



RIVERSTONE HOLDINGS LIMITED
(Company Registration Number 200510666D)
(Incorporated In the Republic of Singapore)

Response to Questions received from Shareholders prior to the Annual General Meeting to be held on 25 April 2022 at 2.00 p.m. by electronic means

Response to questions pre-submitted by shareholders	
Question 1:	<ul style="list-style-type: none">a) Is there any particular reason why the company had declared a “special interim” dividend for FY21 instead of the more usual “final” and “special” dividends that are paid together?b) Would the company consider using its huge cash balance to ‘cushion’ the fall in dividend pay-outs in the next few years?c) Does Riverstone have the optimal economies of scale to be competitive in the market? Does it need to be bigger, like a few of the competitors?d) What is the expected utilization rate for Riverstone’s manufacturing facilities in 2022?e) In view of the worsening COVID-19 situation in China recently, are Riverstone’s factories there getting significantly more orders for healthcare gloves?f) On the whole, is the order volume for Riverstone’s healthcare gloves expected to decline in 2022?
Reply:	<ul style="list-style-type: none">a) Shareholders are paid earlier for a special interim dividend rather than having to wait until after the AGM approval.b) It depends on our cash flow requirements for our operations and cash that is not utilised will be declared as dividend.c) Yes, we do not have disadvantages in terms of economies of scale compared to other competitors.d) Our dipping utilisation rate is expected to be about 80% on average for FY2022.e) No, we do not sell healthcare gloves to China.f) We anticipate the sales volume of healthcare gloves for FY2022 to be the same as FY2021.

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<p>Question 2:</p> <p>Reply:</p>	<p>a) There was a collaboration with a Japan company (Showa Glove Co.) in 2019. What is the outcome of this collaboration?</p> <p>b) What is the impact of the minimum wage and prosperity tax on the bottom line?</p> <p>c) What is the business model for pharma gloves? Will it be direct sales to customers or OEM for distributors? How big is this market segment and is the pricing similar to healthcare gloves?</p> <p>d) Are the margins comparable for those products classified under "others"?</p> <p>e) So far, how successful is RS in penetrating the surgical gloves industry.</p> <p>a) They have become one of our important partners distributing our gloves in Japan.</p> <p>b) Labour cost alone will increase by 25% and the total cost affected by such increase will be about 5%. The cost increase will be partially passed to customers while our automation upgrades will reduce labour cost in the future.</p> <p>c) We are developing this product together with selected distributors as the cost and selling prices are much higher than examination/healthcare gloves. Our target gross profit margin is about 25%-30%.</p> <p>d) Please refer to reply for Question 2 c).</p> <p>e) We are selling pair packed sterile gloves for pharmaceutical industry but it is not classified as surgical gloves yet.</p>
<p>Question 3:</p> <p>Reply:</p>	<p>Is the current performance sustainable in view of the containment of the pandemic lately?</p> <p>Taking Q4 2021 as benchmark, the ASP of healthcare gloves was lower in Q1 2022 and will become stable in Q2 2022. On the other hand, the prices and volume for cleanroom gloves is more consistent. However, while it is foreseeable that the healthcare glove sales volume is sustainable, its ASP may face downward pressure.</p>
<p>Question 4:</p> <p>Reply:</p>	<ul style="list-style-type: none"> • Given the shortage of chips amid supply chain crisis in this period, how will the demand and sales of cleanroom gloves be affected in near term? • How much reduction percentage of current cleanroom gloves sale volume predicted to be? <ul style="list-style-type: none"> • The demand and price for cleanroom gloves is consistent and stable. • There is no reduction in the cleanroom gloves demand.
<p>Question 5:</p> <p>Reply:</p>	<ul style="list-style-type: none"> • Are the current sales turnover sustainable? What has the company put or putting in place to maintain or increase the sales turnover? • Would it be over capacity in next 1 or 2 years when COVID 19 situation more stable? And what the company action it is expecting an over capacity? <ul style="list-style-type: none"> • While the volume/quantity of gloves sold is sustainable, due to the healthcare glove price adjustment (benchmarked against Q4 2021), the revenue generated is not. • Company would be introducing more customised products to market and place more operational focus on the cleanroom segment. The pandemic has raised cleanliness awareness and the volume of glove demand will be quite stable.

