



# Retech Technology Co., Ltd

ARBN 615 153 332

## Corporate Governance Statement

For the year ended 31 December 2018

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## Corporate Governance Statement

The Corporate Governance Statement of the Company for the reporting period ending 31 December 2018 has been prepared based on the 3<sup>th</sup> edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') pursuant to ASX Listing rule 4.10.3.

The Board of the Company is committed to principles of best practice in corporate governance and is responsible for ensuring the existence of an effective corporate governance environment to safeguard the interests of the Company, its Shareholders and other stakeholders.

ASX Listing rule 4.10.3. requires the Company to disclose the extent to which it has followed the recommendations during the financial year, including reasons where the Company has not followed a recommendation and details of any related alternative governance practice adopted.

This Corporate Governance Statement can also be accessed at <http://retech-rte.com/Announcement/CorporateGovernanceStatement.pdf>.

## Corporate Governance Statement

Principles/recommendations	Does Retch comply?	Particulars of compliance & if not why not
<b>Principle 1 – Lay solid foundations for management and oversight</b>		
<p><b>Recommendation 1.1:</b> Companies should disclose:</p> <ul style="list-style-type: none"> <li>the respective roles and responsibilities of its board and management; and</li> <li>those matters expressly reserved to the board and those delegated to management.</li> </ul>	Complies	<p>The Board's responsibilities are set out in Retch's Board Charter. Retch's Board Charter is set out in the Corporate Governance Plan.</p> <p>The functions of the Board and Chairman and those delegated to management are specifically set out in the Board Charter. The Board Charter also explains the relationship between the Board and management.</p> <p>The Board has established committees to oversee certain functions of the Board, including the Audit and Risk Management Committee and the Nomination and Remuneration Committee.</p>
<p><b>Recommendation 1.2:</b> Companies should:</p> <ul style="list-style-type: none"> <li>undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	Complies	<p>The Nomination and Remuneration Committee undertakes appropriate checks, including police clearance checks, bankruptcy searches, verification of qualifications and experience of potential Directors, before appointing a Director or putting forward to Shareholders a candidate for election as a Director.</p> <p>All material information in relation to potential Directors will be provided to Shareholders as the need arises, including in the form of disclosures contained in an explanatory memorandum to a notice of meeting, seeking the approval of Shareholders for the election or re-election of Directors.</p> <p>The Board's responsibilities in relation to director appointments are set out in Retch's Board Charter. Retch's Board Charter is set out in the Corporate Governance Plan. In regards to the current Board, appropriate checks, including bankruptcy checks and police checks were conducted as part of the listing process.</p> <p>On 16 March 2018, Chris Ryan and Neville Ide resigned as Non-Executive Directors and Ross Benson was appointed as a Non-Executive Director. Ross Benson stood down and was re-elected at the 2018 Annual General Meeting.</p> <p>On 1 August 2018, Kang Li was appointed as a Non-Executive Director. Kang Li will stand down and stand for re-election at the</p>

		<p>2019 Annual General Meeting.</p> <p>On 18 January 2019, Ma Hok Wang resigned as Non-Executive Directors and Meng Xiaoshi was appointed as a Non-Executive Director. Meng Xiaoshi will stand down and stand for re-election at the 2019 Annual General Meeting.</p>
<p><b>Recommendation 1.3:</b> Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complies	<p>Retech has entered into a written agreement with each Director and senior executives.</p> <p>Each of the Directors has consented to act as a director.</p> <p>Each Non-Executive Director has executed a formal letter of appointment which sets out their duties and responsibilities, rights and remuneration entitlements.</p> <p>Each executive employee is employed under a Service Agreement which sets out the terms on which that executive Director is employed, including details of the executive's duties and responsibilities, rights and remuneration entitlements.</p>
<p><b>Recommendation 1.4:</b> The Company Secretary must be directly accountable to the Board, through the chair on all matters to do with the proper functioning of the board.</p>	Complies	<p>The Company Secretary is directly accountable to the Board in relation to matters of governance. The Company Secretary's role includes advising the Board and its committees on governance matters, monitoring that policies and procedures are followed, coordinating the timely completion and despatch of Board papers, ensuring that the business at Board and committee meetings is accurately captured in the minutes and helping to organize and facilitate the induction and professional development of Directors. Further description of the role is set out in the Board Charter.</p> <p>The Company Secretary is accessible to all Directors. The Board is responsible for the appointment and removal of the Company Secretary.</p>
<p><b>Recommendation 1.5:</b> Companies should:</p> <ul style="list-style-type: none"> <li>• 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 entity's progress in achieving them;</li> <li>• disclose that policy or a summary of it; and</li> </ul>	Complies	<p>The Board has established a Diversity Policy. The Diversity Policy is set out in the Corporate Governance Plan which can be viewed on the Company's website.</p> <p>The Company has a strong commitment to diversity in business which is evidenced through its Diversity Policy.</p> <p>The Diversity Policy includes requirements for 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.</p> <p>The Nomination and Remuneration Committee recommends to</p>

