

Annual General Meeting

Kemao Industries Limited ("KEM" or "the Company") wishes to advise KEM's 2020 Annual General Meeting ("the AGM") will be held on 24 July 2020 at its principal business address No 5 Songwentou Road, Yunting Town, Jiangyin City in Jiangsu Province, China, at 10.00 am Perth time.

Due to the travelling restriction in response to coronavirus and the concerns of public health, KEM has made the following special arrangements for the AGM:-

On the day of the AGM:

1. **Shareholders will not be able to physically attend the AGM;**
2. The AGM will only consider business items stated in the Notice of Meeting;
3. **All resolutions will be decided based on proxy votes**, which must be received by no later than 10.00 am on 22 July 2020;
4. Mr Dong Chen, the Managing Director, will be the Chair of the AGM. Ms Fang Chen and Mr Jianping Zhou, the two Non-executive Directors located in China, will attend the meeting in person. The other Australian Directors, Company Secretary, Auditors and shareholders will attend via telephone connection.

How Shareholders Can Participate

1. Shareholders are strongly encouraged to appoint the Chair of the AGM as their proxy. Shareholders can complete the proxy form to provide specific instructions on how a Shareholder's vote is to be exercised on each item of business, and the Chair of the AGM must follow your instructions. Lodgement instructions, including how to vote online, are set out in the Proxy Form enclosed with the Notice of Meeting;
2. Shareholders who wish to attend the meeting via telephone can contact KEM's China office (Tel: 86 – 510 6882 6992 or Email: xuekun@inpgroup.net.au) for dial in instructions by no later than 10.00 am on 23 July 2020. Shareholders will be able to submit their questions in relation to the business in the meeting.

The Company appreciates shareholders' understanding and support.

Yours sincerely



Xuekun Li
Company Secretary
25 June 2020

Notice of Annual General Meeting and Explanatory Statement

KEMAO INDUSTRIES LIMITED
ACN 625 928 216

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.
If shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional advisor without delay.

KEMAO INDUSTRIES LIMITED
ACN 625 928 216

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 Annual General Meeting of shareholders of Kemao Industries Limited will be held at the Board Room, No. 5 Songwentou Road, Yunting Town, Jiangyin, Wuxi City, Jiangsu Province, China on Friday 24 July 2020 at 10.00am (Western Standard Time) and by telephone connection.

The Explanatory Statement to this Notice of Annual General Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the enclosed proxy form are part of this Notice of Annual General Meeting.

AGENDA

Financial Report

To receive and consider the financial report, directors' report and auditor's report for the financial year ended 31 December 2019.

Resolution 1 – Adoption of the Remuneration Report for the year ended 31 December 2019

To consider and, if thought fit, to pass the following as a non-binding ordinary resolution:

"That, for the purpose of and in accordance with section 250R(2) of the Corporations Act, the Remuneration Report of the Company for the year ended 31 December 2019 be adopted."

Note:

In accordance with Section 250R(2) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors or the Company.

In accordance with the Corporations Act, if 25% or more of votes cast against the adoption of the Remuneration Report at two consecutive annual general meetings, a resolution must be put to the second of these annual general meetings requiring shareholders to vote whether another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must stand for re-election ("spill resolution"). For further information, please refer to the Explanatory Statement.

Voting exclusion statement:

A vote on the resolution must not be cast (in any capacity) by or on behalf of either of:

- a member of the key management personnel details of whose remuneration are included in the remuneration report; or
- a closely related party of such a member,

(**"Prohibited Voter"**).

However, a Prohibited Voter may cast a vote on the resolution if a Prohibited Voter does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and the vote is not cast on behalf of a Prohibited Voter.

If a Prohibited Voter is appointed but not directed how to vote on Resolution 1, they will not vote your proxy on this resolution.

Resolution 2 – Re-election of Ms Chong Peng Leong as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Chong Peng Leong, being a Director of the Company who retires in accordance with clause 20.2 of the Company's Constitution, be re-elected."

