



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

RESPONSE TO SGX QUERIES ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Board of Directors of Riverstone Holdings Limited (“**the Company**” or together with its subsidiaries “**the Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 20 April 2021 relating to the Company’s Annual Report for the year ended 31 December 2020 (“**FY2020**”) released by the Company on 9 April 2021. The Company’s response is as follow:

SGX-ST’s Query 1 : Interested Person Transactions

Listing Rule 907 requires issuers to disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. The name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the following format: 1) Name of interested person; 2) Nature of relationship; 3) 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); and 4) Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)

Please disclose the Nature of relationship with the interested person - Hoe Hup Heng Engineering using the prescribed form found on Listing Rule 907.

Company’s Response:

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\$296,553 (equivalent to RM903,390)	S\$0 (equivalent to RM0)

SGX-ST's Query 2 : Principle 2 – 2.4 of the Code of Corporate Governance 2018 ("2018 Code")

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 2 requires an issuer to state the Company's board diversity policy and progress made towards implementing the board diversity policy, including objectives.

Please state if the Company has a formal board diversity policy and please confirm if the Company's practices are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Company's Response:

The Board has always placed diversity as an agenda in strengthening the performance of the Board and its Board Committees. The Nominating Committee ("NC") and Board as a board diversity policy, has always 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 exercises diversity practices through the effective blend of competencies and extensive experiences of Directors who are involved in strategic discussions with key management personnel who are aware and are prepared to navigate diverse cultures, geographies and markets to make decisions in the best interests of the Company.

The Board comprise 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.

SGX-ST's Query 3 : Principle 3 – 3.1 of 2018 Code

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 3 requires the separation of the role of the Chairman from that of the CEO to avoid concentration of power in one individual and ensure a degree of checks and balances. We note the Company stated that "there is no need for the role of Chairman of the Board and the CEO to be separated as there is good balance of power and authority with all critical committees chaired by the Independent Directors."

Please explain and confirm if the Company's practices are consistent with the intent of Principle 3 of the Code, which requires the Company to have a separation of the role of the Chairman from that of the CEO to avoid concentration of power in one individual and ensure a degree of checks and balances.

Company's Response:

The Board has appointed Mr Low Weng Keong as 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.

The Board believes that there is no need for the role of Chairman of the Board and the CEO to be separated at this point in time as there is good balance of power and authority with all critical committees chaired by the Independent Directors. Majority of the Board comprises independent directors who expressed his 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.

SGX-ST's Query 4 : Principle 8 – 8.1 of 2018 Code

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 8 of the Code states that appropriate remuneration disclosures for individual directors, CEO and KMP should be made to provide sufficient transparency and information to shareholders regarding remuneration matters. The remuneration disclosures for individual directors and the CEO should specify the names, amounts and breakdown of remuneration. We note that the Company declined to disclose each individual director and CEO's exact remuneration. Instead, the Company disclosed the remunerations in bands of S\$250,000. Please clarify if this disclosure provides sufficient transparency and information to shareholders and it is consistent with the intent of Principle 8 of the Code.

SGX-ST's Query 5 : Principle 8 – 8.1 of 2018 Code

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 8 of the Code states that remuneration disclosures of at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel. We note the Company had declined to disclose the aggregate total remuneration of its top seven (7) KMP. Please clarify if this disclosures provides sufficient transparency and information to shareholders and it is consistent with the intent of Principle 8 of the Code.

Company's Response:

Provisions 8.1 of the Code states that: "The company discloses in its annual report of the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel."

The Company has disclosed the following on page 27 of the FY2020 Annual Report:

- names and remuneration breakdown of individual Executive Directors (including the CEO) in bands of S\$250,000 (instead of quantum basis) for reasons of competition;
- The remuneration breakdown of the top seven (7) key management personnel (who are not Directors or the CEO) in bands of S\$250,000 (instead of aggregate total remuneration paid to these key management personnel (in order to maintain confidentiality of staff remuneration and to prevent poaching of key management personnel in the competitive industry.

While the said disclosure practice varies from Provision 8.1 of the Code, as disclosed on Page 27 of the FY2020 Annual Report, the Board is of the view that specific remuneration disclosure of individual directors (including CEO) and aggregate total remuneration of top seven (7) 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.

Additional information on the compensation paid to Directors of the Company and other key management personnel is also provided in Note 23(b) to the Financial Statements of the FY2020 Annual Report.

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.

Considering the reasons for the variation in the disclosure practice under Provision 8.1 of the Code, the Board believes that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation, and these are consistent with the intent of Principle 8 of the Code.

SGX-ST's Query 6 : Principle 10 – 10.4 of 2018 Code

Listing Rule 1207 (10C) requires an issuer's audit committee's comment on whether the internal audit function is independent, effective and adequately resourced. We note the company stated that "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."

Please state if the audit committee is satisfied with the effectiveness and the independence of the internal audit function.

Company's Response:

The Audit Committee ("AC") is satisfied with the independence and effectiveness of the internal audit function. The internal audit function is adequately resourced after it has been outsourced to an auditing firm and has appropriate standing within the Company. 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.

BY ORDER OF THE BOARD

Wong Teek Son
Executive Chairman/Chief Executive Officer

21 April 2021