<ul style="list-style-type: none"> <li>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 entity's diversity policy and its progress towards achieving them.</li> </ul>		<p>the Board of the Company that the Company work towards achieving a Board with at least 30% female representation in 2018.</p> <p>The Company will provide further details as to compliance with this Recommendation 1.5 in its future annual reports, including the matters set out in Recommendation 1.5(c).</p>
<p><b>Recommendation 1.6:</b> Companies should:</p> <ul style="list-style-type: none"> <li>have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Complies	<p>The Board has appointed the Nomination and Remuneration Committee to oversee the process of appointment, performance and remuneration of the Directors.</p> <p>The process for evaluating the performance of the Board, its committees and individual Directors is set out in the Company's Corporate Governance Plan on its website</p> <p>In December 2018, the Nomination and Remuneration Committee undertook a performance evaluation of the Board, its committees and individual Directors in the reporting period ending 31 December 2018</p>
<p><b>Recommendation 1.7:</b> Companies should:</p> <ul style="list-style-type: none"> <li>have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Complies	<p>The Board has appointed the Nomination and Remuneration Committee to oversee the process of appointment, performance and remuneration of senior executives and employees of the Company.</p> <p>The process for evaluating the performance of the senior executives is set out in the Nomination and Remuneration Committee Charter in the Company's Corporate Governance Plan, which is available on its website.</p> <p>The Nomination and Remuneration Committee reviewed and evaluated the performance of the senior executives during the 2018 financial year.</p>
<p><b>Principle 2 – Structure the board to add value</b></p>		
<p><b>Recommendation 2.1:</b> The board should establish a nomination committee which</p> <ul style="list-style-type: none"> <li>consists of a majority of independent directors;</li> <li>is chaired by an independent director; and</li> <li>has at least three members.</li> </ul>	Complies	<p>The Board has established a Nomination and Remuneration Committee to oversee the process of appointment, performance and remuneration of senior executives and employees of the Company.</p> <p>The function of the Nomination and Remuneration Committee is set out in the Nomination and Remuneration Committee Charter. Retch's Nomination and Remuneration Committee Charter is set out in the Corporate Governance Plan which is</p>

<p>The board must disclose the charter of the committee, the members of the committee, and the number of times the committee has met throughout a reporting period and the individual attendances of the members at those meetings.</p>		<p>available on the Company's website.</p> <p>The Nomination and Remuneration Committee is chaired by Ms Liu Qing, an independent director.</p> <p>The Nomination and Remuneration Committee consists of three non-executive directors. Of these members, all are independent Non-Executive Directors.</p> <p>The members of the Nomination and Remuneration Committee are:</p> <p>(a) Liu Qing (Chairwoman);</p> <p>(b) Ross Benson replacing Neville ide on 16 March 2018; and</p> <p>(c) Lu Jiuping replacing Chris Ryan on 16 March 2018</p> <p>There was no meeting held during 2018. The committee meeting as scheduled in December 2018 was postponed due to unexpected commitment of the Committee members.</p>
<p><b>Recommendation 2.2:</b> Companies should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Complies</p>	<p>The Board maintains a Board Skills Matrix which sets out the mix of appropriate skills, experience, expertise and diversity for Board membership. The Company's Board Skills Matrix is set out in the Board Charter which is set out in the Corporate Governance Plan available on the Company's website.</p>
<p><b>Recommendation 2.3:</b> Companies should disclose:</p> <ul style="list-style-type: none"> <li>• the names of the directors considered by the board to be independent directors;</li> <li>• if a director has an interest, position, association or relationship of the type described in Box 2.3 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</li> <li>• the length of service of each director.</li> </ul>	<p>Complies</p>	<p>The Company considers a Director to be independent if the Director is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgment in relation to matters concerning the Company.</p> <p>The Board considers that the following Non-Executive Directors of the Company are independent:</p> <p>(a) Liu Qing;</p> <p>(b) Ross Benson;</p> <p>(c) Lu Jiuping</p> <p>(d).Kang Li; and</p> <p>(e) Meng Xiaoshi.</p> <p>Information relating to the Directors of the Company, including whether they are independent, their skills, experience, expertise and period of office they have held are contained in the Director's Report section of this Annual Report.</p> <p>The length of service of each Director is as follows:</p>

