

VMOTO LIMITED
Corporate Governance Statement
29 March 2018

Vmoto Limited's Board of Directors is responsible for establishing the corporate governance framework of the Company and its related bodies corporate. In establishing this framework, the Board has considered and reports against the Principles of Corporate Governance and Best Practice Recommendations (3rd Edition) as published by the ASX Corporate Governance Council ("**ASX Corporate Governance Principles**").

This Corporate Governance Statement has been approved by the Vmoto Board and summarises the corporate governance practices and procedures that were in place throughout the financial year commencing 1 January 2017 and to the date of this statement. In addition to the information contained in this statement, the Company's website at www.vmoto.com contains additional details of its corporate governance practices and procedures.

The ASX Listing Rules require listed companies to include in their Annual Report or website a statement disclosing the extent to which they have complied with the ASX Corporate Governance Principles in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where Vmoto considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company during the reporting period were compliant with the ASX Corporate Governance Principles (3rd Edition).

The table below provides a summary of the Company's compliance with each of the eight ASX Corporate Governance Principles:

Recommendation		Comply Yes/No/ Partly
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes Yes
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to re-elect a director.	Yes Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
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
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 diversity and to assess annually both the objectives and the entity'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 entity's diversity policy and its progress towards achieving them and either: (1) 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); and (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under that Act.	Yes Yes No Yes Not applicable
1.6	A listed entity 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.	Yes No
1.7	A listed entity 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 in accordance with that process.	Yes No
2.1	The board of a listed entity should:	

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	<p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose;</p> <p>(3) the charter of that committee; and</p> <p>(4) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of 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, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>Not applicable</p> <p>Yes</p>
2.2	A listed entity 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.	Yes
2.3	A listed entity should disclose:	
	(a) the names of the directors considered by the board to be independent directors;	Yes
	(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Recommendations, but the board is of the opinion 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	Yes
	(c) the length of service of each director.	Yes
2.4	A majority of the board of a listed entity should be independent directors.	Yes
2.5	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.	Yes
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.	Yes
3.1	A listed entity should:	
	(a) have a code of conduct for its directors, senior executives and employees; and	Yes
	(b) disclose that code or a summary of it.	Yes
4.1	The Board of a listed entity should:	
	(a) have an audit committee which:	
	(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	Not applicable
	(2) is chaired by an independent director, who is not the chair of the board, and disclose:	
	(3) the charter of the committee;	
	(4) the relevant qualifications and experience of members of the committee; and	
	(5) 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	
	(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 corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes
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 the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
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.	Yes
5.1	A listed entity should:	
	(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	Yes
	(b) disclose that policy or a summary of it.	Yes
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes

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- in conjunction with management, development of corporate objectives, strategy and operations plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- establishing appropriate levels of delegation to the Managing Director to allow him to manage the business efficiently;
- monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company;
- monitoring the performance of senior management including the implementation of strategy, and ensuring appropriate resources are available;
- via management, an appreciation of areas of significant business risk and ensuring that the Company is appropriately positioned to manage those risks;
- overseeing the management of safety, occupational health and environmental matters;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- to ensure that appropriate internal and external audit arrangements are in place and operating effectively;
- having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and
- reporting to shareholders.

For a complete list of the functions reserved to the Board and a copy of the Board's charter, please refer to the Corporate Governance section of the Company's website at www.vmoto.com.

While the Board retains full responsibility for guiding and monitoring the consolidated entity, in discharging its stewardship it may make use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

Due to the size of the Board and the stage of the Company's operations, the Board has opted not to establish Audit and Risk Management, Remuneration or Nomination Committees. Instead, the responsibilities are discharged by the full Board, in accordance with Audit and Risk Management, Remuneration and Nomination Committee Charters.

Responsibilities of Senior Executives

The responsibility for the day to day operation and administration of the consolidated entity, in accordance with the direction of the Board, is delegated by the Board to the Managing Director and the executive team. The Board ensures that this team is appropriately qualified and experienced to carry out their responsibilities and has in place procedures to assess the performance of the Managing Director and the executive team. In delegating this power, the Board must also be satisfied that the Managing Director and senior executives will exercise their powers reliably and competently, and in accordance with the requirements of the Board.

Performance evaluation of Board and Senior Executives

The Board has adopted a policy for evaluating the performance of the Board, its committees and individual directors, a copy of which is available on its website. A formal Board performance evaluation did not take place in the reporting period in accordance with the process disclosed in this document and the Company's Corporate Governance Policy. However, performance of the Board was considered on an informal basis throughout the year.

The Board is responsible for an annual evaluation of the Managing Director. This review took place on an ongoing and informal basis during the financial year. Although the evaluation was not formalised in accordance with the Company's Corporate Governance Policy, the Board is satisfied that the evaluation undertaken was effective given the size and nature of the Company's operations.

