	(133,409)
Net cash flows used in investing activities	(51,459)	(133,150)
Cash flows from financing activities		
Repayment of borrowings	-	(1,000)
Payment of principal portion of lease liabilities	(522)	(578)
Dividends paid	(415,006)	(800,371)
Net cash flows used in financing activities	(415,528)	(801,949)
Net decrease in cash and cash equivalents	(217,912)	(556,652)
Effect of foreign currency exchange rates	27,284	9,782
Cash and cash equivalents at beginning of year	1,066,061	1,612,931
Cash and cash equivalents at end of year (Note 14)	875,433	1,066,061

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 2023

1. Corporate information

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

The registered office of the Company is located at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619. The principal place of business of the Company 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 subsidiaries are disclosed in Note 10 to the financial statements.

2. Material accounting policy information

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)").

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 Malaysian Ringgit ("RM") and all values are rounded to the nearest thousand ("RM'000"), except when otherwise indicated.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

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
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 1-1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 16: <i>Lease liability in a Sale and Leaseback</i>	1 January 2024

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises 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.

2.5 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 subsidiaries in the Group is RM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.5 Foreign currency (Continued)

The financial statements of the Company are translated from SGD to RM based on Note 2.5(b).

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

2.6 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 has an unlimited useful life and therefore is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.6 Property, plant and equipment (Continued)

Depreciation is computed on a straight-line method to allocate depreciable amounts over the estimated useful lives of the assets as follows:

Leasehold land and buildings	:	3 to 99 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 profit or loss in the year the asset is derecognised.

2.7 Subsidiaries

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

In the Company's separate statement of financial position, investment in subsidiaries are accounted for at cost less impairment losses.

2.8 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.8 Impairment of non-financial assets (Continued)

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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.

2.9 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 the estimated costs necessary to make the sale.

2.10 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 instruments.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.10 Financial instruments (Continued)

(a) **Financial assets** (Continued)

Initial recognition and measurement (Continued)

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.

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 amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The Group only has debt instruments classified as amortised cost and FVPL.

(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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.10 Financial instruments (Continued)

(a) **Financial assets** (Continued)

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.

(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.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.11 Impairment of financial assets (Continued)

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.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

2.13 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.

2.14 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.15 Employee benefits

(a) **Defined contribution plans**

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

(b) **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) **Right-of-use assets**

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8.

The Group's right-of-use assets are presented within property, plant and equipment (Note 9).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.16 Leases (Continued)

As lessee (Continued)

(b) Lease liabilities

Lease liabilities is measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note 18.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office and properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.17 Revenue (Continued)

Sale of gloves and non-glove consumables

The Group manufactures and supplies cleanroom and healthcare gloves and other consumable products comprising finger cots, static shielding bags, face mask, wipers and packaging materials.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume rebate. Based on the Group's experience, 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 applied the 'expected value method' in estimating the amount of volume rebates payable to customer where consideration have been received and recognises 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.

2.18 Income taxes

(a) **Current income tax**

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.18 Income taxes (Continued)

(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 investment in subsidiaries, 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.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policy information (Continued)

2.18 Income taxes (Continued)

(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.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.19 Share capital

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.

2.20 Treasury shares

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

2.21 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 and estimates made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Revenue

Revenue represents the invoiced value of goods sold, less returns inward, discounts and rebates allowed. Revenue are recognised at a point in time upon the satisfaction of performance obligations by transferring control of the goods to the customer.

Contract balances

Information about receivables and contract liabilities from contracts with customers are disclosed as follows:

	Group		
	31 December 2023	2022	1 January 2022
	RM'000	RM'000	RM'000
Receivables from contracts with customers (Note 12)	128,001	118,206	232,009
Contract liabilities	628	1,502	6,187

Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customer for sale of products. Contract liabilities have decreased due to a decrease in demand for the Group's products after the COVID-19 pandemic.

Contract liabilities are recognised as revenue when the Group has fulfilled its performance obligations under the contract. During the financial year ended 31 December 2023, revenue recognised from amounts included in the contract liabilities balance at the beginning of the period amounted to RM1,502,000 (2022: RM6,187,000).

5. Other income

	Group	
	2023	2022
	RM'000	RM'000
Interest income from bank balances	29,777	22,796
Others	1,394	2,324
	31,171	25,120

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Profit before taxation

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

	Group	
	2023 RM'000	2022 RM'000
Interest expenses	34	23
Salaries and bonuses	117,748	128,048
Contributions to defined contribution schemes	8,008	8,767
Depreciation of property, plant and equipment	60,429	62,878
Fair value (gain)/loss on derivatives	(906)	432
Directors' fee	751	705
Auditors' remuneration		
– audit fee paid to the auditor of the Company	238	153
– audit fee paid to member firms of the auditor of the Company	365	344
– audit fee paid to other auditors	41	52
Property, plant and equipment written off	633	743
Gain on disposal of property, plant and equipment	(95)	(45)

7. Income tax expense

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

	Group	
	2023 RM'000	2022 RM'000
Current income tax		
Current income taxation	52,800	86,034
(Over)/under provision in respect of prior years	(171)	1,712
Withholding tax on foreign sourced income	8,546	9,953
	61,175	97,699
Deferred income tax		
Movements in temporary differences	3,656	2,031
Movements in undistributed foreign sourced dividend income	(5,402)	3,222
Over provision in respect of prior years	(455)	(345)
	(2,201)	4,908
	58,974	102,607

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Income tax expense (Continued)

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	
	2023	2022
	RM'000	RM'000
Profit before taxation	279,350	417,005
Tax at domestic statutory tax rates applicable to profits in the countries where the Group operates	63,794	96,684
Effect of prosperity tax	–	10,963
Effects of expenses not deductible for tax purposes	4,734	1,098
Effects of non-taxable income	(6,690)	(3,235)
Reinvestment allowances from qualifying capital expenditure	(4,871)	(16,892)
Effects of double deduction of expenses	(511)	(553)
Withholding tax on foreign sourced income	8,546	9,953
Deferred withholding tax on undistributed foreign sourced income	(5,402)	3,222
(Over)/under provision in respect of prior years	(626)	1,367
Income tax expense recognised in statement of comprehensive income	58,974	102,607

During the financial year ended 31 December 2023, Riverstone Resources Sdn Bhd ("RRSB") had utilised reinvestment allowance of approximately RM Nil (2022: RM2,997,000). 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 2023, Eco Medi Glove Sdn Bhd ("EMG") had utilised reinvestment allowances of approximately RM27,065,000 (2022: RM56,172,000). 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 2023, the Group had unutilised reinvestment allowances of approximately RM9,925,000 (2022: RM11,218,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Income tax expense (Continued)

Relationship between income tax expense and accounting profit (Continued)

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 a 50% relief on corporate income tax rate for the next 5 years.