		<p>(a) Ai Shungang - 2 years and 3 months;</p> <p>(b) Calvin Cheng - 2 years and 3 months;</p> <p>(c) Liu Qing - 2 years and 2 months;</p> <p>(d) Ross Benson - 1 years and 1 months;</p> <p>(e) Lu Jiuping - 1 years and 10 months;</p> <p>(f) Kang Li- 7 months</p> <p>(g) Meng Xiaoshi – 3 months</p>
<p><b>Recommendation 2.4:</b> A majority of the board should be independent directors.</p>	Complies	<p>The full Board determines the size and composition of the Board, subject to limits imposed by the Company's Constitution.</p> <p>Of the seven Directors, all are Non-Executive Directors and five of the Non-Executive Directors are deemed by the Board to be independent.</p> <p>In view of the size of the Company and the nature of its activities, the Board considers that the current mix of skills, qualifications and experience on the Board is consistent with the Company's current circumstances and its long-term interests.</p> <p>This Board structure will be reviewed at the appropriate stages of the Company's development. If it deems it appropriate, the Board may appoint additional independent Directors in the future.</p>
<p><b>Recommendation 2.5:</b> The chair of the Board should be an independent director and should not be the same person as the Chief Executive Officer.</p>	Does not comply	<p>The Co-Chairmen of the Board are both Non-Executive Directors but are not considered independent under the ASX Corporate Governance Principles.</p> <p>The Board considers that having Co-Chairmen is good for business development and decision making in Hong Kong. Retech has adequate procedures to ensure the independence of the Co-Chairmen's decisions.</p> <p>Neither of the Co-Chairmen are the Chief Executive Officer of Retech.</p>
<p><b>Recommendation 2.6:</b> Companies should have a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors</p>	Complies	<p>The Nomination and Remuneration Committee Charter and Board Charter demonstrate the Company's compliance with this Recommendation.</p> <p>The Nomination and Remuneration Committee is responsible for the induction program for new directors and the development program for Directors.</p> <p>The Directors have been provided with either an executive</p>

effectively.		<p>services agreement or a formal letter of appointment setting out the key terms and conditions of appointment, including duties, rights, responsibilities and the Board's expectations regarding their involvement with committee work.</p> <p>A formal induction is provided to all new directors, including meetings with the Chief Executive Officer, Chairman and information on key corporate and Board policies, and visits to the Company's operations.</p>
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**Principle 3 – Act ethically and responsibly**

<p><b>Recommendation 3.1:</b> Companies should:</p> <p>(a) establish a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose the code or a summary of the code or a summary of it.</p>	Complies	<p>The Board has established a Code of Conduct, which is set out in the Corporate Governance Plan available on the Company's website.</p> <p>The Code of Conduct sets out the Company's commitment to making positive economic, social and environmental contributions to each of the communities in which it operates, while complying with all applicable laws and regulations and acting in a manner that is consistent with the Company's foundational principles of honesty, integrity, fairness and respect.</p> <p>The Code of Conduct further provides that the Directors will act with honesty and integrity, will avoid conflicts of interest, protect confidential and proprietary information and treat others equitably and with professionalism, courtesy and respect.</p>
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**Principle 4 – Safeguard integrity in corporate reporting**

