



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

RESPONSE TO SGX REGCO QUERIES ON THE FULL YEAR FINANCIAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors of Riverstone Holdings Limited (“**the Company**”) together with its subsidiaries the “**Group**”) refer to the queries raised by SGX RegCo on 4 April 2023 relating to the Company’s Full Year Financial Results Announcement for the year ended 31 December 2022 released by the Company on 23 February 2023. The Company’s response is as follow:

SGX RegCo Query 1

The Group reported a decrease in revenue from RM3,082,447,000 in FY2021 to RM1,259,515,000 in FY2022, as well as a decrease in inventories from RM153,012,000 in FY2021 to RM82,368,000 in FY2022. It also reported an increase in property, plant and equipment (“PPE”) from RM691,194,000 in FY2021 to RM741,562,000 in FY2022.

At page 23, the Group disclosed that:

“Property, plant and equipment

During the year ended 31 December 2022, the Group acquired assets amounting to RM114,223,000 (31 December 2021: RM160,242,000) and disposed of assets amounting to RM214,000 (31 December 2021: RM309,000).”

At pages 25 and 26, the following was also disclosed:

“For 4Q2022, the Group achieved RM235.2 million in total revenue, a 42.7% reduction as compared to RM410.2 million in 4Q2021. As for FY2022, the Group revenue decreased by 59.1% to RM1,259.5 million. Cost of sales at the same time reduced to RM164.4 million in 4Q2022 and RM809.2 million in FY2022. The Group’s gross profit reduced 54.1% from RM154.4 million in 4Q2021 to RM70.8 million in 4Q2022. Group’s gross profit margin deteriorated from 37.6% to 30.1% due to lower average selling price for the quarter. Overall in FY2022, the gross profit reduced by 76.4% to RM450.3 million as a results of lower average selling price and higher cost of sales.

As at 31 December 2022, non-current assets which consist of property, plant and equipment (PPE) and deferred tax assets increased to RM742.8 million from RM692.0 million. PPE increased to RM741.6 million from RM691.2 million mainly on additions amounting to RM114.2 million coupled with foreign exchange adjustment offset by the depreciation charge of RM62.9 million and PPE written off or disposed.

Inventories reduced to RM82.4 million as at 31 December 2022 from RM153.0 million as at 31 December 2021 mainly due to lower production volume.” (emphasis added)

Taking into account, inter alia, the decrease in revenue and the higher cost of sales in FY2022, could you elaborate on the Group's rationale for its acquisition of the said PPE amounting to RM114,223,000 in FY2022? Could you also provide more details on what the PPE relates to and how it has, or will be used in the Group's business operations?

Company's Response

The increase in property, plant and equipment ("PPE") mainly pertains to the addition of new facilities that generates the Group's core business revenue. The construction of the facilities are on-going and the project are billed progressively when completed. In our 3rd quarter announcement dated Nov 9, 2022, the Group continued with Phase 7 expansion plan that adds additional production capacity of up to 1.5 billion pieces of gloves by end of 2022. By then, the Group's total annual production capacity will be up to 12.0 billion pieces of gloves. As of FY2022, the Group has deferred the completion of Phase 7 due to market condition, however, work that has been completed were billed and recognised accordingly. The breakdown of PPE additions are as below:

Land and buildings	Plant and machinery	Office equipment and computers	Furniture and fittings	Motor vehicles	Capital work-in progress	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
20,796	9,153	750	766	1,323	81,435	114,223

SGX RegCo Query 2

The Group reported "Payables and accruals" amounting to RM84,875,000 as at 31 December 2022.

In this regard, please provide the reason(s) for the "Payables and accruals" of RM84,875,000 as at 31 December 2022, when the Group recorded "Cash at banks and in hand" amounting to RM193,616,000 as at 31 December 2022. Please also provide details on the breakdown, aging and nature of these "Payables and accruals", and address whether the counterparties are related parties.

Company's Response

Payables and accruals are unsecured, interest-free and are normally settled on 30 to 60 days' terms. In FY2022, the Group has payables and accruals turnover days of less than 30 days. The Group manages its cash flow to ensure that there are sufficient funds for working capital, financing and investing needs.

	31 December 2022	31 December 2021
	RM'000	RM'000
Cash at banks and in hand	193,616	629,998
Payables and accruals	84,875	152,849

Breakdown of Payables and accruals according to nature are as per below:

	31 December 2022	31 December 2021
	RM'000	RM'000
Payables for raw materials	28,549	60,856
Accrued expenses	40,752	57,233
Payables for purchase of plant and equipment	15,574	34,760
Total	84,875	152,849

Included in payables and accruals are RM54,000 (2021: RM47,000) owing to related parties.

By Order of the Board

Wong Teek Son
Executive Chairman/Chief Executive Officer
10 April 2023