During the financial year ended 31 December 2023, the Group incurred withholding tax amounting to RM8,546,000 (2022: RM9,953,000) as a result of remittance of dividends declared at a 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:

	<u>2023</u>	<u>2022</u>
Singapore	17%	17%
Malaysia	24%	24%/33%
Thailand	20%	20%
China	25%	25%

8. Earnings per share

Earnings per share for the financial year ended 31 December 2023 is calculated based on profit for the year of RM220,376,000 (2022: RM314,398,000), attributable to equity holders of the Company, divided by the weighted average number of 1,482,168,100 (2022: 1,482,168,100) ordinary shares outstanding during the financial year.

The basic and fully diluted earnings per share for the financial years ended 31 December 2023 and 2022 were the same.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Property, plant and equipment

Group	Land and buildings RM'000	Plant and machinery RM'000	Office	Furniture	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
			equipment and computers RM'000	and fittings RM'000			
Cost							
As at 1 January 2022	335,011	560,590	8,676	9,818	12,947	148,088	1,075,130
Additions	20,796	9,153	750	766	1,323	81,435	114,223
Disposals	–	(2,150)	(135)	(4)	(1,165)	–	(3,454)
Transfer upon completion of capital work-in-progress	70,743	66,511	30	–	–	(137,284)	–
Write-off	(4)	(20,141)	(326)	(35)	–	–	(20,506)
Translation adjustments	125	508	(18)	(9)	6	–	612
As at 31 December 2022 and 1 January 2023	426,671	614,471	8,977	10,536	13,111	92,239	1,166,005
Additions	3,836	3,880	316	96	166	37,049	45,343
Disposals	–	(821)	(62)	(12)	(665)	–	(1,560)
Transfer upon completion of capital work-in-progress	33,302	30,918	815	–	–	(65,035)	–
Write-off	(4)	(375)	(607)	(47)	–	–	(1,033)
Translation adjustments	683	1,527	16	44	21	–	2,291
As at 31 December 2023	464,488	649,600	9,455	10,617	12,633	64,253	1,211,046
Accumulated depreciation							
As at 1 January 2022	63,976	300,663	5,024	5,772	8,501	–	383,936
Charge for the year	8,280	51,079	1,013	1,097	1,409	–	62,878
Disposals	–	(1,938)	(135)	(4)	(1,163)	–	(3,240)
Write-off	(2)	(19,424)	(308)	(29)	–	–	(19,763)
Translation adjustments	134	516	(15)	(9)	6	–	632
As at 31 December 2022 and 1 January 2023	72,388	330,896	5,579	6,827	8,753	–	424,443
Charge for the year	9,811	47,804	769	678	1,367	–	60,429
Disposals	–	(807)	(58)	(11)	(526)	–	(1,402)
Write-off	(2)	(312)	(44)	(42)	–	–	(400)
Translation adjustments	471	1,403	14	42	20	–	1,950
As at 31 December 2023	82,668	378,984	6,260	7,494	9,614	–	485,020
Net carrying amount							
As at 31 December 2023	381,820	270,616	3,195	3,123	3,019	64,253	726,026
As at 31 December 2022	354,283	283,575	3,398	3,709	4,358	92,239	741,562

- (a) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 23(a).
- (b) Included in land and buildings are seven (2022: seven) lots of freehold land with a total carrying amount of RM18,137,000 (2022: RM18,051,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Property, plant and equipment (Continued)

- (c) Land and buildings with a carrying amount of RM3,143,000 (2022: RM80,169,000) are pledged to the bank for banking facilities granted to the Group.
- (d) The cost of fully depreciated property, plant and equipment which are still in use amounted to RM160,595,000 (2022: 150,600,000).

10. Investment in subsidiaries

	Company	
	2023 RM'000	2022 RM'000
Unquoted equity shares, at cost	228,563	215,416

Details of subsidiaries are as follows:

Name of company (Country of incorporation)	Principal activities	Cost of Investment		Percentage of equity held by the Group	
		2023 RM'000	2022 RM'000	2023 %	2022 %
⁽¹⁾ Riverstone Resources Sdn Bhd (Malaysia)	Manufacturer and distributor of examination gloves, cleanroom gloves and finger cots	130,832	123,306	100	100
⁽¹⁾ Riverstone Cleanroom Products Sdn Bhd (Malaysia)	Manufacturer of plastic bags and trader in latex products	2,131	2,008	100	100
⁽¹⁾ Eco Medi Glove Sdn Bhd (Malaysia)	Manufacturer and distributor of examination gloves, cleanroom gloves and finger cots	69,317	65,330	100	100
⁽¹⁾ Eco Star Glove Sdn Bhd (Malaysia)	Manufacturer and distributor of examination gloves, cleanroom gloves and finger cots	— [#]	— [#]	100	100
⁽²⁾ Protective Technology Co. Ltd (Thailand)	Manufacturer and distributor of cleanroom gloves	25,345	23,887	99.99	99.99
⁽³⁾ Riverstone Resources (S) Pte Ltd (Singapore)	Distributor of cleanroom products	938	885	100	100
		228,563	215,416		

Denotes amounts less than RM500.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Investment in subsidiaries (Continued)

Subsidiary held by Riverstone Resources Sdn Bhd:

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2023 %	2022 %
⁽⁴⁾ Riverstone Resources (Wuxi) Co. Ltd (People's Republic of China)	Processing and packing of cleanroom gloves	100	100

Subsidiary held by Eco Medi Glove Sdn Bhd:

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2023 %	2022 %
⁽⁵⁾ Eco Medi Glove Products (Shenzhen) Co. Ltd (People's Republic of China)	Distributor of cleanroom and medical glove products	100	100