<p><b>Recommendation 4.1:</b> The board should establish an audit committee which:</p> <ul style="list-style-type: none"> <li>• consists of at least three members all of whom are non-executive directors, the majority of independent directors;</li> <li>• is chaired by an independent director who is not the chairman of the Board.</li> </ul> <p>The board must disclose the charter of the audit committee, the relevant qualifications and experience of the members of the committee and the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>	Complies	<p>The Board has established an Audit and Risk Management Committee and has adopted an Audit and Risk Management Committee Charter to assist with ensuring the integrity and reliability of information prepared for use by the Board. The function of the Audit and Risk Management Committee is set out in the Audit and Risk Management Committee Charter, in the Corporate Governance Plan, which is available on the Company's website.</p> <p>The Audit and Risk Management Committee is chaired by Ross Benson (Neville Ide resigned on 16/3/18), an independent director who is not chairman of the Board.</p> <p>The Audit and Risk Management Committee consists of three members, all of whom are independent Non-Executive Directors. The members of the Audit and Risk Management Committee are:</p>
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		<p>(a) Ross Benson (Chairman), replacing Neville who resigned on 16/3/18;</p> <p>(b) Lu Jiuping replacing Chris Ryan who resigned on 16/3/18; and</p> <p>(c) Liu Qing.</p> <p>The experience of each of the above is as follows:</p>				
		<table border="1"> <tr> <td data-bbox="861 481 1212 1355"> <p>Ross Benson</p> </td> <td data-bbox="1212 481 1516 1355"> <p>Mr Benson established financial services and advisory company Investorlink Group in 1986 and is currently Executive Chairman of the company. Mr Benson has also established associated business units in wealth management, private equity, property syndication and structured financial products. He brings more than 30 years experience in the Australian financial services industry and has extensive expertise in securities, transaction advisory and business strategy. He has acted as lead negotiator for a number of medium to large enterprise divestment acquisitions in both Australia and China.</p> </td> </tr> <tr> <td data-bbox="861 1355 1212 1944"> <p>Lu Jiuping</p> </td> <td data-bbox="1212 1355 1516 1944"> <p>Mr. Lu Jiuping was appointed as the Non-executive director of the Board. He has over 10 years' expertise in software development, and used to serve as a senior manager in iSoftstone, WSN Group and Yungu Capital. From 2007 to 2012, he held the role as an elected member of Jiangsu Province at the Tenth National Committee of the Chinese</p> </td> </tr> </table>	<p>Ross Benson</p>	<p>Mr Benson established financial services and advisory company Investorlink Group in 1986 and is currently Executive Chairman of the company. Mr Benson has also established associated business units in wealth management, private equity, property syndication and structured financial products. He brings more than 30 years experience in the Australian financial services industry and has extensive expertise in securities, transaction advisory and business strategy. He has acted as lead negotiator for a number of medium to large enterprise divestment acquisitions in both Australia and China.</p>	<p>Lu Jiuping</p>	<p>Mr. Lu Jiuping was appointed as the Non-executive director of the Board. He has over 10 years' expertise in software development, and used to serve as a senior manager in iSoftstone, WSN Group and Yungu Capital. From 2007 to 2012, he held the role as an elected member of Jiangsu Province at the Tenth National Committee of the Chinese</p>
<p>Ross Benson</p>	<p>Mr Benson established financial services and advisory company Investorlink Group in 1986 and is currently Executive Chairman of the company. Mr Benson has also established associated business units in wealth management, private equity, property syndication and structured financial products. He brings more than 30 years experience in the Australian financial services industry and has extensive expertise in securities, transaction advisory and business strategy. He has acted as lead negotiator for a number of medium to large enterprise divestment acquisitions in both Australia and China.</p>					
<p>Lu Jiuping</p>	<p>Mr. Lu Jiuping was appointed as the Non-executive director of the Board. He has over 10 years' expertise in software development, and used to serve as a senior manager in iSoftstone, WSN Group and Yungu Capital. From 2007 to 2012, he held the role as an elected member of Jiangsu Province at the Tenth National Committee of the Chinese</p>					

			<p>people's Political Consultative Conference (CPPCC).</p> <p>He holds a Bachelor of Computer Science from the Central South University of China and an MBA from the University of Science and Technology, Beijing.</p>
		<p>Liu Qing</p>	<p>Ms Liu Qing was appointed as the Non-executive director of Retch's Board. She has over 20 years of experience in equity, securities and finance. Liu Qing was also the partner of OFC, the top 10 "Best Local Investment Institution" in China, with a management capital of RMB7 billion, over 100 investment projects and a number of projects listed or merged drop out.</p> <p>Liu Qing graduated from Huazhong University of Science and Technology with a master's degree in management. In 2009 Liu Qing was hired as an MBA part-time professor at Lanzhou University of Finance and Economics.</p>
		<p>The Audit and Risk Management Committee had 3 meetings in the reporting period ending 31 December 2018, on 25/1/18 (Neville, Chris and Liu Qing attended , 23/2/18 (Neville, Chris attended) and 27/3/18 (Ross, Liu Qing and Mr Lu attended).</p>	
<p><b>Recommendation 4.2:</b> Before approving a company's financials, the Board must receive declarations from Retch's Chief Executive Officer and Chief Financial Officer that in their opinion, the financial records of the entity have been properly maintained and that the financial</p>	<p>Complies</p>	<p>The Board Charter makes provision for the Chief Executive Officer and Chief Financial Officer to provide this declaration in accordance with section 295A of the <i>Corporations Act 2001</i> (Corporations Act).</p> <p>The Chief Executive Officer and Chief Financial Officer provide a declaration to the Board in accordance with section 295A of the Corporations Act for each financial report and assure the Board</p>	