Structure of the Board and Skills Matrix

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination, selection, induction and ongoing professional development of Directors. These guidelines include a requirement to undertake appropriate background checks prior to the appointment of a person as a director, including but not limited to undertaking police and solvency checks. The Board has adopted a formal induction and professional development policy with appropriate measures to enable new Directors to build their knowledge and make an effective contribution in a timely manner, and the provision of appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

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The Directors in office throughout the financial year commencing 1 January 2017 and to the date of this statement and the term of their appointment are:

Name	Position	Date of Appointment
P Campbell	Independent Non-executive Chairman	31 May 2017
C Chen	Managing Director	5 January 2007
I Teo	Finance Director	29 January 2013
O Cairns	Independent Non-executive Director	1 September 2011, resigned 31 May 2017
K Chen	Independent Non-executive Director	1 September 2011
S Coates	Independent Non-executive Director	23 May 2014

The skills, experience and expertise relevant to the position of Director held by each Director at the date of this Statement are included in the Company's 2017 Annual Report.

The composition of the Board is reviewed regularly by the Board to ensure that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company's operations. The Board has developed a formal skills matrix and reviews the collective skill set of the Board on a continual basis to ensure representation of skills considered suitable for the Board of the Company at its current stage and into the future, taking into account its current strategy, operations and expectations for changes in the nature and scope of its activities. Currently, the Board collectively holds across its membership experience in the electric vehicle manufacturing, business, finance, legal and executive management.

The Company Secretary is accountable directly to the Board on all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary. In addition, Directors are entitled, in furtherance of their duties, to seek independent professional advice at the Company's expense.

Independence

Recommendation 2.4 requires a majority of the Board to be independent Directors. The ASX guidance on factors relevant to an assessment of independence includes interests, positions, associations or relationships which might interfere with, or reasonably be seen to interfere with, a director's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally. In accordance with this guidance, two of the five Directors are not considered to be independent:

Name	Position
C Chen	Managing Director
I Teo	Finance Director

The Managing Director Mr Charles Chen and Finance Director Mr Ivan Teo are not considered to be independent as they are employed in an executive capacity by the Company.

The Company recognises Recommendation 2.5 which recommends that the Chairman of the Company be independent. Mr Phillip Campbell was appointed as an independent Non-executive Chairman on 31 May 2017.

Remuneration and Nomination Committees

The Board has adopted Nomination and Remuneration Committee Charters. As noted above, during the 2017 financial year, the full Board undertook the responsibilities for determining and reviewing compensation arrangements for the Directors and senior executives and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director. For further details regarding the procedure for the nomination, selection and appointment of new Directors and re-election of incumbents, as well as a copy of the Remuneration and Nomination Committee Charters, please refer to the Corporate Governance section of the Vmoto website at www.vmoto.com.

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For further details on the remuneration policy of the Company, including a description of the structure of Non-executive Directors' remuneration and Executive Directors' and senior executives' remuneration, see the Remuneration Report in the Company's 2017 Annual Report.

The Company has established a Performance Rights Performance Plan pursuant to which the Company may offer long term equity incentives rights to executive Directors and employees. The rights are usually issued for nil consideration and convert to shares in accordance with performance guidelines established by the Directors of the Company. The rights cannot be transferred without the approval of the Company's Board and are not quoted on the ASX. As a result, option holders may not enter into any transaction designed to remove the "at risk" aspect of an option before it is exercised.

The Company acknowledges that the guidelines to ASX Principle 8.2 recommend that Non-executive Directors do not receive equity based remuneration with performance hurdles attached. However, in the Company's current circumstances, the Directors consider equity to be a cost effective and efficient means for the Company to provide a reward and incentive, as opposed to alternative forms of incentive, such as the payment of additional cash consideration that would be necessary for someone with the experience of the Directors, and may from time to time resolve to issue equity based remuneration to Non-executive Directors, including with performance hurdles, subject to regulatory and shareholder approval.

There is no scheme to provide retirement benefits (other than superannuation) for Non-executive Directors.

For additional details please refer to the Corporate Governance section of the Company's website at www.vmoto.com.

Audit and Risk Management Committee

The Company has prepared a formal Audit and Risk Management Committee Charter, available from the Company's website, which promotes an environment consistent with best practice financial reporting and includes information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners. Having regard to the Company's current size and stage of operations, the Company does not presently have a separate Audit and Risk Management Committee and the full Board conducts the function of such a committee, in accordance with the Charter.

Communication with Shareholders

Pursuant to Principle 6, the Board aims to ensure that the shareholders are provided with full and timely information about the Company's activities. To promote effective communication with shareholders, the Company has designed a Shareholder Communication policy. Information is communicated to the shareholders through:

- the Annual Report which is made available to all shareholders;
- announcements made through the ASX companies announcements platform;
- the Company's website (<http://www.vmoto.com>) which has a dedicated Investor Relations section for the purpose of publishing all important Company information and relevant announcements made to the market; and
- the annual general meeting and any other meetings called to obtain approval for Board action as appropriate.