(1) Audited by Ernst & Young PLT, Malaysia

(2) Audited by Thai-Audit The Truth Limited

(3) Audited by Ernst & Young LLP, Singapore

(4) Audited by Wuxi DaZhong Certified Public Accountants Co., Ltd

(5) Audited by Shenzhen HuaZhongjie Certified Public Accountants

11. Inventories

	Group	
	2023 RM'000	2022 RM'000
Statement of financial position:		
Raw materials	35,147	29,236
Work-in-progress	18,824	20,635
Finished goods	29,212	32,497
	83,183	82,368
Statement of profit or loss:		
Inventories recognised as an expense in cost of sales	619,265	809,195

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. Trade receivables

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 90 days' (2022: 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	
	2023 RM'000	2022 RM'000
United States dollar	104,894	96,534
Malaysian Ringgit	8,202	6,978
Thai Baht	6,844	6,557
Renminbi	6,628	6,273
Singapore dollar	1,416	1,864
Hong Kong dollar	17	–
	128,001	118,206

Expected credit losses

As at 31 December 2023, no expected credit loss (2022: Nil) was recorded as the Group has determined that the expected credit loss arising from trade receivables is not material.

13. Other receivables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sundry receivables	4,015	2,998	2,208	1,111
Deposits	1,114	1,100	–	–
VAT recoverable	65	60	–	–
Advances to suppliers	438	9	–	–
	5,632	4,167	2,208	1,111

Other receivables are denominated in the following currencies:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian Ringgit	2,265	2,651	–	–
Singapore dollar	2,293	1,142	2,208	1,111
Renminbi	692	251	–	–
Thai Baht	362	62	–	–
United States dollar	20	61	–	–
	5,632	4,167	2,208	1,111

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. Cash and cash equivalents

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed deposits	717,689	872,445	395,404	402,033
Cash at banks and in hand	157,744	193,616	9,338	8,113
	875,433	1,066,061	404,742	410,146

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.05% to 4.1% per annum (2022: 0.06% to 2.75% per annum). Fixed deposits are made for varying periods of between one day and three months 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 3.53% per annum (2022: 3.31% per annum).

Cash and cash equivalents amounting to RM12,257,000 (2022: RM28,835,000) are held with banks in the People's Republic of China ("PRC"). The remittance of these funds out of PRC is subject to the exchange restriction imposed by the PRC government.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian Ringgit	423,160	549,340	–	–
Singapore dollar	421,579	424,115	404,695	410,103
Thai Baht	12,437	27,528	–	–
Renminbi	12,260	28,518	–	–
United States dollar	5,965	36,431	47	43
Hong Kong dollar	29	114	–	–
Philippine peso	3	15	–	–
	875,433	1,066,061	404,742	410,146

Note to the consolidated statement of cash flows

	Group	
	2023 RM'000	2022 RM'000
Purchase of property, plant and equipment:		
Aggregate cost of property, plant and equipment acquired	43,808	114,223
Adjustment:		
Decrease in payables for purchase of plant and equipment	7,904	19,186
Cash payments to acquire property, plant and equipment	51,712	133,409

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Payables and accruals

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Payables for raw materials	25,072	28,549	–	–
Accrued expenses	38,783	40,752	490	438
Payables for purchase of plant and equipment	7,670	15,574	–	–
	71,525	84,875	490	438

Payables are unsecured, interest-free and are normally settled on 30 to 60 days' (2022: 30 to 60 days') terms.

Payables and accruals are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysian Ringgit	58,083	69,966	7	31
United States dollar	6,139	8,209	–	–
Thai Baht	4,512	3,488	–	–
Renminbi	1,964	2,634	–	–
Singapore dollar	827	578	483	407
	71,525	84,875	490	438

16. Derivatives

	Group			
	2023		2022	
	Notional amount	Assets	Notional amount	Assets
	RM'000	RM'000	RM'000	RM'000
Forward currency contracts	86,807	1,540	96,870	903

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 February 2024 (2022: March 2023).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. Deferred tax

	Group	
	2023	2022
	RM'000	RM'000
Deferred tax assets:		
As at 1 January	1,230	823
Recognised in statement of comprehensive income	(136)	402
Translation adjustments	7	5
As at 31 December	<u>1,101</u>	<u>1,230</u>
Deferred tax liabilities:		
As at 1 January	(59,920)	(54,610)
Unutilised reinvestment allowances	(310)	2,692
Withholding tax on undistributed foreign-sourced dividend income	(1,963)	(3,222)
Recognised in statement of comprehensive income	4,610	(4,780)
As at 31 December	<u>(57,583)</u>	<u>(59,920)</u>

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

	Group	
	2023	2022
	RM'000	RM'000
Deferred tax assets		
Others	<u>1,101</u>	<u>1,230</u>
Deferred tax liabilities		
Differences in depreciation for tax purposes	(58,626)	(56,416)
Withholding tax on undistributed foreign sourced dividend income	(1,963)	(7,364)
Unutilised reinvestment allowances	2,382	2,692
Others	624	1,168
	<u>(57,583)</u>	<u>(59,920)</u>

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the financial year, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries in the Group as the Group have determined that the undistributed earnings of these subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to RM9,293,000 (2022: RM28,496,000). The deferred tax liability is estimated to be RM929,000 (2022: RM2,850,000).