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.		that such declaration is founded on a sound system of risk management and internal control.  The Board receives the relevant signed declaration from the Chief Executive Officer and Chief Financial Officer prior to the approval of the Company's Annual Accounts and Half Yearly Accounts.
<b>Recommendation 4.3:</b> Companies must ensure that its external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.	Will comply	The Company's auditor will attend its Annual General Meeting to answer questions, and is invited to attend every Annual General Meeting for the purpose of answering questions from security holders relevant to the audit.
<b>Principle 5 – Make timely and balanced disclosure</b>		
<b>Recommendation 5.1:</b> Companies should:  (a) have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules; and  (b) disclose that policy or a summary of it.	Complies	The Board has adopted a Continuous Disclosure Policy and Communications Strategy which is set out in the Corporate Governance Plan. This policy sets out, amongst other matters, the manner in which the Board will ensure compliance with the disclosure requirements of the ASX Listing Rules.  The Company respects the rights of its shareholders and facilitates the exercise of those rights, the Company is committed to communicating effectively with shareholders, providing shareholders with ready access to balanced and understandable information about the Company and corporate proposals and making it easier for shareholders to participate in general meetings of the Company.
<b>Principle 6 – Respect the rights of security holders</b>		
<b>Recommendation 6.1:</b> A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company has established on its website a corporate governance landing page from where all relevant corporate governance material can be accessed ( <a href="http://www.retech-rte.com/CorporateGovernancePlan.html">http://www.retech-rte.com/CorporateGovernancePlan.html</a> ).  The Corporate Governance Plan contains information about the Company and its corporate governance policies and procedures and is available on the Company's website.
<b>Recommendation 6.2:</b> Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.	Will comply	The Company has adopted the Continuous Disclosure Policy and Communications Strategy which sets out, amongst other things, the manner in which the Company will promote effective communication with Shareholders and encourage their participation at general meetings and respond to Shareholder enquiries.  A copy of the Continuous Disclosure Policy and Communications

		<p>Strategy is contained in the Corporate Governance Plan available on the Company's website.</p> <p>The Company also intends to establish an investor relations program in calendar year 2019.</p>
<p><b>Recommendation 6.3:</b> Companies should disclose the policies it has in place to facilitate and encourage participation at meetings of shareholders.</p>	Complies	<p>The Company has adopted the Continuous Disclosure Policy and Communications Strategy which sets out, amongst other things, the manner in which the Company will promote effective communication with security holders and encourage their participation at general meetings.</p> <p>The shareholders communication policy is set out in the Continuous Disclosure Policy and Communications Strategy set out in the Corporate Governance Plan and is designed to ensure that shareholders are informed of all relevant developments.</p> <p>The Company also intends to establish on its website a facility for all shareholder communications.</p>
<p><b>Recommendation 6.4:</b> Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Complies	<p>The Company does give its shareholders the option to give and receive communications to and from both the Company and its security registry electronically.</p> <p>Electronic communications to the Company may be sent via email to Elly YU at <a href="mailto:yufz@retechcorp.com">yufz@retechcorp.com</a>.</p> <p>The Company's share register is managed and maintained by Computershare Investor Services Pty Limited (<b>Computershare</b>). Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number or Holder Identification Number via <a href="https://www.computershare.com/au">https://www.computershare.com/au</a> or by following the online enquiry prompts on Computershare's website.</p> <p>Shareholders can also contact Computershare by telephone from Monday to Friday, 8am-7pm AEST:</p> <p>(Australia) 1300 555 159 (Overseas) +61 3 9415 4062</p>
<p><b>Principle 7 – Recognise and manage risk</b></p>		
<p><b>Recommendation 7.1:</b> The board should establish a risk management committee which:</p> <p>(a) has at least 3 members, the majority of whom are independent directors;</p> <p>(b) is chaired by an independent</p>	Complies	<p>The Board has established an Audit and Risk Management Committee to assist with risk oversight, risk management and internal control.</p> <p>The function of the Audit and Risk Management Committee is set out in the Audit and Risk Management Committee Charter. The Company's Audit and Risk Management Committee Charter has been adopted by the Board and is set out in the Corporate</p>

