

## **CORPORATE GOVERNANCE STATEMENT**

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The Board of Directors is responsible for the operational and financial performance of the group, including its corporate governance. The group believes that the adoption of good corporate governance adds value to stakeholders and enhances investor confidence.

### **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

#### **Board Charter**

The Board is accountable to shareholders for the performance of the group. The Board operates under the Board Charter that details its functions, responsibilities and powers and those delegated to management.

On appointment, non-executive directors receive formal letters of appointment setting out the terms and conditions of appointment. Executive directors are employed pursuant to employment agreements.

#### **Evaluation of the performance of senior executives**

The performance of senior executives is evaluated in accordance with the Performance Evaluation Process. A performance evaluation for senior executives will take place subsequent to the end of the reporting period and will be carried out in accordance with the process disclosed.

### **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

#### **Composition of the Board**

The Board consists of the Executive Chairman, Executive Director and two Executive Directors. Details of their skills, experience and expertise and the period of office held by each director have been included in the Directors' Report. The number of board meetings and the attendance of the directors are set out in the Directors' Report.

The roles of Chairman and the Executive Director are exercised by the same individual. The Board Charter summarises the roles and responsibilities of Liangchao Chen.

#### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consists of five members and is chaired by Mr Liangchao Chen, who is also the Chairman of the board.

The Nomination and Remuneration Committee Charter sets out its role, responsibilities and

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membership requirements.

For information on the skills, experience and expertise of the Nomination and Remuneration Committee members, refer to the Directors' Report.

Details of the members and their attendance at meetings of the Nomination and Remuneration Committee are included in the Directors' Report.

#### **Board renewal and succession planning**

The appointment of directors is governed by the group's Constitution and the Appointment and Selection of New Directors policy. In accordance with the Constitution of the group, no director except a Managing Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election.

The group has not adopted a policy in relation to the retirement or tenure of directors.

The appointment of the group Secretary is a matter for the Board. Information on the skills, experience and qualifications of the group Secretary can be found in the Directors' Report.

#### **Evaluation of the performance of the Board, its committees and individual directors**

The performance of the Board, its committees and individual directors are evaluated in accordance with the Performance Evaluation Process. Performance evaluations of the Board, the Nomination and Remuneration Committee, the Audit and Risk Committee and individual directors will take place subsequent to the end of the reporting period and will be carried out in accordance with the Performance Evaluation Process.

#### **Induction and education**

When appointed to the Board, a new director will receive an induction appropriate to their experience. Directors may participate in continuing education to update and enhance their skills and knowledge from time to time, as considered appropriate.

#### **Access to information and advice**

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Board also has a policy under which individual directors and Board committees may obtain independent professional advice at the group's expense in relation to the execution of their duties, after consultation with the Chairman.

### **PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING**

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#### **Code of Conduct**

The Board has adopted a Code of Conduct which applies to all directors and officers of the group. It sets out the Company's commitment to successfully conducting the business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards.

#### **Diversity Policy**

The Board has adopted a Diversity Policy which sets out the group's aims and practices in relation to recognising and respecting diversity in employment. The Policy reinforces the group's commitment to actively managing diversity as a means of enhancing the group's performance by recognising and utilising the contributions of diverse skills and talent from its employees.

### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

#### **Audit and Risk Committee**

The Audit and Risk Committee consists of four members and is chaired by Director Liangchao Chen.

The Audit and Risk Committee Charter sets out its role, responsibilities and membership requirements. For information on the skills, experience and expertise of the Audit and Risk Committee members, refer to the Directors' Report.

Details of the members and their attendance at meetings of the Audit and Risk Committee are included in the Directors' Report.

#### **External auditor**

Consistent with its Charter, the Audit and Risk Committee reviews the external auditor's terms of engagement and audit plan, and assesses the independence of the external auditor. The current practice, subject to amendment in the event of legislative change, is for the rotation of the engagement partner to occur every five years.

The group's independent external auditor is BDO East Coast Partnership.

### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

The Continuous Disclosure Policy sets out the key obligations of the directors and employees in relation to continuous disclosure as well as the group's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements for monitoring compliance.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

The Shareholder Communications Policy sets out the consolidate entity's aims and practices in respect of communicating with both current and prospective shareholders. The Policy reinforces the consolidate entity's commitment to promoting investor confidence by requiring:

- compliance with the continuous disclosure obligations;
- compliance with insider trading laws;
- compliance with financial reporting obligations;
- compliance with shareholder meeting requirements, including the provision of an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and auditor of the consolidated entity;
- communication with shareholders in a clear, regular, timely and transparent manner; and
- response to shareholder queries in a prompt and courteous manner.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

### **Risk Management Policy**

The group recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the consolidate entity. As a result, the Board has adopted a Risk Management Policy which sets out the consolidate entity's system of risk oversight, management of material business risks and internal control.

### **Risk oversight**

The group's risk management framework is supported by the Board of Directors, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the group's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee also has delegated responsibilities in relation to risk management and the financial reporting process as set out in the Audit and Risk Committee Charter. Further detail regarding the Audit and Risk Committee can be found above at Principle 4: Safeguarding integrity in financial reporting.

### **Reporting and assurance**

When considering the Audit and Risk Committee's review of financial reports, the Board receives a written declaration in accordance with section 295A of the *Corporations Act*, signed by the Executive Chairman and Executive Director, that the group's financial reports give a true and fair view, in all material respects of the consolidated entity's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the consolidated entity's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

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Similarly, in a separate written statement the executive Chairman and the Chairman of the Audit and Risk Committee also confirm to the Board that the group's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

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**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee has delegated responsibilities in relation to the group's remuneration policies as set out in the Nomination and Remuneration Committee Charter. Further detail regarding the Nomination and Remuneration Committee can be found above at Principle 2: Structure the board to add value.

**Non-executive directors' remuneration policy**

The structure of non-executive directors' remuneration is clearly distinguished from that of executives. Non-executive directors do not receive performance related compensation. Neither the non-executive directors nor the executives of the group receive any retirement benefits.

**Executive directors' remuneration policy**

As noted previously, the Executive Chairman and Executive Director are employed pursuant to employment agreements. Summaries of these employment agreements are set out in the Remuneration Report.