Tax consequences of proposed dividends

There are no income tax consequences (2022: 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. Lease liabilities

	Group	
	2023 RM'000	2022 RM'000
Current		
Lease liabilities	495	–
Non-Current		
Lease liabilities	523	–
Total lease liabilities	<u>1,018</u>	<u>–</u>

A reconciliation of liabilities arising from financing activities of the Group is as follows:

	Non-cash changes						
	2022 RM'000	Cash flows RM'000	Acquisition RM'000	Accretion of interest RM'000	Translation adjustments RM'000	Others RM'000	2023 RM'000
Lease liabilities							
– Current	–	(556)	522	34	–	495	495
– Non-current	–	–	1,013	–	5	(495)	523
Total	<u>–</u>	<u>(556)</u>	<u>1,535</u>	<u>34</u>	<u>5</u>	<u>–</u>	<u>1,018</u>

	Non-cash changes						
	2021 RM'000	Cash flows RM'000	Acquisition RM'000	Accretion of interest RM'000	Translation adjustments RM'000	Others RM'000	2022 RM'000
Term loan							
– Current	1,000	(1,002)		2	–	–	–
Lease liabilities							
– Current	578	(599)		21	–	–	–
Total	<u>1,578</u>	<u>(1,601)</u>		<u>23</u>	<u>–</u>	<u>–</u>	<u>–</u>

19. Share capital

	Group and Company			
	2023 No. of shares	2022 No. of shares	2023 RM'000	2022 RM'000
As at 1 January and 31 December	<u>1,484,904,100</u>	1,484,904,100	<u>156,337</u>	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. Treasury shares

	Group and Company			
	2023	2022	2023	2022
	No. of shares	No. of shares	RM'000	RM'000
As at 1 January and 31 December	2,736,000	2,736,000	815	815

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

21. Other reserves

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(a) Foreign currency translation reserve				
As at 1 January	19,813	13,368	63,423	43,406
Movement for the year	23,265	6,445	32,578	20,017
As at 31 December	43,078	19,813	96,001	63,423
(b) Statutory reserve				
As at 1 January and 31 December	6,490	6,490	-	-
(c) Merger reserve				
As at 1 January and 31 December	(58,568)	(58,568)	-	-
Total other reserves	(9,000)	(32,265)	96,001	63,423

Foreign currency transaction reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations 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 subsidiaries 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's statutory accounts has reached the limit of 10% on the registered capital of THB90,000,000 since February 2010.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. Other reserves (Continued)

Statutory reserve (Continued)

In accordance with the relevant laws and regulations of the PRC, the PRC subsidiary 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 subsidiaries and is not available for distribution to shareholders other than in liquidation. As at end of the financial year 2023, the subsidiary's SRF balance has reached 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.

22. Dividends

(a) Declared and paid during the financial year

	Group and Company	
	2023	2022
	RM'000	RM'000
Final exempt (one-tier) dividend for 2022: 10.00 sen (2021: 28.00 sen) per ordinary share	148,216	415,008
Special exempt (one-tier) dividend for 2022: 5.00 sen (2021: 10.00 sen) per ordinary share	118,574	148,216
Interim exempt (one-tier) dividend for 2023: 10.00 sen (2022: 16.00 sen) per ordinary share	148,216	237,147
	415,006	800,371

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

	Group and Company	
	2023	2022
	RM'000	RM'000
Special interim exempt (one-tier) dividend for 2023 of 5.00 sen (2022: 8.00 sen) per ordinary share	74,108	118,574
Final exempt (one-tier) dividend for 2023 of 7.50 sen (2022: 10.00 sen) per ordinary share	111,162	148,216
	185,270	266,790

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Leases

Group as a lessee

The Group has lease contracts for leasehold properties used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

(a) Carrying amounts of right-of-use assets

Group	Leasehold properties RM'000
At 1 January 2022	50,639
Additions	18,568
Charge for the year	(1,106)
Translation adjustments	(2)
At 31 December 2022	68,099
Additions	1,535
Charge for the year	(1,468)
Translation adjustments	5
At 31 December 2023	68,171

(b) Lease liabilities

The carrying amounts of lease liabilities (included under borrowings) and the movements during the year are disclosed in Note 18 and the maturity analysis of lease liabilities are disclosed in Note 27(b). Lease liabilities are denominated in Renminbi.

(c) Amounts recognised in profit or loss

	Group	
	2023 RM'000	2022 RM'000
Depreciation expense of right-of-use assets	1,468	1,106
Interest expense on lease liabilities	34	21
Expense relating to short-term leases (included in administrative expense)	80	75
Total amount recognised in profit or loss	1,582	1,202

(d) Total cash outflow

The Group had total cash outflows for leases of RM636,000 (2022: RM674,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. 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	
	2023	2022
	RM'000	RM'000
Other related parties:		
Purchases of repair and maintenance services	30	141
Purchases of plant and equipment	7	88

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

(b) *Compensation of key management personnel*

	Group	
	2023	2022
	RM'000	RM'000
Directors' fee	751	705
Short term benefits	4,600	3,384
Central Provident Fund contributions	414	325
Performance incentive scheme	3,331	8,205
	9,096	12,619

	Group	
	2023	2022
	RM'000	RM'000
Comprise amounts paid to:		
– Directors of the Company	5,757	8,888
– Other key management personnel	3,339	3,731
	9,096	12,619

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Commitments and contingencies

(a) Capital commitments

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

	Group	
	2023 RM'000	2022 RM'000
Acquisition of property, plant and equipment	<u>26,618</u>	<u>58,825</u>

(b) Contingencies

The Company has provided corporate guarantees to banks amounting to RM127,000,000 (2022: RM127,000,000) for the forward currency contracts (Note 16) and banking facilities taken by subsidiaries. The corporate guarantees provided by the Company do not result in contingent liabilities.

26. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. Segment information (Continued)

(a) Geographical information

2023	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue:						
External	809,938	43,908	42,620	18,310	–	914,776
Inter segment	118,186	61,158	3,562	387,236 ⁽¹⁾	(570,142)	–
Total revenue	928,124	105,066	46,182	405,546	(570,142)	914,776
Results:						
Segment result	220,631	58,419	3,128	401,903	(404,697)	279,384
Finance costs	–	–	(34)	–	–	(34)
Profit before taxation	220,631	58,419	3,094	401,903	(404,697)	279,350
Income tax expense	(44,902)	(9,074)	(756)	(9,489)	5,247	(58,974)
Profit for the year	175,729	49,345	2,338	392,414	(399,450)	220,376
Assets and liabilities:						
Segment assets	1,358,415	42,355	33,511	427,339	(36,432)	1,825,188
Segment liabilities	143,139	11,364	5,050	5,211	(21,140)	143,624
Other segment information:						
Additions to non-current assets	43,546	241	1,556	–	–	45,343
Other non-cash expense						
Depreciation of property, plant and equipment	58,397	1,081	948	3	–	60,429
Property, plant and equipment written off	633	– ⁽²⁾	–	–	–	633
Fair value gain on derivatives	(906)	–	–	–	–	(906)

(1) Includes dividend income from subsidiaries.