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Question 6:	<p>Management has announced Phase 7, 8, 9 through the end of year 2024, to reach a capacity of 15 billion gloves. This is estimated to cost RM 240mil for 3 phases. The current bank balance is RM 1,600 million. It does not make sense for this to be just left as Fixed Deposits.</p> <ul style="list-style-type: none"> • What is the plan for this money? • Since this is not going to be used for expansions, why is management not returning this money to investors as a Special Dividend?
Reply:	<ul style="list-style-type: none"> • - RM600 million to be paid as dividend during 1st half of FY2022 • - RM240 million for future expansion • - RM100 million for working capital and contingencies • - RM100 million allocated for FY2022 tax payment • - Total of RM1,040 million utilised, 65% of RM1,600 million • Depending on cash outflows and balance will be paid as dividend in stages when appropriate.
Question 7:	<p>Any initiative to have quality gender diverse board constitution preferably with investment banking/ equity market expertise for share value-accretion and more cost-effective fund-sourcing alternatives in the advancement of shareholders' interests?</p>
Reply:	<p>The Board through the Nominating Committee emphasise on the diversity of gender, skills and experience in the selection of board members. All board members are financially prudent and experienced in managing the business profitably to create value for our shareholders. Our two Executive Directors - Executive Chairman & CEO and Executive Director - are leaders in the gloves industry. Our three Independent Non-Executive Directors are from well-established financial institutions and possess a wealth of experience in capital market, investor relations, fund raising and cash management.</p>
Question 8:	<p>Is the company's business performance still sustainable in view of the pandemic subsiding globally? If not, what is the projected impact on company's earning?</p>
Reply:	<p>Please refer to reply for Question 5.</p>
Question 9:	<p>a) What is company's growth strategy please? Kindly also share M&A plans + criteria b) What is company's priority for use of cash on balance sheet please? c) What are main opportunities and challenges and how is Management addressing these?</p>
Reply:	<p>a) We are building new facilities every year adding 1.5 billion pieces per year up to FY2024. We have also acquired additional land bank for expansion beyond FY2024. M&A is an option for future growth where additional appropriate technologies can be acquired. The acquisitions also should not be a duplication of our existing capabilities as it would not be a value-add to our current expansion plans. b) Please refer to reply for Question 6.</p>

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	<p>c) Opportunities: Both the healthcare and cleanroom glove markets are growing by 8% to 10% annually and our leading position in cleanroom gloves provides us a better platform to compete in the market. Challenges: Competition from Chinese manufacturers and an increase in operation costs.</p> <p>The management aims to address these challenges by developing customised products that are value added to customers and by streamlining our processes for cost reduction.</p>
<p>Question 10:</p> <p>Reply:</p>	<p>a) In FY2021 report, mentioned that “By the end of 2022, we will have two new additional facilities for the cleanroom business”. How many pieces of clean room glove can be produced per annum by the end of 2022?</p> <p>b) What is the factory utilisation rate in percentage for FY2022 in the first quarter for cleanroom glove and health care glove?</p> <p>c) What is the capacity for the sterile nitrile surgical glove for FY2022 in the first quarter?</p> <p>a) 2.5 billion pieces b) 80% to 85% c) We do not produce sterile nitrile gloves but we do produce sterile pair packed glove for pharmaceutical industry and the utilisation rate is above 50%.</p>
<p>Question 11:</p> <p>Reply:</p>	<p>Any earning guidance in 2023? Are the factories operating at maximum capacity at the moment?</p> <p>We are currently operating at 80% to 85% capacity level.</p>
<p>Question 12:</p> <p>Reply:</p>	<p>From the Annual Report, understand from our Chairman and CEO, Mr. Wong Teek Son, the company will have two new additional facilities for the cleanroom business, may we know how many pieces of cleanroom gloves can be produced from these two new additional facilities?</p> <p>2.5 billion pieces</p>
<p>Question 13:</p> <p>Reply:</p>	<p>The processes in manufacturing semiconductor and electronic products become more and more automation. Will this lead to less operators working in the cleanroom, and then less gloves to be used in the future?</p> <p>Our gloves are used by manufacturers in the industry of:</p> <ul style="list-style-type: none"> - HDD - Semiconductor - IC - Sensors - Lenses - Pharmaceutical <p>Cleanroom glove usage is growing by 10% annually.</p>

