



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 26 April 2021 at 2.00 p.m. by electronic means

Response to questions pre-submitted by shareholders	
Question 1:	<ul style="list-style-type: none">• Please describe (in percentage terms) the trend in average selling prices for the gloves sold in 2020 and comment whether it can be sustained going into 2021.• For the new capacity under Phase 7 that has been booked in advance by customers, is the selling price already fixed or is it based on the market price in the future?• Would the company's manufacturing facilities be running at full capacity in the foreseeable future?
Reply:	<p>Selling price of 1st half of FY2021 is approximately 50% higher than 2nd half of FY2020. Generally, market expected price for healthcare glove to be revised downwards for 2nd half of FY2021. However, price for cleanroom glove should be able to sustain throughout the remaining year.</p> <p>Capacity of Phase 7 has been taken up by our long term customers. Price is subject to revise monthly.</p> <p>Our production utilisation rate is 95%, it is expected to continue at this rate until end of this year.</p>
Question 2:	<ul style="list-style-type: none">• You mentioned in your AR that RS will introduce 2 new products this year. Like to know which segment of the mkt will this be targeting at.• There was a report that the 2 big China producers is doubling their capacity. How competitive are Malaysian glove makers vs the Chinese producers.• With all the glove makers adding on capacity will there be a shortage or big increase in price of Butadiene due to supply n demand imbalance.• When will the new facility at Bkt Beruntung be up and running?• Is the company looking at increasing capacity or finding new locations (countries) outside of Malaysia?
Reply:	<p>Our target is to launch at least 2 new glove products, one each in cleanroom glove and healthcare glove segment by the end of this year.</p> <p>Malaysia glove manufacturers have an edge over the China Manufacturers in terms of products quality and reliability. Based on our experience, our Malaysia plant has cost advantage when compare to China plant.</p> <p>Raw material price has increased quite significant in 1st quarter of 2021. Supply demand is creeping back to normal due to more new suppliers and existing supplier increase their capacity. We believe prices will be more stabilised.</p> <p>New capacity at Bukit Beruntung will be completed by end of 2021. While we are waiting for the completion, we have converted part of our warehouse for production used.</p>

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Question 3:	What is the expected average ASP for FY2021?
Reply:	Average selling prices for 1 st half FY2021 is about 50% higher than 2 nd half of FY2020. Market expected downward revision in 2 nd half of FY2021.
Question 4:	What is the factory utilisation rate in percentage for FY2020?
Reply:	95% utilisation rate for FY2020.
Question 5:	<ul style="list-style-type: none"> Any plans to be listed elsewhere for capital to venture into new geographical market? How does the Company capitalise on any opportunity during chip shortages? Will the Company's business affected during chip shortages? Does the Company has any plans to venture out of gloves?
Reply:	<p>No plans at this moment to list elsewhere, however we will consider from time to time.</p> <p>We has ramp up our cleanroom glove capacity to cope with the high demand of our cleanroom product for electronic, semiconductor, wafer, sensors, battery and HDD industry.</p> <p>Currently our main focus is in glove. We had ventured into other cleanroom consumables such as finger cots, packaging bags, facemasks and wipers.</p>
Question 6:	<ul style="list-style-type: none"> What are the demand of the industrial gloves in the next 2-3 years amid 5G, IOT and digitalization pushes? What are the future plan for factory automation to increase the glove manufacturing throughput?
Reply:	<p>Barring unforeseen circumstances, we expect our cleanroom glove to grow at 30% in 2021/ 2022. We are expanding our cleanroom business by installing more cleanroom processing facilities. Our cleanroom customer base has expanded in 2020 and 2021.</p> <p>We are investing to install more automated machine in our production line to reduce labourers. It is a continuous process to upgrade the old lines to incorporate with the automation.</p>
Question 7:	<ul style="list-style-type: none"> How is the demand for Riverstone gloves? What is the trend of ASP (average selling prices) going forward eg Apr, May, Jun? Market expects strong 2021 earnings surge. Riverstone could potentially generate a lot of operating cash flow. How does management intend to use the cash? Will management consider raising the dividend payout ratio?
Reply:	<p>There is strong demand of our products. ASP for April, May and June are quite similar with January, February and March.</p> <p>The cash generated will be used for expansion in 2021~2023, which is about RM90.0 million to RM100.0 million per year and part of it will be reserved for working capital whereas the balance will be for dividend. We will raise the dividend payout ratio when there is excess cash.</p>
Question 8:	<ul style="list-style-type: none"> What is the current percentage breakdown in sales for cleanroom and healthcare gloves? Likewise, what is the production capacity breakdown for cleanroom and healthcare gloves? In view of the current strong demand for healthcare gloves, does the company intend to increase the production capacity for healthcare gloves? Will the product mix be different in the future? What will be the strategy for these two segments?

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Reply:	<ul style="list-style-type: none"> In 2020, what was the ASP increase for healthcare gloves versus cleanroom gloves? Correspondingly, what were the gross profit margins for cleanroom and healthcare gloves? <p>Sales portfolio is about 20% ~ 25% for cleanroom gloves and 75% ~ 80% for healthcare gloves. Production lines are interchangeable between cleanroom and healthcare gloves, but priority will be given to cleanroom glove. We prefer to increase our cleanroom glove going forward, but due to higher barrier of entry, we need to put more effort to materialize it.</p>
Question 9:	<p>There is overwhelming new capacity building up by new and existing peers, what is the future direction of Riverstone in competition after the pandemic:</p> <ul style="list-style-type: none"> any plan to pursue manufacture of surgical gloves? plan to further expand capacity of cleanroom gloves? what is the overall % of product mix you can foresee in future?
Reply:	<p>We have built our capacity for surgical glove and will start to produce surgical gloves after we clear all back log of healthcare gloves. We have purchased land and construct new facility for cleanroom gloves. The products mix ratio is expected to be 25% for cleanroom gloves and 75% for healthcare gloves.</p>
Question 10:	<ul style="list-style-type: none"> Do the management expect the oversupply of healthcare and cleanroom gloves, (Due to expansions and new production capacities by existing makers and new players respectively) to cause the collapse of ASPs in the next one or two years? Do the management consider to participate into the manufacturing of raw materials, etc, so that the company can be more integrated and less reliance on third parties?
Reply:	<p>We do not expect there is oversupply for Healthcare and Cleanroom gloves in 2021 and 2022. Once the supply and demand back to balance, price will revise downward relative to 1st half of 2021. We do not plan to have our own raw material manufacturing. It need an economic of scale to achieve competitive cost. Furthermore, there are many raw material suppliers now for us to select.</p>
Question 11:	<p>Any plans to conduct share- buyback by the Company in order to reflect fair market value of its shares vis-a-vis with other industry players?</p>
Reply:	<p>No plan at this moment.</p>
Question 12:	<p>What is the plan to utilise the cash generated during this super profit period? Except capacity expansion which is already announced, is there any plan for vertical or horizontal expansion?</p>
Reply:	<p>We do not have any target at this moment, but we always consider if the opportunity arises.</p>