(2) Denotes amounts less than RM500.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. Segment information (Continued)

(a) Geographical information (Continued)

2022	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue:						
External	1,117,460	60,490	53,213	28,352	–	1,259,515
Inter segment	247,960	57,361	4,965	633,902 ⁽¹⁾	(944,188)	–
Total revenue	1,365,420	117,851	58,178	662,254	(944,188)	1,259,515
Results:						
Segment result	358,958	69,644	10,556	638,588	(660,718)	417,028
Finance costs	(2)	–	(21)	–	–	(23)
Profit before taxation	358,956	69,644	10,535	638,588	(660,718)	417,005
Income tax expense	(78,191)	(10,233)	(2,832)	(8,481)	(2,870)	(102,607)
Profit for the year	280,765	59,411	7,703	630,107	(663,588)	314,398
Assets and liabilities:						
Segment assets	1,540,077	55,925	49,508	427,808	(53,554)	2,019,764
Segment liabilities	180,639	9,110	6,045	3,438	(32,397)	166,835
Other segment information:						
Additions to non-current assets	114,174	36	8	5	–	114,223
Other non-cash expense						
Depreciation of property, plant and equipment	60,471	1,180	1,222	5	–	62,878
Property, plant and equipment written off	743	– ⁽²⁾	–	–	–	743
Fair value loss on derivatives	443	(11)	–	–	–	432

(1) Includes dividend income from subsidiaries.

(2) Denotes amounts less than RM500.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. Segment information (Continued)

(b) Business information

The following table presents the revenue information regarding the business segments for the years ended 31 December 2023 and 2022. 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			
– 2023	899,506	15,270	914,776
– 2022	1,237,467	22,048	1,259,515

(c) Geographical location of customers

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

	USA RM'000	Europe RM'000	Singapore RM'000	Malaysia 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										
– 2023	205,297	181,146	111,868	65,612	64,632	49,846	59,060	165,585	11,730	914,776
– 2022	304,132	288,857	92,406	95,235	88,917	68,651	89,632	205,899	25,786	1,259,515

(d) Information about major customers

Two (2022: Two) customers accounted for more than 10% of the Group's revenue.

27. Financial risk management objectives and policies

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Financial risk management objectives and policies (Continued)

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 ("USD"). The Group entered into forward foreign exchange contracts to manage its foreign currency risk as disclosed in Note 16. The Group's trade and other receivables, trade and other payables balances at the end of the reporting period have similar exposures.

The Group also holds cash and cash equivalents denominated in 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 Malaysian Ringgit.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity a 1% change in the USD exchange rates against RM, with all other variables held constant, of the Group's profit before taxation.

	Group	
	2023	2022
	RM'000	RM'000
<i>Profit before taxation</i>		
USD/RM – strengthened 1% (2022: 1%)	1,045	1,248
– weakened 1% (2022: 1%)	(1,045)	(1,248)

(b) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. The Group's liquidity risk management policy is to match maturities of financial assets and liabilities and to maintain available banking facilities of a reasonable level to its overall debt position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Financial risk management objectives and policies (Continued)

(b) Liquidity risk (Continued)

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	2023		
	1 year or less RM'000	1 to 5 years RM'000	Total RM'000
Financial assets:			
Trade receivables	128,001	–	128,001
Other receivables (excluding VAT recoverable and advances to suppliers)	5,129	–	5,129
Derivatives:	1,540	–	1,540
– forward currency contracts – gross receipts	88,347	–	88,347
– forward currency contracts – gross payments	(86,807)	–	(86,807)
Cash and cash equivalents	875,433	–	875,433
Total undiscounted financial assets	1,010,103	–	1,010,103
Financial liabilities:			
Payables and accruals	71,525	–	71,525
Employee benefit obligations	–	930	930
Lease liabilities	543	544	1,087
Total undiscounted financial liabilities	72,068	1,474	73,542
Total net undiscounted financial assets/(liabilities)	938,035	(1,474)	936,561
2022			
Group	1 year or less RM'000	1 to 5 years RM'000	Total RM'000
Financial assets:			
Trade receivables	118,206	–	118,206
Other receivables (excluding VAT recoverable and advances to suppliers)	4,098	–	4,098
Derivatives:	903	–	903
– forward currency contracts – gross receipts	97,773	–	97,773
– forward currency contracts – gross payments	(96,870)	–	(96,870)
Cash and cash equivalents	1,066,061	–	1,066,061
Total undiscounted financial assets	1,189,268	–	1,189,268
Financial liabilities:			
Payables and accruals	84,875	–	84,875
Employee benefit obligations	–	803	803
Total undiscounted financial liabilities	84,875	803	85,678
Total net undiscounted financial assets/(liabilities)	1,104,393	(803)	1,103,590

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Financial risk management objectives and policies (Continued)

(b) *Liquidity risk* (Continued)

Company	2023		
	1 year or less RM'000	1 to 5 years RM'000	Total RM'000
Financial assets:			
Other receivables	2,208	–	2,208
Cash and cash equivalents	404,742	–	404,742
Total undiscounted financial assets	406,950	–	406,950
Financial liabilities:			
Payables and accruals	490	–	490
Total undiscounted financial liabilities	490	–	490
Total net undiscounted financial assets	406,460	–	406,460
2022			
Company	1 year or less RM'000	1 to 5 years RM'000	Total RM'000
Financial assets:			
Other receivables	1,111	–	1,111
Cash and cash equivalents	410,146	–	410,146
Total undiscounted financial assets	411,257	–	411,257
Financial liabilities:			
Payables and accruals	438	–	438
Total undiscounted financial liabilities	438	–	438
Total net undiscounted financial assets	410,819	–	410,819

(c) *Credit risk*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables, cash and cash equivalents. Cash and cash equivalents are placed with reputable financial institutions to minimise credit risk.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. New overseas customers will be required to either remittance in advance or provide letter of credits issued by reputable banks in the countries where the customers are based at. Once they become regular customers and proven to be creditworthy, these customers will be assigned a credit term approved by management and a letter of credit will no longer be required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Financial risk management objectives and policies (Continued)

(c) **Credit risk** (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, or there is significant difficulty of the counterparty. The Group manages its credit risk through regular review on collectability of receivables.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal and external credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Financial risk management objectives and policies (Continued)

(c) Credit risk (Continued)

Trade receivables

The Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses for all trade receivables. The Group determines the expected credit losses by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

As at 31 December 2023, no expected credit loss (2022: Nil) was recorded as the Group has determined that the expected credit loss arising from trade receivables is not material.