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Question 14:	<p>a) What will be edge that Riverstone holds as compared to its larger competitor?</p> <p>b) How do management ensure its market shares for nitrile gloves amidst this competitive environment?</p> <p>c) Why will shareholder choose Riverstone over other larger gloves providers?</p>
Reply:	<p>a) We have flexible facilities to produce customised products which value-adds to the clients' specific and specialised usage.</p> <p>b) We will continue to develop new and value-added products to end users.</p> <p>c) Riverstone has the following:</p> <ul style="list-style-type: none">- Resilient balance sheet with sustainable positive operating cash flow- Consistent dividend payout since IPO- Two sources of revenue from high tech cleanroom and premium healthcare gloves- Extensive R&D with consistent product development track record- Flexible production facilities- Prudent management with great emphasis on quality, timeliness and good ESG practices
Question 15:	<p>a) In year 2022, the company will have 2 new cleanroom facilities ready and the cleanroom glove capacity will raise to about 3 to 4b pieces (I assume). It's about more than 50% increase in capacity. But based on past record, the cleanroom glove demand is growing at only 10% per annum. So, is customer order really can fulfil this extra large cleanroom glove supply? Will it become oversupply going forward?</p> <p>b) Which segment in the cleanroom industry is growing strong now and going forward which segment is company targeting on?</p> <p>c) Based on current ASP of healthcare glove normalise and stable ASP of cleanroom glove, can share with us what is the gross profit for healthcare and cleanroom glove now? Because now we are in inflation and cost like fuel and packaging are rising rapidly.</p> <p>d) For the cukai makmur 2022, can share with us how much will it impact to the group profit? Because your competitor, Kossan management has announced that cukai makmur is not expected to hit their company as the individual entities are not expected to exceed the RM 100m threshold. So, how about Riverstone?</p> <p>e) And your cleanroom glove competitor CE Technology Berhad is growing strong now and start listed in Malaysia. Can share with us will this competitor be a threat to Riverstone in cleanroom market?</p> <p>f) Last year, the company's R&D has targeted to launch new products, can share with us more how is the progress and market response? And going forward what is the R&D planning to target?</p> <p>g) Will the company look to develop new cleanroom business other than glove, like for example reticle packages box? It is a storage box with electrostatic discharge properties for the cleanroom semiconductor use. Provided that Riverstone also has extensive R&D in discharge technology. So far, in Asia only Taiwan company can produce this product.</p>
Reply:	<p>a) Our cleanroom utilisation rate is about 90% for FY2022 and we need to prepare for sudden demand increases. In order to avoid shipment delay, we need a higher capacity to support sudden surge in demand from customers.</p>

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- b) Our cleanroom glove customers are from the HDD, semiconductor, IC manufacturers, lenses, sensor, mobile/tablet and pharmaceutical industry.
- c) As of the latest date, GP for healthcare gloves is averaging within the range of 20% whereas GP for cleanroom gloves is much higher than healthcare gloves.
- d) The impact of the prosperity tax is reduced by the utilisation of both capital and reinvestment allowances by the Group's main operating subsidiary.
- e) We have our own brand and distribution network selling directly to the end users and our good track record is our competitive advantage.
- f) Due to the pandemic lockdowns, we were unable to launch any new product last year. Our R&D will now focus on producing cleaner, more chemical resistant and better ESD glove.
- g) While we are selling cleanroom bags, cleanroom facemasks and wiper, there are no plan to produce reticle packages box.