In addition, shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company (including the Company's share registry, which facilitates electronic correspondence) or attending the annual general meeting. The external auditors also attend, and are available to answer queries on the preparation and content of the independent Audit Report, the accounting policies adopted by the Company in relation to the preparation of accounts and the independence of the Auditor in relation to the conduct of the audit at the Company's annual general meetings.

For further information regarding the Company's Shareholder Communications Policy please refer to the Corporate Governance section of the Company's website at www.vmoto.com.

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Diversity Policy

Vmoto is committed to promoting equality and diversity in the workplace and aims to be an organisation where diversity is valued, respected and celebrated. All decisions relating to employees will be based strictly on merit, without regard to gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

Pursuant to Recommendation 1.5, the Company has established a Diversity Policy. However due to the small size of the organisation and its current stage of operations, the introduction of specific measurable objectives at this stage has not been implemented.

Whilst the Board of the Company strongly endorses the concept of gender diversity, until the Company's human resource base has grown to a point where fully implementing specific measurable objectives will become more meaningful, the Company will, in accordance with its Diversity Policy, continue to recruit the best person for each role, regardless of gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

In accordance with Recommendation 1.5(c)(1), the table below shows the proportion of women in the whole organisation, women in senior executive positions and women on the Board. The Company defines "senior executive" as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year. To provide an accurate reflection of the proportion of women across the whole organisation, the Company has opted to include contractors in the below percentages, which show the proportion of women in the organisation as at the date of this Statement:

Board: 20.0%

Senior Executive: 20.0%

Employees/Contractors: 43.8%

Share Trading

The Constitution of the Company permits Directors and officers to acquire shares in the Company.

In accordance with the provisions of the Corporations Act and the listing Rules of the ASX, Directors must advise the Company and the ASX of any transactions they conduct in securities of the Company.

The Company has established a Securities Trading Policy concerning trading in the Company's securities by Directors and employees. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for or who are associated with Vmoto, and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A Director wishing to deal in the Company's securities may only do so after first having received approval from the Board. All staff wishing to deal must obtain approval from the Managing Director. Confirmation of any dealing must also be given by the Director or employee to the Company Secretary within two business days after the dealing.

Trading in the Company's securities is also subject to specified blackout periods, which are set out in the Company's Securities Trading Policy or as otherwise determined by the Board from time to time.

The Company prohibits directors and employees from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

A copy of the Company's Securities Trading Policy is available in the Corporate Governance section of Vmoto's website.

Integrity of Financial Reporting and Risk Management Policies

The Board has primary responsibility to ensure that the Company presents and publishes accounts which present a true and fair view of its results and financial position and that the accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.

Under section 295A of the *Corporations Act*, the Managing Director and the person who performs the Chief Financial Officer function are each required to provide a written statement to the Board that the Company's annual financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and that it is in accordance with the relevant accounting standards. Recommendation 4.2 extends this requirement such that it applies to financial statements for any financial period and that the Managing Director and the person who performs the Chief Financial Officer function must also confirm that this statement is founded on a sound system of risk management and internal compliance which implements the

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policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating effectively in all material respects. The Board confirms that it has received written statements to this effect from the Managing Director and the Chief Financial Officer for the half year and annual financial reports from 1 January 2017.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function. Periodically, internal reviews of the Company's financial systems, documents and processes are undertaken and any recommendation for improvement actioned by management, and where material, reported to the Board.

The Company is committed to the management of risks throughout its operations to protect all of its stakeholders. Risk management is carried out in accordance with the Risk Management and Internal Compliance Policy.

The Board has primary responsibility for ensuring that risks are identified and monitored. The Board has in turn required management to design and implement a risk management and control system to manage the Company's material business risks. The Company's Risk Management and Internal Compliance Policy deals with the management and oversight of material business risks and provides the guiding principle for management in the identification of risks across the organisation as a whole, and within individual business units. The Board reviews the risk management framework at least annually. The last annual review took place during the 2017 financial year.

The Risk Management and Internal Compliance Policy provides a framework for systematically understanding and identifying the types of material business risks that may threaten the Group as a whole or specific business activities within the Company and includes risk mitigation strategies.

The Board has formed the view that the Company does not currently have any material exposure to economic, environmental or social sustainability risk. Notwithstanding, as part of its risk management and control system, management monitors all categories of risk identified and implements mitigation strategies where appropriate.

For a summary of the Company's Risk Management and Internal Compliance Policy, please refer to the Corporate Governance section of the Company's website at www.vmoto.com.

Code of Conduct and Continuous Disclosure Policy

The Company has a Code of Conduct and Continuous Disclosure Policy, which can be found in the Corporate Governance section of the Company's website at www.vmoto.com.