Resolution 3 – Re-election of Mr Long Huy Lam as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Long Huy Lam, being a Director of the Company who retires in accordance with clause 20.2 of the Company's Constitution, be re-elected."

Other Business

To transact any other business which may be properly brought before the meeting in accordance with the Company's Constitution and the Corporations Act.



By Order of the Board

Kemao Industries Limited

25 June 2020

Entitlement to Vote

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the persons eligible to vote at the AGM are those who are registered Shareholders of the Company at 10am (Western Standard Time) on Wednesday 22 July 2020. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

Voting in Person

Due to the travelling restrictions in response to coronavirus and the concerns of public health, the Company is not able to allow shareholders to attend the AGM in person.

Please refer to the front page of this Notice of Meeting for further information on how a Shareholder can participate.

Voting by Proxies

A Shareholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies. If the Shareholder is entitled to two or more votes, the Shareholder may appoint two proxies and if this occurs the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

Pursuant to sections 250BB and 250BC of the Corporations Act, a proxy must cast all directed proxies as directed. Any directed proxies which are not voted will automatically default to the Chair, who will vote the proxies as directed.

A proxy need not be a Shareholder of the Company. If you sign the enclosed proxy form and do not write the name of a person or a body corporate in the proxy form, you will have appointed the Chair of the AGM as your proxy.

The Chair of the AGM will vote undirected proxies on, and in favour of, all of the proposed resolutions, except for Resolution 1 where the Chair will only vote if expressly directed to do so.

Please refer to the enclosed proxy form and the accompanying instructions for appointment of a proxy and lodging proxy forms.

If a shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the enclosed certificate of appointment of corporate representative should be completed and lodged in the manner specified.

To be effective, the proxy must be completed, signed and received by the Company no later than 48 hours before the AGM, that is **10am (Western Standard Time) on Wednesday 22 July 2020**. Proxy forms received later than the above mentioned time will be invalid.

The enclosed Proxy Form provides further details on appointing proxies and returning Proxy Forms.

Corporate Representative

If a representative of the corporation is to attend the Meeting the appropriate "Appointment of Corporate Representative" should be produced prior to admission. A form may be obtained from the Company's share registry online at [https:// advancedshare.com.au](https://advancedshare.com.au).

KEMAO INDUSTRIES LIMITED
ACN 625 928 216

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in the Notice and this Explanatory Statement.

The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

1. Financial Statements and Reports

The Corporations Act requires the Company's financial report, the directors' report and the auditor's report for the year ended 31 December 2019 to be laid before the AGM. Shareholders will be provided with a reasonable opportunity to ask questions about the reports. There is no requirement either in the Corporations Act or the Company's Constitution that the Shareholders vote on or approve the reports.

Shareholders can access a copy of the Company's financial report, the directors' report and the auditor's report for the year ended 31 December 2019 on the NSX website.

2. Resolution 1 – To adopt the Remuneration Report for the year ended 31 December 2019

The Corporations Act requires the Company to include in the directors' report for the year ended 31 December 2019 a detailed remuneration report setting out certain prescribed information relating to the remuneration of the Directors and certain members of the Company's senior management ("**Remuneration Report**") and to submit this Remuneration Report for adoption by resolution of the shareholders at the annual general meeting of the Company.

The Remuneration Report:

- outlines the Board's policy for determining the nature and amount of remuneration of Directors and Senior Executives of the Company;
- sets out remuneration details for each Director and Senior Executive of the Company;
- summarises the key terms of any contract of any Director or Senior Executive of the Company for the financial year ended 31 December 2019.

The Corporations Act requires that a resolution in relation to the Remuneration Report be put to the vote at the Company's AGM. The vote on the resolution is advisory only and does not bind the Directors or the Company.

However, the Directors will consider the outcome of the vote when reviewing the Company's remuneration practices and policies. The Chair of the AGM will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Directors unanimously recommend that Shareholders vote in favour of adopting the Remuneration Report.

Please refer to the Voting Exclusion Statement with regards to this resolution in the Notice.