During the financial year, there was no write-off (2022: Nil) of trade receivables for the Group.

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, electronics and healthcare 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 year is as follows:

	Group			
	2023		2022	
	RM'000	% of total	RM'000	% of total
By Country:				
United States	25,808	20%	36,496	31%
Singapore	22,687	18%	6,626	6%
Sweden	16,319	13%	10,870	9%
Malaysia	15,286	12%	8,851	8%
Thailand	11,782	9%	12,984	11%
Japan	10,469	8%	10,807	9%
China	8,625	7%	7,220	6%
Vietnam	3,935	3%	6,167	5%
Philippines	3,057	2%	4,598	4%
Denmark	2,175	2%	221	0%
Korea	1,962	2%	1,063	1%
France	1,610	1%	1,356	1%
Other countries	4,286	3%	10,947	9%
	128,001	100%	118,206	100%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Financial risk management objectives and policies (Continued)

(c) **Credit risk** (Continued)

Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month expected credit losses and determined that the expected credit losses is insignificant.

(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 2023, if the raw materials price had been 2% (2022: 2%) higher/lower, with all other variables held constant, the Group's profit before taxation would have been lower/higher by RM5,458,000 (2022: RM8,858,000).

28. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. Fair value of financial instruments (Continued)

(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)	
	2023	2022
	RM'000	RM'000
Financial asset:		
<u>Derivatives (Note 16)</u>		
– Forward currency contracts	1,540	903
 <u>Level 2 fair value</u>		

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

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

The carrying amounts of current trade and other receivables (Note 12 and 13), cash and cash equivalents (Note 14), trade and other payables and accruals (Note 15) and lease liabilities (Note 18) 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 year.

29. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Group comprises issued share capital, treasury shares, retained earnings and other reserves.

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 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. Capital management (Continued)

A Thailand subsidiary of the Group is required by the local laws to contribute 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 subsidiary for the financial years ended 31 December 2023 and 2022 (Note 21).

A wholly owned People's Republic of China ("PRC") entity by a subsidiary of the Group is required by the relevant laws and regulations of the PRC to contribute and maintain a non-distributable statutory reserve fund in which the utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the PRC subsidiary for the financial years ended 31 December 2023 and 2022 (Note 21).

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 2023 and 2022 were RM1,681,564,000 and RM1,852,929,000 respectively.

30. Categories of financial assets and liabilities

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

(a) Financial assets measured at amortised cost

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables (Note 12)	128,001	118,206	-	-
Other receivables (excluding VAT recoverable and advances to suppliers) (Note 13)	5,129	4,098	2,208	1,111
Cash and cash equivalents (Note 14)	875,433	1,066,061	404,742	410,146
	1,008,563	1,188,365	406,950	411,257

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. Categories of financial assets and liabilities (Continued)

(b) Financial liabilities measured at amortised cost

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Payables and accruals (Note 15)	71,525	84,875	490	438
Lease liabilities (Note 18)	1,018	–	–	–
	72,543	84,875	490	438

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Derivatives (Note 16)	1,540	903	–	–

31. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 25 March 2024.

STATISTICS OF SHAREHOLDINGS

AS AT 11 MARCH 2024

Total no. of issued shares excluding treasury shares and subsidiary holdings	:	1,482,168,100
Total no. of treasury shares	:	2,736,000
Total 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	212	4.03	7,444	0.00
100 – 1,000	496	9.42	335,049	0.02
1,001 – 10,000	2,703	51.33	14,502,100	0.98
10,001 – 1,000,000	1,817	34.50	100,810,452	6.80
1,000,001 AND ABOVE	38	0.72	1,366,513,055	92.20
TOTAL	5,266	100.00	1,482,168,100	100.00

SUBSTANTIAL SHAREHOLDERS

(as per the Register of Substantial Shareholders as at 11 March 2024)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Wong Teek Son	8,868,000	0.59	752,133,120	50.75 ¹
Ringlet Investment Limited	752,133,120	50.75 ²		
Credit Suisse Trust Limited (in its capacity as trustee of The Ringlet Trust)	752,133,120	50.75 ³		
Lee Wai Keong	130,791,600	8.82	–	–

- 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.
- 4 Percentages are calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) as at 11 March 2024.

STATISTICS OF SHAREHOLDINGS

AS AT 11 MARCH 2024

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	522,768,273	35.27
2	DBSN SERVICES PTE. LTD.	318,718,992	21.50
3	LEE WAI KEONG	130,791,600	8.82
4	CITIBANK NOMINEES SINGAPORE PTE LTD	103,315,737	6.97
5	DBS NOMINEES (PRIVATE) LIMITED	68,208,806	4.60
6	HSBC (SINGAPORE) NOMINEES PTE LTD	51,137,468	3.45
7	WONG TECK CHOON	42,809,920	2.89
8	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	18,243,100	1.23
9	PHILLIP SECURITIES PTE LTD	13,723,397	0.93
10	CHEE TING TUAN	8,700,000	0.59
11	SAN TAI CONSTRUCTION (S) PTE LTD	8,300,000	0.56
12	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	7,781,004	0.52
13	UOB KAY HIAN PRIVATE LIMITED	7,330,020	0.49
14	IFAST FINANCIAL PTE. LTD.	6,506,100	0.44
15	MAYBANK SECURITIES PTE. LTD.	5,929,540	0.40
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,601,760	0.38
17	LAM YOON CHAN	4,580,800	0.31
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,799,300	0.26
19	BPSS NOMINEES SINGAPORE (PTE.) LTD.	3,769,103	0.25
20	OCBC SECURITIES PRIVATE LIMITED	3,667,672	0.25
	TOTAL	1,335,682,592	90.11

Shareholdings Held on the Hands of the Public

Based on information available to the Company as at 11 March 2024, approximately 36.59% of the total number of issued shares excluding treasury shares of the Company was held by the public. Therefore, the Company is in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Treasury Shares

