



**LionHub Group Limited**

ABN 29 119 999 441

[www.lionhub.com.au](http://www.lionhub.com.au)

## CORPORATE GOVERNANCE STATEMENT

With reference to the ASX Corporate Governance Councils "Corporate Governance Principles and Recommendations" – 3<sup>rd</sup> Edition

This Corporate Governance Statement is current as of 20 April 2018 has been approved by the Board of Directors.

### **Principle 1:**

*Lay solid foundations for management and oversight*

Establish and disclose the respective roles and responsibilities of the board and management and how their performance is monitored and evaluated

1.1 The Company should disclose

- (a) the respective roles and responsibilities of the board and management; and
- (b) those matters expressly reserved to the board and those delegated to management

**The Company's Board Charter discloses the specific responsibilities, roles and segregation of functions between the board and those delegated to manager.**

**A copy of the Company's Board Charter is available on the Company's webpage:**

**<http://www.lionhub.com.au/irm/content/corporate-governance.aspx?RID=327>**

1.2 The Company should

- (a) undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director; and
- (b) provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director

**The Board, through the Remuneration and Nomination Committee, oversees the appointment, selection and induction process for directors. When a vacancy exists or there is need for particular skills, the Board determines the selection criteria based on the skills deemed necessary.**

**The Remuneration and Nomination Committee identifies potential candidates who are assessed against background, experience, professional skills, personal qualities and their availability to commit themselves to the Board's activities and those of the Company. The Board undertakes checks as to the candidate's character, experience and education and may if it considers it appropriate undertake further checks as to criminal record and bankruptcy history.**

**Directors appointed by the Board must stand for election at the next general meeting of shareholders.**

**When directors are due for election or re-election, the Company discloses biographical details, including relevant qualifications and experience in the Notice of Meeting in order for shareholders to make an informed decision regarding that particular director.**

**The Board will not endorse the reappointment of a director who is not satisfactorily performing the role.**

1.3 The Company should have a written agreement with each director and senior executive setting out the terms of their appointment.

**New directors, who are appointed to the Board, will be provided with a personal letter of appointment which includes the obligations and responsibilities of being a director of the Company, their remuneration details, confidentiality and disclosure obligations, share trading policy guidelines, indemnity and insurance arrangements.**

**New directors are also advised that they can gain access to copies of Company and Board policies, the Constitution and access to prior Board minutes and papers.**

**Contracts of employment are entered into with all senior executives.**

1.4 The Company Secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

**The Company Secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.**

**The Company's Board Charter provides the details of the role of the Company Secretary.**

**Each Director of the Company is able to communicate directly with the Company Secretary and vice versa.**

1.5 The Company should:

- (a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them;
- (b) Disclose that policy or a summary of it; and
- (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the Company's diversity policy and its progress towards achieving them, and either
  - The respective proportions of men and women on the board, in senior executive positions and across the whole organization; or
  - The most recent "Gender Equity Indicators" as defined in the Workplace Gender Equality Act

**The Company has established a Diversity policy which provides a framework for new and existing diversity related initiatives and polices to be implemented and maintained. The Policy is available on the Company's webpage.**

**The measurable objectives that the Company has developed for achieving gender diversity are:**

- **At least one woman must be included in any pool of candidates for a position as a non-executive director, if available and appropriate; and**
- **Ensure that in the interview process for each executive and management position there is at least one female on the interview panel if possible.**

**The Board of Directors is currently comprised of 3 men and 2 women. In addition, the consolidated group employs a total of 17 people of which 13 are women inclusive of 1 woman who is a senior executive.**

1.6 The Company should

- (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process

**The Company's Corporate Governance Policies include a Performance Evaluation Process Policy which discloses the annual process for evaluating performance of the Board. The Policy is available on the Company's webpage.**

**Due to the size of the Company and the nature of its operations a formal performance evaluation of the Board did not take place during the 2017 year.**

1.7 The Company should

- (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period on accordance with that process

**The Company's Corporate Governance Policies includes a Performance Evaluation Process Policy which discloses the annual process for evaluating performance. The Chief Executive Officer will review, monitor and evaluate the performance of senior executives in conjunction with the Remuneration and Nomination Committee.**

**Mr. Joseph Bek was appointed as Acting Chief Executive Officer on 26 February 2018.**

**Due to the size of the Company and the nature of its operations a formal performance evaluation of the senior executives did not take place during the 2017 year.**

**Principle 2:**

*Structure the board to add value*

The board should be of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

2.1 The Company should

- (a) Have a nomination committee
  - With a least three (3) members, a majority of who are independent directors;
  - Chaired by an independent director

And discloses:

- The charter of the committee;
- The members of the committee; and
- The number of times the committee met throughout the period and the individual attendance of the members at those meetings

- (b) If the Company has no nomination committee, there must be disclosure of that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience independent and diversity to enable it to discharge its duties and responsibilities effectively.