3. Resolution 2 – Re-election of Ms Chong Peng Leong as a Director

Resolution 2 seeks approval for the re-election of Ms Leong as a Director with effect from the end of the AGM.

Ms Leong was appointed a Director on 28 May 2018 and was elected in the AGM of 2019. Ms Leong is required to retire under the rotation of directors rule in clause 20.2 of the Company's Constitution.

Clause 20.2 provides unless otherwise determined by a Resolution of the Company:

- one-third of the Directors (other than the Managing Director) for the time being; or
- if the number of Directors is not a multiple of three, then the whole number nearest one third,

must retire from office. A retiring Director is eligible for re-election.

Ms Leong retires from office in accordance with this requirement and, being eligible, has offered herself for re-election as a Director of the Company.

The Directors, other than Ms Leong, recommend that Shareholders vote in favour of this resolution.

Details of this candidate are as follows:

About Ms Chong Peng Leong (Non-Executive Director)

Ms LEONG is a Certified Practising Accountant and Registered Company Auditor in Australia. Currently, she is a director of CPL Corporate, a professional Perth-based practice specialising in providing accounting and corporate services to small and medium-sized businesses. Prior to founding CPL Corporate, she was an executive director of the Australian member firm of a mid-tier international accounting network and, in her early career, worked at the Hong Kong, Shanghai and Perth office of a Big-Four international accounting firm. During her career, she had participated in the audits of multinational and listed companies in Hong Kong, China and Australia and had gained experience in accounting, corporate governance, risk management and corporate compliance. She has also been involved in initial public offerings in both Australia and Hong Kong. Aged 46.

4. Resolution 3 – Re-election of Mr Long Huy Lam as a Director

Resolution 3 seeks approval for the re-election of Mr Lam as a Director with effect from the end of the AGM.

Mr Lam was appointed a Director on 28 May 2018 and was elected in the AGM of 2019. Mr Lam is required to retire under the rotation of directors rule in clause 20.2 of the Company's Constitution.

Clause 20.2 provides unless otherwise determined by a Resolution of the Company:

- one-third of the Directors (other than the Managing Director) for the time being; or
- if the number of Directors is not a multiple of three, then the whole number nearest one third,

must retire from office. A retiring Director is eligible for re-election.

Mr Lam retires from office in accordance with this requirement and, being eligible, has offered himself for re-election as a Director of the Company.

The Directors, other than Mr Lam, recommend that Shareholders vote in favour of this resolution.

Details of this candidate are as follows:

About Mr Long Huy Lam (Non-Executive Director)

Mr LAM is the founder and executive director of ABL Accounting and Taxation Pty Ltd, a boutique accounting firm which he established in 1993. Prior to founding ABL Accounting and Taxation Pty Ltd, he worked as the financial controller of Wills Australia for 10 years and at AAPT Limited, a company listed on the ASX before it was acquired, then delisted, by Telecom New Zealand. He was independent non-executive director and company secretary of Sanhe Building Materials Technology Limited, an Australian public company which was listed on the Sydney Stock Exchange. Prior to this public company experience, he has also worked, on secondment, for a company listed on the Growth Enterprise Market board of the Stock Exchange of Hong Kong. Aged 65.

GLOSSARY

The following terms have the following meanings in this Notice and Explanatory Statement:

"**AGM**" means the annual general meeting of the Company;

"**Board**" means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

"**Company**" or "**Kemao**" means Kemao Industries Limited ACN 625 928 216;

"**Constitution**" means the constitution of the Company as amended from time to time;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Director**" means a Director of the Company;

"**Explanatory Statement**" means this explanatory statement attached to the Notice, which provides information to Shareholders about the resolutions contained in the Notice;

"**Kemao China**" means Jiangsu Kemao New Materials Technology Co., Ltd, the Company's operating subsidiary in China.

"**Managing Director**" means the Managing Director of the Company;

"**Notice**" means the notice of AGM accompanying this Explanatory Statement;

"**Share**" means a fully paid ordinary share issued in the capital of the Company; and

"**Shareholder**" means a holder of Shares.