As at 11 March 2024, the Company held 2,736,000 treasury shares, representing 0.185 % of the total issued shares excluding treasury shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Riverstone Holdings Limited (the “**Company**”) will be held at Raffles City Convention Centre, Bras Basah Room, Level 4, 2 Stamford Road, Singapore 178882 on Monday, 22 April 2024 at 2.00 p.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Mr Lee Wai Keong who is retiring by rotation pursuant to Regulation 93 of the Constitution of the Company. [See Explanatory Note (i)] **(Resolution 2)**
3. To re-elect Mr Raymond Fam Chye Soon who is retiring by rotation pursuant to Regulation 93 of the Constitution of the Company. [See Explanatory Note (ii)] **(Resolution 3)**
4. To approve a final tax exempt (one-tier) dividend of 7.50 sen (RM) per ordinary share for the financial year ended 31 December 2023. **(Resolution 4)**
5. To approve the payment of the Directors' fees of SGD256,000.00 or approximately RM1870,400 (based on the rate of exchange of SGD1: RM3.40) for the financial year ending 31 December 2024 to be paid on a quarterly basis (2023: SGD221,000.00 or RM704,990.00 based on the exchange rate of SGD1: RM3.19). **(Resolution 5)**
6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
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 as Ordinary Resolution, with or without modifications:

8. Authority to issue shares **(Resolution 7)**

“THAT, pursuant to Section 161 of the Companies Act 1967 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**”) 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

NOTICE OF ANNUAL GENERAL MEETING

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

(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 members 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).

(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; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution.

(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 Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING

9. The Proposed Adoption of the Share Purchase Mandate

(Resolution 8)

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) on-market purchase(s) on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or
- (ii) off-market purchase(s) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be defined in Section 76C of the Companies Act, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors, at any time and from time to time, on and from the date of the passing of this Resolution and expiring on the earliest of (the "**Relevant Period**"):

- (i) the date on which the next annual general meeting of the Company ("**AGM**") is held or required by law to be held, whichever is the earlier;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by shareholders in general meeting;
- (iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Maximum Limit**" means that number of Shares representing not more than ten per cent. (10.0%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) ascertained as at the date of the passing of this Resolution, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the Companies Act, in which event the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be taken to be the total number of issued Shares (excluding treasury shares and subsidiary holdings) as altered;

NOTICE OF ANNUAL GENERAL MEETING

“**Maximum Price**” means the purchase price to be paid for a Share to be purchased or acquired pursuant to the Share Purchase Mandate (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Share, 105.0% of the Average Closing Price; and
- (ii) in the case of an off-market purchase pursuant to an equal access scheme, 120.0% of the Highest Last Dealt Price;

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately before the day on which the purchase or acquisition of Shares is made, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Days and the day on which the purchase or acquisition of Shares is made; and

“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the off-market purchase.

“**date of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from the shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. [See Explanatory Note (iv)]

BY ORDER OF THE BOARD

Chan Lai Yin
Company Secretary

Singapore, 5 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The detailed information relating to Mr Lee Wai Keong as required under Rule 720(6) of the Listing Manual of the SGX-ST is set out under "Disclosure of Information on Director seeking re-election" of the Company's Annual Report. Mr Lee Wai Keong will, upon re-election as Director, remain as an Executive Director. Ms Chong Chu Mee, who is currently the Alternate Director to Mr Lee Wai Keong, will continue in office as Alternate Director to Mr Lee Wai Keong if Mr Lee Wai Keong is re-elected as a Director of the Company.
- (ii) The detailed information relating to Mr Raymond Fam Chye Soon as required under Rule 720(6) of the Listing Manual of the SGX-ST is set out under "Disclosure of Information on Director seeking re-election" of the Company's Annual Report. Mr Raymond Fam Chye Soon will, upon re-election as a Director, remain as the Independent Non-Executive Director, Chairman of Remuneration Committee and Member of the Audit Committee, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- (iii) The Ordinary Resolution 7 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.
- (iv) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting to purchase or acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Purchase Mandate does not exceed the Maximum Limit, and at such price(s) as may be determined by the Directors of the Company (or a committee of Directors) from time to time up to but not exceeding the Maximum Price. The information relating to the adoption of Share Purchase Mandate is set out in the Appendix enclosed together with the 2023 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Annual General Meeting of the Company ("AGM") is being convened, and will be held, physically. The 2023 Annual Report can also be accessed at the Company's website at the URL www.riverstone.com.my or SGX website at the URL <https://www.sgx.com/securities/company-announcements>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. A printed copy of the Annual Report (with Appendix) will be despatched to shareholders.
2. Members (including investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors")) may participate in the AGM by:
 - (a) Attending the AGM in person;
 - (b) Asking questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) Voting at the AGM (i) personally; or (ii) through duly appointed proxy(ies).
3. In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask questions relating to the items on the agenda of the AGM by:
 - (a) Submitting question via mail to the registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or send electronic mail to QNA2024@riverstone.com.my in advance of the AGM latest by 16 April 2024 at 2.00 p.m.; or
 - (b) "live Question and Answer" at the physical AGM.

When sending questions, members should also provide their full name (for individuals)/company name (for corporate), NRIC/Passport No./Company Registration number, email address, contact number, shareholding type and number of shares held for verification.

Shareholders are encouraged to submit their questions latest by 16 April 2024 at 2.00 p.m. The Company will endeavour to address to all substantial and relevant questions submitted prior to the AGM by 18 April 2024 (at least 48 hours prior to the closing date and time for the lodgment of the proxy forms). The Company's response will be published on (i) the SGX-ST's website; and (ii) the Company's corporate website.

4. 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.
5. The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
6. 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.
7. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must:
 - (a) be deposited at the Company's registered office at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
 - (b) be sent via electronic mail to proxy2024@riverstone.com.my enclosing signed PDF copy of the Proxy Form;not less than forty-eight (48) hours before the time appointed for the AGM.
8. CPF and SRS Investors who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 2.00 p.m. on 11 April 2024). CPF and SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of proxy/proxies for the AGM.

