

MONTECH HOLDINGS LIMITED (MOQ) (ACN 050 240 330) – CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out Montech Holdings Limited's (**the Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**the ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the ASX Principles and Recommendations.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
1. Lay solid foundations for management and oversight		
<p>1.1. A listed entity should disclose the respective roles and responsibilities of its board and management, and those matters expressly reserved to the board and those delegated to management.</p>	Yes	<p>The Company's board of directors (the Board) is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:</p> <ul style="list-style-type: none"> (a) maintain and increase shareholder value; (b) ensure a prudential and ethical basis for the Company's conduct and activities; and (c) ensure compliance with the Company's legal and regulatory objectives. <p>Consistent with these goals, the Board assumes the following responsibilities:</p> <ul style="list-style-type: none"> (a) developing initiatives for profit and asset growth; (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis; (c) acting on behalf of, and being accountable to, the shareholders; and (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

		<p>The Company is committed to the circulation of relevant materials to directors in a timely manner to facilitate directors' participation in Board discussions on a fully-informed basis.</p> <p>It is expected that the division of responsibility of the Board and senior executives will vary with the evolution of the Company. The Company intends to regularly review the balance of responsibilities to ensure that the division of the functions remain appropriate to the needs of the Company.</p>
1.2. A listed entity should undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director and 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.	Yes	<p>The Company undertakes backgrounds checks with regards to the person's character, experience and education prior to nomination for election as a director. Any material adverse information revealed by these checks is released to security holders prior to the general meeting at which they are able to be elected.</p> <p>When an individual is nominated to be a director, their curriculum vitae with their relevant professional history and qualifications is circulated to the security holders in the Company.</p>
1.3. A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Directors are provided with indemnity insurance and access deeds and service agreements, and senior executives are given employment contracts prior to their engagement with the Company. These set out the relevant terms by which they will be involved in the Company.
1.4. 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.	Yes	The company secretary position is directly accountable to the Board on all matters to do with the proper functioning of the Board.
1.5. A listed entity 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	No	The Company has not found it necessary to create a diversity policy or to annually report on measurable objectives with respect to achieving gender diversity. This is because the Company is in the early stages of its restructure. The Company plans to prioritize achieving the ideals of gender

<p>diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measureable 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.</p>		<p>diversity and it is in the process of implementing a diversity policy.</p>
<p>1.6. 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>	<p>No</p>	<p>Due to the fact that the Company is only in the early stages of its restructure, there is currently no separately constituted remuneration committee in the Company.</p> <p>The remuneration of the non-executive chairman and the non-executive directors will be decided by the Board, without the affected non-executive chairman or the non-executive directors (<i>as the case may be</i>) participating in that decision-making process. The Company is in the process of attaining three executive directors and their remuneration will be decided by the Board, without the affected executive director participating in that decision-making process.</p> <p>In accordance with clause 13.8 of the Company's Constitution, the total maximum remuneration of the non-executive directors is currently set at \$500,000. This may be varied by an ordinary resolution of the shareholders in a general meeting. The determination of the non-executive directors' remuneration within that maximum amount will be made by the Board, having regard to the inputs and value to the Company of the respective contributions by each non-executive director.</p> <p>Such information is available in several publicly available forums such as ASX announcements.</p>

		As the Company develops, the Board intends to review its practices, and if deemed necessary in the future, the Board may consider putting in a process for evaluating the performance of the Board, its committees and individual directors.
<p>1.7. A listed entity should:</p> <ul style="list-style-type: none"> 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 in accordance with that process. 	No	<p>The Board and the senior management team will regularly review the performance of its senior executives and address any issues that may emerge.</p> <p>As the Company develops, the Board intends to review its practices, and if deemed necessary in the future, the Board may consider disclosing the process for evaluating the performance of senior management.</p>
2. Structure the board to add value		
<p>2.1. The board should establish a nomination committee which:</p> <ul style="list-style-type: none"> • has at least three members, a majority of whom are independent directors; and • is chaired by an independent director <p>and disclose</p> <ul style="list-style-type: none"> • the charter of the committee; • the members of the committee; and • 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 meeting. <p>If a listed entity does not have a nomination committee, it should disclose the fact and processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	No	<p>No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Non-Executive Chairman in consultation with the Company's professional advisers (if required), has been committed to by the Board.</p> <p>The Company is in the process of implementing a remuneration and nomination committee charter following its restructure.</p>