**The Company has established and maintained a Remuneration and Nomination Committee.**

**The Remuneration and Nomination Committee reviews the Board's size and composition, its committees and committee charters and evaluates Board candidates and makes recommendations to the Board on suitable individuals for Board appointment.**

**This Committee is governed by a formal charter which is disclosed on the Company's website. The charter defines the Committee's function, operation, structure, authority and responsibilities.**

**Due to the size of the Company and the nature and scale of its operations the current Remuneration and Nomination Committee is comprised of only two Directors being Choon Keng Kho and Kwee Jee Lee. Only Ms. Kwee Jee Lee is an independent Director.**

**Mr CK Kho (who is the Chairman of the Board) is the Chairman of the Remuneration and Nomination Committee.**

**The Board acknowledges that the Committee does not comply with the structure recommended by the ASX Corporate Governance Council. The Board considers that Mr. Kho's knowledge, experience, leadership and skill set remains the most appropriate for the Company at this stage in its development.**

2.2 The Company should have and disclose a board skills matrix of skills and diversity that the board currently has or is looking to achieve in its membership.

**The skills, experience and knowledge of each of the Directors is disclosed in the Company's Annual Report and on the Company's website.**

**Also refer to the Board Skills Matrix attached as Appendix A.**

2.3 The Company should disclose:

- (a) The names of the directors considered by the board to be independent;
- (b) If a director has an interest, position, association or relationship that might cause doubts about the independence of a director 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 explanation of why the board is of that opinion; and
- (c) The length of service of each director

**Of the current Board of five directors three are independent directors. The Company's Acting Chief Executive Officer is also independently appointed.**

**The three independent directors are Ms Kwee Jee Lee, Mr Kim Huat Koh and Ms Jamie Gee Choo Khoo.**

**Information relating to the directors is disclosed in the Directors' Report section of the Company's Annual Report and on the Company's website.**

2.4 A majority of the board should be independent directors

**The majority of the Board are independent Directors.**

2.5 The chair of the board should be an independent director and, in particular should not be the same person as the CEO.

**The Chairman of the Board, Mr Choon Keng Kho, is not independent however his knowledge, experience, leadership and skill set are considered to be of significant value to direct the Company.**

**The currently Acting CEO is Mr Joseph Bek who is not a Director and who the Board considers has the knowledge, experience and skill set to manage the affairs of the Company.**

2.6 The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

**The Company has a program for inducting new directors which includes apprising them of the Company's policies and procedures and providing them with the opportunity to visit the Company's operations and meet with senior executives.**

**Due to the size of the Company and the nature and scale of its operations the Company does not have a formal program for providing professional development opportunities for Directors.**

**Principle 3:**

*Act ethically and responsibly*

The Company should act ethically and responsibly

3.1 The Company should:

- (a) Have a code of conduct for its directors, senior executives and employees; and
- (b) Disclose that code or a summary of it.

**The Company has established a Code of Business Conduct and a Directors and Executive Officers' Code of Conduct both of which provide a framework for decisions and actions in relation to ethical conduct in employment.**

**These codes underpin the Company's commitment to integrity and fair dealing in its business affairs and a duty of care to all Directors, senior executives, employees and 3<sup>rd</sup> party service providers who are committed to implementing the Code and each individual is accountable for such compliance.**

**These codes are disclosed on the Company's website.**

**Principle 4:**

*Safeguard integrity in corporate reporting*

The Company should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting

4.1 The Company should:

- (a) Have an audit committee
  - With a least three (3) members, all of whom are non-executive directors and the majority of who are independent directors;
  - Chaired by an independent director who is not the chair of the board

And discloses:

- The charter of the committee;
  - The relevant qualifications and experience of the members of the committee; and
  - The number of times the committee met throughout the period and the individual attendance of the members at those meetings
- (b) If the Company has no audit committee, there must be disclosure of that fact and the processes it employs to independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