NOTICE OF ANNUAL GENERAL MEETING

9. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 2.00 p.m. on 19 April 2024), as certified by The Central Depository (Pte) Limited to the Company.
10. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- * A Relevant Intermediary means:
- a banking corporation licensed under the Banking Act 1970, 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;
 - a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
 - the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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.

NOTICE OF RECORD DATE

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed from 5.00 p.m. on 2 May 2024 (the "**Record Date**") for the preparation of dividend warrants for the proposed final tax exempt (one-tier) dividend of 7.50 sen (RM) per ordinary share for the financial year ended 31 December 2023 (the "**Proposed Final Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5.00 p.m. on the Record Date will be registered to determine members' entitlements to the Proposed Final Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on the Record Date will be entitled to the Proposed Final Dividend.

Payment of the Proposed Final Dividend, if approved by the members at the Annual General Meeting, will be made on 17 May 2024.

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 DIRECTORS SEEKING RE-ELECTION

The following directors are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be held physically on 22 April 2024 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”):

1. Mr Lee Wai Keong; and
2. Mr Raymond Fam Chye Soon.

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

	MR LEE WAI KEONG	MR RAYMOND FAM CHYE SOON
Date of Appointment	3 August 2005	3 June 2020
Date of last re-appointment	26 April 2021	25 April 2022
Age	54	61
Country of principal residence	Malaysia	Malaysia
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 and has reviewed and considered the contribution and performance, attendance, preparedness, participation and suitability of Mr Lee Wai Keong for re-appointment as Chief Operating Officer and Executive Director of the Company. The Board have reviewed and concluded that Mr Lee Wai Keong possess the experience, expertise, knowledge and skills to contribute towards the core competences of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed the qualification, experiences, and expertise of Mr Raymond Fam Chye Soon and was of the view that Mr Raymond Fam Chye Soon will be able to contribute towards the core competences of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Lee Wai Keong is responsible for the Group's production facilities in Malaysia, Thailand and China.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Non-Executive Director Chairman of Remuneration Committee and member of Audit Committee

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR LEE WAI KEONG	MR RAYMOND FAM CHYE SOON
Professional qualifications	N/A	A member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants and holds a Masters in Financial Planning from University of Sunshine Coast, Australia and Corporate Finance qualification from Institute of Chartered Accountants in England and Wales
Working experience and occupation(s) during the past 10 years	Co-Founder and Chief Operating Officer of the Company since incorporation on 3 August 2005.	23 September 2008 to 23 September 2017: Independent Non-Executive Director of AmGeneral Insurance Berhad March 2008 to August 2015: Independent Non-Executive Director of Octagon Consolidated Berhad 15 January 2015 to 28 September 2021: Independent Non-Executive Director of AmBank (M) Bhd
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 130,791,600	None
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	None	None
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships#	<p><u>Past (for the last 5 years)</u></p> <p>N/A</p> <p><u>Present</u></p> <ol style="list-style-type: none"> Riverstone Resources (S) Pte Ltd Riverstone Resources Sdn Bhd Riverstone Resources (Wuxi) Co. Ltd. Riverstone Industrial Products Sdn Bhd Eco Medi Glove Sdn Bhd 	<p><u>Past (for the last 5 years)</u></p> <ol style="list-style-type: none"> AmGeneral Insurance Berhad AmBank (M) Bhd <p><u>Present</u></p> <ol style="list-style-type: none"> Benefit Trio Sdn Bhd Tiga Manfaat Sdn Bhd Export Import Bank of Malaysia General Insurance Malaysia Berhad

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR LEE WAI KEONG	MR RAYMOND FAM CHYE SOON
<p>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.</p>		
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	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	No
c) Whether there is any unsatisfied judgment against him?	No	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	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR LEE WAI KEONG	MR RAYMOND FAM CHYE SOON
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	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	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	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	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR LEE WAI KEONG	MR RAYMOND FAM CHYE SOON
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	No
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>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</p> <p>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</p> <p>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</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR LEE WAI KEONG	MR RAYMOND FAM CHYE SOON
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p> <p>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).</p>	N.A.	N.A.

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RIVERSTONE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200510666D)

PROXY FORM

IMPORTANT:

1. SRS investors who wish to vote, should approach their SRS Operators to submit their votes by 2.00 p.m. on 11 April 2024.
2. For investors who have used their CPF monies and/or SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
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 2024.

*I/We _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

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

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

or failing *him/her, the Chairman of the Annual General Meeting ("AGM") as *my/our *proxy/proxies to at end and vote for *me/us on *my/our behalf at the AGM to be held at Raffles City Convention Centre, Bras Basah Room, Level 4, 2 Stamford Road, Singapore 178882 on Monday, 22 April 2024 at 2.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

*Please delete accordingly

No.	Ordinary Resolutions	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' Statement and the Auditors' Report thereon			
2.	To re-elect Mr Lee Wai Keong as director			
3.	To re-elect Mr Raymond Fam Chye Soon as director			
4.	To approve a final tax exempt (one-tier) dividend			
5.	To approve the payment of Directors' fees			
6.	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration			
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act 1967			
8.	To approve the Proposed Share Purchase Mandate			

Notes:

* Delete accordingly

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "X" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "X" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this day of 2024

Total Number of Shares Held

.....
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM



AFFIX
STAMP

The Company Secretary

RIVERSTONE HOLDINGS LIMITED

9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. The instrument appointing proxy must be signed and deposited at the registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 or send electronic mail to proxy2024@riverstone.com.my not later than forty-eight (48) hours before the time set for the Meeting.
3. 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.
4. The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
5. 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.
6. Investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors") who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 2.00 p.m. on 11 April 2024). CPF and SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of proxy/proxies for the AGM.
7. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 2.00 p.m. on 19 April 2024), as certified by The Central Depository (Pte) Limited to the Company.
8. The instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
9. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy and deposited at the registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 or send electronic mail to proxy2024@riverstone.com.my not later than forty-eight (48) hours before the time set for the Meeting, failing which the instrument may be treated as invalid.
10. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act 1967 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.
11. The Company shall be entitled to reject an instrument appointing a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy.

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RIVERSTONE HOLDINGS LIMITED

COMPANY REGISTRATION NO. 200510666D

MALAYSIA

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