

# AUMAKE INTERNATIONAL LTD LIMITED

## CORPORATE GOVERNANCE STATEMENT

Principles and Recommendations	Comply	Explanation
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<p><b>Recommendation 1.1</b> A listed entity should have and disclose a charter which:</p> <p>(a) sets out the respective roles and responsibilities of the board, the chair and management; and</p> <p>(b) includes a description of those matters expressly reserved to the board and those delegated to management.</p>	Complying	<p>The Company has adopted a Board Charter.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p>
<p><b>Recommendation 1.2</b> A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	Complying	<p>(a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</p> <p>(b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.</p>
<p><b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complying	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.
<p><b>Recommendation 1.4</b> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Complying	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
<p><b>Recommendation 1.5</b> A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary or it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	Complying	<p>(a) The Company has adopted a Diversity Policy.</p> <p>(i) The Diversity Policy provides a framework for the Company to achieve measurable objectives that encompass gender equality. The Board is responsible for developing measurable objectives and strategies to meet the objectives of the Diversity Policy</p> <p>(ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives.</p> <p>(b) The Diversity Policy is stated in of the summary of the Corporate Governance Plan which is available on the company website.</p> <p>(c)</p> <p>(i) The Diversity Policy provides that measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition, the Board will review progress against the objectives in its annual performance assessment. Due to the current size of the Company, the Board has not yet formally set measurable objectives for achieving gender diversity.</p> <p>(ii) The Diversity Policy provides that the Board will include in the annual report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board Level. The Board does not consider that it is in a position to set out meaningful objectives for achieving gender diversity due to the size of the Company.</p> <p>As at 30 June 2018, one out of five directors was female.</p>