**The Company has an established Audit and Risk Management Committee.**

**The Audit and Risk Management Committee has three (3) members, all of whom are independent non-executive directors.**

**The Committee has a formal charter in place which is disclosed on the Company website. The charter defines the Committee's function, composition, operation, authority and responsibilities.**

**Information relating to the Directors of the committee, their skills, experience, expertise and the number of times the committee met throughout the period is contained in the Directors' Report section of the Company's Annual Report.**

4.2 Before the board approves the financial statements for a financial period, it should receive from its CEO and CFO a declaration that, in their opinion the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and gives a true and fair view of the financial position and performance of the Company which has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

**The Board receives a declaration from the Chief Executive Officer and Group Finance Manager covering the matters set out in section 295A of the Corporations Act 2001 – that the financial records of the Company for year end and half-yearly financial reports have been properly maintained in accordance with the Act and that the financial statements and the notes for the financial year comply with the accounting standards and give a true and fair view of the financial position and performance of the Company.**

**This declaration is given before the Directors approve the financial statements for the financial year and half-year.**

4.3 The external auditors are to attend the Company's AGM and are available to answer questions from shareholders relevant to the audit.

**The Company's Annual General Meeting is conducted in accordance with the Corporations Act and the constitution of the Company.**

**The Company ensures that a representative from the external auditor attends the Annual General Meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.**

**Principle 5:**

*Make timely and balanced disclosure*

The Company should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities

5.1 The Company 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

**The Company has maintained a Disclosure Policy which deals with compliance procedures to ensure timely and balanced disclosure of information in accordance with ASX Listing Rules.**

**The focus of these procedures is on continuous disclosure compliance and improving access to information for investors by notifying the ASX, posting releases on the Company website, and issuing media releases**

**The Policy is available on the Company's website.**

**The CEO and the Company Secretary are charged with ensuring that any disclosure steps which**

need to be taken by the Company are brought before the Board for discussion and, subject to amendment, approval.

The Company Secretary is responsible for non-material and standard form disclosures to the market and for liaising with the ASX.

**Principle 6:**

*Respect the rights of shareholders*

The Company should respect the rights of its shareholders by providing them with appropriate information and facilities to allow them to exercise those rights effectively

6.1 The Company should provide information about itself and its governance to investors via its website.

The Company maintains a website and shareholders can find all recent information on the Company under various headings on the Company's website, including latest ASX releases, details of its projects and its Corporate Profile.

Shareholders may also request a copy of the Company's ASX recent releases.

6.2 The Company should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company has established a Communications Strategy which aims to ensure that shareholders are fully informed by communicating to them through

- Continuous disclosure reporting to the ASX;
- Quarterly, half yearly and annual reports; and
- Media releases, copies of which are lodged with the ASX and placed on the Company's website

The Company website provides a platform to disclose official ASX releases of material information and periodic reports, press releases, notices and presentations as well as the contact details of the Company and Share Registrar to enable shareholders to make contact.

The Communications Strategy is disclosed on the Company's website.

6.3 The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.

The Communications Strategy aims to ensure shareholder participation at all Annual and General Meetings that they are permitted to attend.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of identification with the Company's strategy and goals and to encourage communication and contact with the Board. Important issues are presented to shareholders as single resolutions

6.4 The Company should give shareholders the option to receive communications from and send communications to the Company and its share registry electronically.

Shareholders are given the option to receive information such as the Annual Report and Notice of Meeting in print or electronic form.

**Principle 7:***Recognise and manage risk*

The Company should establish a sound risk management framework and periodically review the effectiveness of that framework

7.1 The Company should:

- (a) Have a committee or committees to oversee risk, each of which
- Has at least three (3) members, a majority of who are independent directors; and
  - Chaired by an independent director

And discloses:

- The charter of the committee;
  - The members of the committee; and
  - The number of times the committee met throughout the period and the individual attendance of the members at those meetings
- (b) If the Company has no risk committee or committees, that satisfy (a) above, disclose that fact and the processes it employs to oversee the Company's risk management framework.

**The responsibility and control of the Company's risk management system has been delegated to the Audit and Risk Management Committee.**

**The Audit and Risk Management Committee has three (3) members, all of whom are independent non-executive directors.**

**The Committee has a formal charter in place which is disclosed on the Company website. The charter defines the Committee's function, composition, operation, authority and responsibilities.**

**Information relating to the Directors of the committee, their skills, experience, expertise and the number of times the committee met throughout the period is contained in the Directors' Report section of the Company's Annual Report.**

**The Company has a Risk Management and Internal Control Policy in place for the identification and effective management of the key risks associated with the Company's business of real estate, development and logistics. The Risk Management and Internal Control Policy is disclosed on the Company website**

7.2 The board or a Committee of the board should:

- (a) Review the Company's risk management framework at least annually to satisfy itself that, it continues to be sound; and
- (b) Discloses, in relation to each reporting period, whether such a review has been taken.