<p>director.</p> <p>The board must disclose the charter of the risk management committee, members of the risk management committee, the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings</p>		<p>Governance Plan, which is available on the Company's website.</p> <p>The Audit and Risk Management Committee is chaired by Ross Benson (Neville Ide resigned on 16/3/18), an independent director who is not chairman of the Board.</p> <p>The Audit and Risk Management Committee consists of three members, all of whom are independent Non-Executive Directors. The members of the Audit and Risk Management Committee are:</p> <p>(a) Ross Benson (Chairman), replacing Neville who resigned on 16/3/18;</p> <p>(b) Lu Jiuping replacing Chris Ryan who resigned on 16/3/18; and</p> <p>(c) Liu Qing.</p> <p>The Company has disclosed in this Annual Report the names and relevant qualifications and experience of the members of the Audit and Risk Management Committee. The Audit and Risk Management Committee had 3 meetings in the reporting period ending 31 December 2018, on 25/1/18 (Neville, Chris and Liu Qing attended , 23/2/18 (Neville, Chris attended) and 27/3/18 (Ross, Liu Qing and Mr Lu attended).</p>
<p><b>Recommendation 7.2:</b> The board should:</p> <p>(a) review the company's risk management framework at least annually; and</p> <p>(b) disclose whether such review has taken place.</p>	<p>Complies</p>	<p>The Audit and Risk Committee is responsible for the review of the Company's risk management program at least annually.</p> <p>The Company's Audit and Risk Management Committee Charter is set out in the Corporate Governance Plan, which is available on the Company's website. The Committee reviewed the Company's risk management framework, annual internal auditing report, development of the Enterprise Resource Program (ERP) system and implementation and internal audit function, Treasury Function etc. in December 2018.</p>
<p><b>Recommendation 7.3:</b> Companies should disclose;</p> <p>(a) their 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>	<p>Complies</p>	<p>Beginning in 2017, Retech established an internal audit group and launched an internal control management risk assessment to develop a comprehensive risk management system and build the overall program through continuous integration of risk management concept and strength risk control measures.</p>

<p><b>Recommendation 7.4:</b> Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Complies	The Company has disclosed its risks, including environmental and social sustainability risks and how those risks are mitigated the Company's Audit and Risk Management Committee Charter.
<b>Principle 8 – Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1:</b> The board should establish a remuneration committee which:</p> <ul style="list-style-type: none"> <li>• have at least 3 members, the majority of whom are independent directors;</li> <li>• is chaired by an independent director.</li> </ul> <p>The board must disclose the charter of the remuneration committee, members of the remuneration committee, the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>	Complies	<p>The Board has established a Nomination and Remuneration Committee.</p> <p>The function of the Nomination and Remuneration Committee is set out in the Nomination and Remuneration Committee Charter set out in the Corporate Governance Plan.</p> <p>The Nomination and Remuneration Committee is chaired by Liu Qing, an independent director. The Nomination and Remuneration Committee consists of three non-executive directors, all of whom are independent. The members of the Nomination and Remuneration Committee are:</p> <p>(a) Liu Qing (Chairwoman);</p> <p>(b) Ross Benson replacing Neville Ide who resigned on 16/3/18; and</p> <p>(c) Lu Jiuping replacing Chris Ryan who resigned on 16/3/18 .</p> <p>The Company has disclosed above the names and relevant qualifications and experience of the members of the Nomination and Remuneration Committee.</p> <p>The Nomination and Remuneration Committee had no meeting in the reporting period ending 31 December 2018. The meeting as scheduled in December 2018 was postponed due to unexpected commitment of the Committee members.</p>
<p><b>Recommendation 8.2:</b> Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors from that of executive directors and other senior executives.</p>	Complies	<p>The Board has adopted the Nomination and Remuneration Committee Charter, which sets out the role and the responsibilities of the Nomination and Remuneration Committee in overseeing the process of appointment and remuneration of senior executives and employees of the Company.</p> <p>A copy of the Nomination and Remuneration Committee Charter is contained in the Corporate Governance Plan which is available</p>

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		on the Company's website.
<b>Recommendation 8.3:</b> Companies which have equity-based remuneration schemes should have and disclose 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.	Not applicable	The Company does not have an equity-based remuneration scheme in the reporting period ending 31 December 2018.