

26 October 2015

## Corporate Governance Statement

In accordance with ASX Listing Rule 1.1 condition 13, Enice Holding Company Limited (the **Company**), in seeking to be admitted to the Official List of ASX, provides this Corporate Governance summary which discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Company's corporate governance policies and charters have been posted on the Company's website: [www.enice.com.cn/english.php](http://www.enice.com.cn/english.php).

The Company has adopted the third edition of the ASX Corporate Governance Principles and Recommendations which take effect as from 1 July 2014 (but which may be adopted earlier).

Principle / Recommendation	Comply	How the Company Complies
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1:</b> Companies should have and disclose: <ul style="list-style-type: none"> <li>the respective roles and responsibilities of the board and management; and</li> <li>those matters expressly reserved to the board and those delegated to management.</li> </ul>	Yes  Yes	This recommendation is included in the Board Charter. The Board's responsibilities are defined in the Board Charter and there is a clear delineation between the functions reserved to the Board and those conferred upon the Managing Director and certain other officers of the Company.
<b>Recommendation 1.2:</b> A company should: <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>	Yes  Yes	Appropriate checks including criminal record checks have been carried out on all Board members prior to their appointment. The Company will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director at future general meetings.
<b>Recommendation 1.3:</b> Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	All directors and senior executives have a written agreement with the Company setting out the terms of their appointment. Please refer to page 82 of the Prospectus.
<b>Recommendation 1.4:</b> The company secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Company Secretary is accountable directly to the Board, through the Chairman on all matters to do with the proper functioning of the Board and this is specifically outlined in the Board Charter which is available on the Company's website.

Principle / Recommendation	Comply	How the Company Complies
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<p><b>Recommendation 1.5:</b> Companies should</p> <ul style="list-style-type: none"> <li>• establish a policy concerning diversity;</li> <li>• disclose the policy or a summary of that policy. The policy should include requirements for the board or a relevant committee of the board to establish measurable objectives for achieving gender diversity and to assess annually, and</li> <li>• disclose at the end of each reporting period, both the objectives and progress in achieving them.</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Will comply</p>	<p>The Board has adopted a Diversity Policy (a copy of which is on the Company’s website). The Diversity Policy requires the Board to set measurable objectives for obtaining gender diversity. The Board has not yet set measurable objectives but intends to review the diversity statistics within the company and use those measures to formulate measurable objectives.</p>
<p><b>Recommendation 1.6:</b> Companies should disclose</p> <ul style="list-style-type: none"> <li>• the process for evaluating the performance of the board, its committees and individual directors and</li> <li>• whether a performance evaluation was undertaken.</li> </ul>	<p>Yes</p> <p>Will comply</p>	<p>The Company has adopted a Remuneration and Nomination Committee Charter (a copy of which is on the Company’s website). The Remuneration and Nomination Committee Charter sets out the processes for the annual review of the performance of the Board as a whole, each Director and the Board Committees.</p> <p>The Company will disclose whether a performance evaluation was undertaken in its annual reports.</p>
<p><b>Recommendation 1.7:</b> Companies should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken.</p>	<p>Yes</p>	<p>The Board has established a Remuneration and Nomination Committee which is responsible for reviewing annually executive remuneration and incentive policies and practices.</p>

Principle / Recommendation	Comply	How the Company Complies
<b>Principle 2: Structure the board to add value</b>		
<p><b>Recommendation 2.1:</b></p> <p>Companies should have a nomination committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director.</p> <p>Companies should disclose the charter of the committee, the members of the committee and the number of times the committee met throughout each reporting period and the individual attendances of the members at those meetings.</p>	Yes	<p>The Company has adopted a Remuneration and Nomination Committee Charter (a copy of which is on the Company's website) and established a Remuneration and Nomination Committee.</p> <p>The Remuneration and Nomination Committee has three members, all of whom (Simon Green, Ross Benson and Alexander Kelton), are independent non-executive directors. Simon Green will be the chairman of the Remuneration and Nomination Committee.</p> <p>The Company will disclose the members of the Remuneration and Nomination Committee, the number of times the committee met and the individual attendances of the members at those meetings in its annual reports.</p>
<p><b>Recommendation 2.2:</b></p> <p>Companies should have and disclose a board skills matrix setting out the mix of skills and diversity that the board has or is looking to achieve in its membership.</p>	Yes	<p>In establishing the Board of the Company, regard was had to the skills and expertise required of the Directors relevant to the Company's business, its listing in Australia and operations in China and its franchising network. Directors with the desired skills and expertise were carefully selected for appointment to the Board. A copy of the Board skills matrix is available on the company's website.</p>
<p><b>Recommendation 2.3:</b></p> <p>Companies should disclose the names of independent directors, the length of service of each director and if a director has an interests, positions, associations and relationships that might cause doubts about the independence of a director but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion.</p>	Yes	Please see pages 83 to 84 of the Prospectus.
<p><b>Recommendation 2.4:</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	No	Simon Green, Ross Benson and Alexander Kelton, who make up half of the Board, are independent directors.
<p><b>Recommendation 2.5:</b></p> <p>The chair should be an independent director and, in particular, not the CEO.</p>	No	<p>The chairman of the Company's Board is Yongjun Shen, who is a non-independent director. The Board believes that Mr Shen is the most appropriate person to act as Chairman and lead the Board given his extensive experience and application of sound judgment to issues falling within the scope of Chairman. Further, Mr Shen has unmatched and extensive knowledge of the Group's operations and important business relationships that the Group as a whole benefits from.</p>