**The Audit and Risk Management Committee monitors the Company's risk management framework on an ongoing basis.**

**No formal review the Company's risk management framework was undertaken in respect of the year ended 31 December 2017.**

**Internal controls are in place to mitigate against any material business risks and these are under the control of the CEO.**

**Risks of a strategic, financial and operational nature (such as ability to raise capital to fund development, real estate prices and currency fluctuations, adequate levels of insurance, contract documentation, maintaining the land associated with the projects in good standing and meeting financial reporting and compliance obligations) are reviewed on a regular basis by the full Board.**



**Potential operational risks involved in running the Company are closely monitored by the Board.**

7.3 The Company should disclose:

- (a) If it has an internal audit function, how the function is structured and what role it performs;  
or
- (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.

**Due to the size of the Company and the nature and scale of its operations the Company does not have a formal internal audit function.**

**The role Audit and Risk Management Committee includes responsibility for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

**The Committee has a formal charter in place which is disclosed on the Company website. The charter defines the Committee's function, composition, operation, authority and responsibilities.**

7.4 The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.

**The Company recognises that it has ongoing exposure to economic, environmental and social sustainability risks which are managed through a series of internal and publicly available policies including but not limited to the Board Charter and the Code of Conduct.**

#### **Principle 8**

*Remunerate fairly and responsibly*

The Company should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for Shareholders.

8.1 The Board should

- (a) Have a remuneration committee which
  - Has at least three (3) members, a majority of who are independent directors;
  - Chaired by an independent director

And discloses:

- The charter of the committee;
- The members of the committee; and
- The number of times the committee met throughout the period and the individual attendance of the members at those meetings

- (b) If the Company has no 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.

**The Company has an established Remuneration and Nomination Committee.**

**This Committee is governed by a formal charter which is disclosed on the Company's website. The charter defines the Committee's function, operation, structure, authority and responsibilities.**

**Due to the size of the Company and the nature and extent of its operations the Committee has only two members of which one is independent non-executive directors.**

**The Committee meets at least on an annual basis to review executive remuneration and incentive policies. Details relating to the number of times the committee met throughout the period and the individual attendance of the members at those meetings are set out in the Directors' Report in the Company's annual financial report.**

**The Committee also reviews the audited remuneration report set out in the Directors' Report and makes the necessary recommendations to the Board.**

**The Committee, where necessary, consults external consultants and specialists.**

8.2 The Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

**The Company distinguishes the remuneration of non-executive directors from that of executive directors and senior executives.**

**The Company's Constitution provides that the remuneration of non-executive directors is fixed and they do not participate in any incentive plans. And do not receive any retirement benefits. For information about non-executive director remuneration practice, reference can be made to the audited remuneration report set out in the Directors' Report.**

**The Board is responsible for determining the remuneration of any director or senior executive without the participation of the concerned director or executive following consultation with the Remuneration and Nomination Committee.**

**The information provided in the Remuneration Report is audited as required by Section 308(3C) of the Corporations Act 2001.**

8.3 The Company if it has an equity based remuneration scheme should

- (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
- (b) Disclose that policy or a summary of it

**The Company's policy on Dealing in Securities prohibits participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.**

**A copy of the Dealing Policy is on the Company's webpage.**

## Appendix A

### LionHub Group Limited

#### Board Skills Matrix

	BOARD OF DIRECTORS				
	Choon Keng Kho (Chairman)	Patrick Chuan Thye Kho	Kwee Jee Lee	Kim Huat Koh	Jamie Gee Choo Khoo
Appointment Date					
Month/Year	24 September 2014	24 September 2014	26 November 2013	15 May 2014	26 November 2013
Skills and Experience					
ASX Listed Board of Director experience	-	-	-	-	√
Complex Organisation experience	√	√	√	√	√
Financial experience	√	√	√	√	√
Real estate experience	√	√	-	√	-
Development and logistics experience	√	√	-	√	-
Legal	-	-	-	-	-
Ability to Chair Audit Committee	√	√	√	√	√
Ability to Chair Remuneration Committee	√	√	√	√	√