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<p><b>Recommendation 1.6</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complying	<p>(a) The Board of directors are responsible for arranging a performance evaluation of the Board, its Committees and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Schedule 6 of the Company's Corporate Governance Plan provides guidance on the review process to be undertaken by the Nomination Committee. Details of the performance evaluations conducted will be provided in the Company's Annual Reports.</p>																																		
<p><b>Recommendation 1.7</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complying	<p>(a) The Board of Directors are responsible for arranging a performance evaluation of senior executives on an annual basis. To assist in this process an independent advisor may be used.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives.</p>																																		
<p><b>Principle 2: Structure the board to add value</b></p>																																				
<p><b>Recommendation 2.1</b> The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	Part complying	<p>(b) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee. The Board considers that it can deal efficiently and effectively with board composition and succession issues without establishing a separate Nomination Committee.</p>																																		
<p><b>Recommendation 2.2</b> A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Complying	<table border="1"> <thead> <tr> <th>Board Skills Matrix</th> <th>Number of Directors that Meet the Skill</th> </tr> </thead> <tbody> <tr> <td>Executive &amp; Non- Executive experience</td> <td>3</td> </tr> <tr> <td>Industry experience &amp; knowledge</td> <td>3</td> </tr> <tr> <td>Leadership</td> <td>4</td> </tr> <tr> <td>Corporate governance &amp; risk management</td> <td>2</td> </tr> <tr> <td>Strategic thinking</td> <td>4</td> </tr> <tr> <td>Desired behavioral competencies</td> <td>3</td> </tr> <tr> <td>Geographic experience</td> <td>3</td> </tr> <tr> <td>Capital Markets experience</td> <td>2</td> </tr> <tr> <td>Subject matter expertise:</td> <td></td> </tr> <tr> <td>- accounting</td> <td>3</td> </tr> <tr> <td>- capital management</td> <td>3</td> </tr> <tr> <td>- corporate financing</td> <td>3</td> </tr> <tr> <td>- industry taxation <sup>1</sup></td> <td>1</td> </tr> <tr> <td>- risk management</td> <td>3</td> </tr> <tr> <td>- legal</td> <td>2</td> </tr> <tr> <td>- IT expertise <sup>2</sup></td> <td>1</td> </tr> </tbody> </table> <p>(1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements.</p> <p>(2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements.</p> <p>A profile of each director setting out their skills, experience and expertise is set out in the Directors' Report of the Company's 2018 Annual Report.</p>	Board Skills Matrix	Number of Directors that Meet the Skill	Executive & Non- Executive experience	3	Industry experience & knowledge	3	Leadership	4	Corporate governance & risk management	2	Strategic thinking	4	Desired behavioral competencies	3	Geographic experience	3	Capital Markets experience	2	Subject matter expertise:		- accounting	3	- capital management	3	- corporate financing	3	- industry taxation <sup>1</sup>	1	- risk management	3	- legal	2	- IT expertise <sup>2</sup>	1
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<p><b>Recommendation 2.3</b> A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director</p>	Complying	<p>(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Report.</p> <p>(b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Report.</p> <p>(c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website.</p>
<p><b>Recommendation 2.4</b> A majority of the board of a listed entity should be independent directors.</p>	Not Complying	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>Due to the size and nature of the existing Board the Company currently has no independent directors. The Board is confident that the independence is unlikely to be compromised due to the board's extensive experience and knowledge in corporate governance.</p>
<p><b>Recommendation 2.5</b> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Not Complying	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>Due to the size and nature of the existing Board and the magnitude of the Company's operations the Chair of the Board, Keong Chan, is not an independent director, however, given his extensive experience and knowledge in corporate governance, the independence is unlikely to be compromised.</p>
<p><b>Recommendation 2.6</b> A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	Complying	<p>The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</p>
<p><b>Principle 3: Act ethically and responsibly</b></p>		
<p><b>Recommendation 3.1</b> A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Complying	<p>(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct is in the Corporate Governance Plan. which is summarised on the Company's website.</p>
<p><b>Principle 4: Safeguard integrity in financial reporting</b></p>		
<p><b>Recommendation 4.1</b> The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Part complying	<p>(a) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company's Audit and Risk Committee is consist of two directors and whom are not independent. The Company is looking to grow and development the required knowledge and experience of the directors in order to satisfy this requirement fully.</p> <p>The role and responsibilities of the Audit and Risk Committee are outlined in the Company's Corporate Governance Plan. The Committee devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors.</p>
<p><b>Recommendation 4.2</b> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Complying	<p>The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the MD and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>

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<p><b>Recommendation 4.3</b> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Complying	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b> A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.</p>	Complying	<p>(a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</p> <p>(b) The summary of the Corporate Governance Plan is available on the Company website.</p>
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.</p>	Complying	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.
<p><b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Complying	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.
<p><b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Complying	<p>The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the dispatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.</p>
<p><b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Complying	<p>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b> The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	Part complying	<p>(a) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company's Audit and Risk Committee is consist of two directors and whom are not independent. The Company is looking to grow and development the required knowledge and experience of the directors in order to satisfy this requirement fully.</p> <p>The role and responsibilities of the Audit and Risk Committee are outlined in the Company's Corporate Governance Plan. The Committee devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors.</p>

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<p><b>Recommendation 7.2</b> The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	Complying	<p>(a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems.</p> <p>(b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.</p>
<p><b>Recommendation 7.3</b> A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Complying	The Company's Corporate Governance Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.
<p><b>Recommendation 7.4</b> A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Complying	The Company's Corporate Governance Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
<p><b>Principle 8: Remunerate fairly and responsibly</b></p>		
<p><b>Recommendation 8.1</b> The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Part complying	<p>(b) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee. The Board considers that it can deal efficiently and effectively with board composition and succession issues without establishing a separate Nomination Committee.</p>
<p><b>Recommendation 8.2</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	Complying	The role and responsibilities of the Remuneration Committee are outlined in the Company's Corporate Governance Plan.
<p><b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Complying	<p>(a) Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans.</p> <p>(b) A summary of the Company's Corporate Governance Plan is available on the Company's website.</p>