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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Riverstone Holdings Limited

Stock code: AP4

Meeting details:

Date: 24 April 2023

Time: 2.00 p.m.

Venue: Raffles City Convention Centre, Enterprise Room, Level 4, 80 Bras Basah Road,
Singapore 189560

Q1. After a record-breaking year in 2021, the group achieved a strong but more modest performance in 2022, primarily due to the normalisation of the average selling price and higher cost of sales.

In 2022, the group's total revenue was RM1.26 billion, and its net profit was RM314.4 million, representing a decrease of 59.1% and 77.8%, respectively. Although the gross profit margin moderated to 35.8%, it remains substantially higher than the 20% gross profit margin recorded in 2019.

The executive chairman and CEO expects stiff competition to persist in the healthcare gloves segment and foresees consolidation and rationalisation in the coming years.

The group remains focused on the cleanroom segment where it has been traditionally strong.

- (i) **Can management help shareholders better understand its strategy for dealing with price competition, especially from new manufacturers who were drawn to the industry during the pandemic?**
- (ii) **Specifically, how significant is the risk of excess capacity in healthcare gloves being repurposed to produce cleanroom gloves, leading to the emergence of new competitors in the cleanroom glove segment?**
- (iii) **In the cleanroom segment, to what extent does the group have pricing power, especially with regards to passing on increases in material costs?**
- (iv) **Can management provide shareholders with a better understanding of the various applications for Class 10 (ISO 4), Class 100 (ISO 5), and Class 1000 (ISO 6) cleanroom gloves?**
- (v) **What measure does management have in place to manage the impact of US dollar volatility? Does the group favour a strong US dollar?**
- (vi) The group's raw materials are mainly latex and nitrile. Latex is a traded commodity, and its price is subject to fluctuations in the commodity market. Nitrile is a petroleum-based product and is affected by the increase in the prices of crude oil (page 94; Note 27(c) Commodity price risk). **What guidance has the board given to management with regard to hedging of commodity price risk?**

Q2. Phase 7 of the group's expansion was completed in FY2022. It will add up to 1.5 billion gloves. The factory commissioning is underway.

The group acquired 6 parcels of leasehold industrial lands with a total land area of approximately 18.33 acres located at Kamunting Industrial Estate, Kamunting, Taiping, Perak, Malaysia for a total consideration of RM17.6 million.

- (i) **Can management provide additional insights into the group's overall growth trajectory and the pace of its expansion, given the dual challenges of hot capital inflows into the industry over the past two years and a drop in demand as the pandemic eases?**
- (ii) **Does it make sense for the company to acquire other players, especially newcomers who are struggling with the lower average selling price? Has management evaluated any distressed competitors as potential acquisition targets?**
- (iii) In terms of segment assets, the group has segment assets of RM75 million and RM72 million in Thailand and China respectively. **What are the international expansion plans?**

Q3. The updated Sustainability Report 2023 will be available on or before 30 April 2023. It will contain details of the group's sustainability plan, targets, and projects.

Based on the group's published sustainability report, the group has set up a Sustainability Committee (SC) which is led by the chief sustainability officer (CSO). The SC meets multiple times a year to discuss the group's sustainability strategy, goals, and performance.

- (i) **Who are the members of the SC and what are their roles/functions in the group? Please also provide insights into the selection criteria used to identify the Chief Sustainability Officer (CSO).**
- (ii) **What are the roles of the board directors in the governance framework to drive, govern and manage the sustainability function within the group? Has the board deliberated on the level of involvement by the directors in the SC?**

The material topics have been identified and the SC has carried out the materiality assessment (shown below):



Environmental	Social	Governance	Strategy & Business
Energy & Emission	Occupational Health & Safety	Responsible Corporate Governance	Product Quality & Safety
Water Stewardship	Labour Rights	Ethical & Transparent Business	Innovation
Effluent & Waste Management	Training & Development	Regulatory compliances	Sustainability
Environmental compliances	Community Development		
	Social Compliances		

(Source: company sustainability report)

- (iii) **Can the board or the SC provide additional information on the group's efforts to address labour rights, and how the company ensures that these rights are effectively enforced?**
- (iv) **What is the level of oversight by the board in ensuring compliance with the standards?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](https://www.sias.org.sg)



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