2.2. A listed entity should disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve its membership.	No	The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate to the Company and its business. The principal criterion for the appointment of new Directors is their ability to add value to the Company and its business. In light of this, it has not been deemed necessary to create a formal document outlining the particular skills of the existing Board.
2.3. A listed entity should disclose the names of the directors considered to be independent and also the interests, positions and associations that might cause doubts as to the independence of a director and the length of service of each director.	No	The Board ensures that each director is not able to be significantly adversely influenced by the operations of the company by ensuring a diverse range of backgrounds. Information with respect to potential issues of independence may be disclosed to the market but no formal policy exists to ensure such disclosure.
2.4. A majority of the board should be independent directors.	No	<p>The Board has reviewed the position and associations of each of the four directors in office and has determined that no director is currently an independent director. In making this determination, the Board has had regard to the independence criteria in ASX Corporate Governance Principles and Recommendations, and other facts, information and circumstances that the Board considers relevant. The Board will assess the independence of new directors upon appointment and will review their independence, and the independence of the other directors, as appropriate.</p> <p>Due to the fact that the Company is only in the early stages of its recapitalization and restructure, there are no independent directors on the Board. Each of the directors in office are essential to the success of the Company at this stage of its restructure.</p> <p>As the Company develops, the Board intends to review the composition of the Board.</p>

2.5.	The chair of the board should be an independent director and, in particular should not also exercise the role of chief executive officer of the entity.	No	The Company's current Non-Executive Chairman, Mr David Shein, does not satisfy the ASX Principles and Recommendation's definition of an independent director, as Mr Shein is a substantial shareholder of the Company. The Board, however, considers Mr Shein's role as Non-Executive Chairman as essential to the success of the Company at this stage of its restructure. Mr Shein will not exercise the role of CEO.
2.6.	A listed entity 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.	No	The Company does not have a formal program for inducting new directors, however the Company takes care in ensuring that directors will be able to effectively manage and govern the Company before their nomination as potential directors.
3. Act ethically and responsibly			
3.1.	A listed entity should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of the code.	No	<p>The Board is committed to the establishment and maintenance of appropriate ethical standards. Given the fact that the Company is only in the early stages of its restructure, there is currently no official code in place.</p> <p>As the Company develops, the Board intends to review its practices, and if deemed necessary, establish an appropriate code of conduct.</p>
4. Safeguard integrity in corporate reporting			
4.1.	<p>The board should establish an audit committee which is structured so that it:</p> <ul style="list-style-type: none"> • has at least three members; • consists only of non-executive directors and a majority of whom are independent directors; and • is chaired by an independent director who is not the chair of the board. <p>And should disclose:</p> <ul style="list-style-type: none"> • the charter of the committee; • the qualifications and experience of the members of the committee; and • the number of times the committee meets throughout the reporting period. 	No	<p>The Company does not have a separately constituted audit committee due to its current size and the fact that the Company is in the early stages of its restructure and the development of its business. As the Company develops, the Board intends to review its practices, and if deemed necessary, establish an audit committee.</p> <p>The Company during its general meeting is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.</p>

<p>If no committee satisfying the above exists, it should disclose that fact and the processes it uses to safeguard the integrity of its reporting.</p>		
<p>4.2. 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, 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 their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>N/A</p>	<p>The Company is in the process of attaining a CEO. The CEO will provide the relevant declaration prior to approving the entity's financial statements.</p> <p>The Company currently does not have a CFO. However, the Company has outsourced the CFO functions which satisfy the Company's needs in its current stage of restructure.</p> <p>However on previous occasions, the Board has received a declaration from its Non-Executive Chairman that in his opinion, the financial records have been properly maintained and comply with the proper standards.</p>
<p>4.3. 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>	<p>Yes</p>	<p>An external auditor will be present at the AGM and be available to answer questions from security holders relevant to the audit.</p>
<p>5. Make timely and balanced disclosure</p>		
<p>5.1. A listed entity should have a written policy for complying with its continuous disclosure requirements under the Listing Rules and disclose that policy or a summary of it.</p>	<p>No</p>	<p>The Company will develop written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures will also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures will be included in the board charter and will be available at the Company's registered office and website www.montechholdings.com.au.</p> <p>The company secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the</p>

		<p>continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.</p> <p>Shareholders that have made an election, receive a copy of the Company's Annual report by mail. Otherwise, the Annual Report is available on the Company's website.</p> <p>Trading in the Company's shares</p> <p>A director must not trade in any securities of the Company at any time when they are in possession of unpublished price sensitive information in relation to those securities.</p> <p>As required by the ASX Listing Rules, the Company is to notify the ASX of any transaction conducted by any director in the listed securities of the Company. The Company has established procedures and protocols to be complied with if a director, officer or employee wishes to trade in the Company's securities. This is outlined in the Company's Securities Trading Policy.</p> <p>Any trading which occurs must be in accordance with the Company's Securities Trading Policy.</p>
6. Respect the rights of security holders		
6.1. A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company has recently launched its website www.montechholdings.com.au which contains all relevant information about the Company. The Company will regularly update the website and contents therein as deemed necessary.
6.2. A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	No	The Company has no investor relations program in place, but ensures that all material information is conveyed to its investors so as to facilitate communication.

6.3.	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	No	The Company aims to produce a shareholders' communication policy and a shareholders' privacy policy to enable all material matters to be disclosed to the market in accordance with the ASX Listing Rules.
6.4.	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company encourages shareholders to register for receipt of announcements and updates electronically.
7. Recognise and manage risk			
7.1.	<p>The Board should establish a risk committee, structured so that it:</p> <ul style="list-style-type: none"> • has at least three members, a majority of whom are independent directors and; • is chaired by an independent director, <p>and disclose:</p> <ul style="list-style-type: none"> • the charter of the committee; • the members of the committee; and • 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. <p>If the listed entity does not have a risk committee or committees that satisfy the above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	No	<p>The Company does not have a separately constituted risk committee due to the fact that the Company is only in the early stages of its restructure. As the Company develops the Board intends to review its practices, and if deemed necessary, establish a risk committee.</p> <p>Presently, the Board is responsible for the oversight and management of all material business risks. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.</p> <p>The risk profile can be expected to change and procedures adapted as the Company develops and it grows in size and complexity.</p> <p>The Board intends to continue to regularly review and approve the risk management and oversight policies of the Company.</p>
7.2.	The Board or a committee of the board should review the listed entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.	No	Although the Company does not have a separately constituted risk committee, the Board intends to continue to regularly review and approve the risk management and oversight policies of the Company.

7.3.	A listed entity should disclose if they have an internal audit function, how the function is structured and what role it performs. If the company does not have an internal audit function, the company should disclose the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	The Company does not have an internal audit function, and does not disclose the processes it uses to improve risk management. Nonetheless, it remains committed to effective management and control of these factors.
7.4.	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if they do, how they manage or intend to manage those risks.	Yes	All material risks are announced to the market, in accordance with the requirements of the ASX Listing Rules and otherwise.
8. Remunerate fairly and responsibly			
8.1.	<p>The Board should establish a remuneration committee, structured so that it:</p> <ul style="list-style-type: none"> • has at least three members, a majority of whom are independent directors; and • is chaired by an independent director <p>and disclose:</p> <ul style="list-style-type: none"> • the charter of the committee; • the members of the committee; and • as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings. <p>If no committee satisfying the above exists, it should disclose that fact and the processes it uses to ensure the remuneration of its directors and senior executives is fair and not excessive.</p>	No	As noted in Section 1.6 above, the Company does not have in place a separately constituted remuneration committee due to the size and current operations of the Company.
8.2.	A listed entity should disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	No	The Company is in the process of implementing a remuneration and nomination committee charter following its restructure. This charter will disclose the policies and practices regarding the remuneration of the directors and other senior executives.

<p>8.3. A listed entity which has an equity-based remuneration scheme should 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 disclose that policy or a summary of it.</p>	<p>No</p>	<p>Although the Company does not have a formal policy, the Company has a securities trading policy that restricts the trading of the Company's securities by those who have interests in equity based remuneration.</p>
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