Principle / Recommendation	Comply	How the Company Complies
<b>Principle 2: Structure the board to add value</b>		
<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 role as directors effectively.	Yes	This recommendation is included in the Company Remuneration and Nomination Committee Charter (a copy of which is on the Company's website).

Principle / Recommendation	Comply	How the Company Complies
<b>Principle 3: Act ethically and responsibly</b>		
<b>Recommendation 3.1:</b> <ul style="list-style-type: none"> <li>Companies should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.</li> </ul>	Yes	The Company has adopted a written Code of Conduct (a copy of which is on the Company's website) which applies to all employees of the Company, including executives and non-executives. The objectives of this Code are to ensure that high standards of corporate and individual behaviour are observed by all employees in the context of their employment.

Principle / Recommendation	Comply	How the Company Complies
<b>Principle 4: Safeguard integrity in corporate reporting</b>		
<p><b>Recommendation 4.1:</b></p> <p>The board should establish an audit committee.</p> <p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• consist only of non-executive directors;</li> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent chair, who is not chair of the board; and</li> <li>• has at least three members.</li> </ul> <p>The board should disclose:</p> <ul style="list-style-type: none"> <li>• the charter of the committee;</li> <li>• the relevant qualifications and experience of committee members; and</li> <li>• the number of times the committee met throughout each reporting period and the individual attendances of the members at those meetings.</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Will comply</p>	<p>The Company has established an Audit and Risk Management Committee.</p> <p>The Audit and Risk Management Committee has three members. all of whom (Ross Benson, Simon Green and Alexander Kelton) are independent non-executive directors. The Committee is chaired by Ross Benson.</p> <p>The Audit and Risk Management Committee has adopted a formal Charter (a copy of which is on the Company’s website) which outlines its role in ensuring that the Company has an adequate control framework for the oversight of external audit and internal audit arrangements.</p> <p>The qualifications and experience of committee members, as well as the number of times the committee met and the individual attendances of the members at those meetings will be set out in the Company's annual report.</p>
<p><b>Recommendation 4.2:</b></p> <p>The board should, before it approves the entity's financial statements, 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 (as required by section 295A of the Corporations Act) and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Yes</p>	<p>A decision by the Board to approve the Company's financial statements for a financial period, is subject to receipt, from its CEO and CFO, a declaration in accordance with section 295A of the Corporations Act and ASX Recommendation 4.2.</p>
<p><b>Recommendation 4.3:</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends and is available to answer questions from security holders relevant to the audit.</p>	<p>Yes</p>	<p>The Company will ensure that its external auditor attends AGMs.</p> <p>Please see page 120 of the Prospectus.</p>

Principle / Recommendation	Comply	How the Company Complies
<b>Principle 5: Make timely and balanced disclosure</b>		
<b>Recommendation 5.1:</b> The Company should have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules and disclose that policy or a summary of it.	Yes	The Company has adopted a Continuous Disclosure Policy (a copy of which is on the Company's website). This Policy sets out the standards, protocols and the detailed requirements expected of all Directors, officers, senior management and Team Members of the Company for ensuring the Company immediately discloses all price-sensitive information in compliance with the Listing Rules and Corporations Act relating to continuous disclosure.

Principle / Recommendation	Comply	How the Company Complies
<b>Principle 6: Respect the rights of security holders</b>		
<b>Recommendation 6.1:</b> A company should provide information about itself and its governance to investors via its website.	Yes	The Company has adopted a Shareholder Communications Policy (a copy of which is on the Company's website) governing its approach to communicating with its Shareholders.
<b>Recommendation 6.2:</b> Companies should design and implement an investors relation program to facilitate effective two-way communication with investors.	Yes	This recommendation is included in the Company's Shareholder Communications Policy (a copy of which is on the Company's website).
<b>Recommendation 6.3:</b> Companies should have and disclose the policies and procedures it has in place to facilitate and encourage participation at meetings of security holders.	Yes	This recommendation is included in the Company's Shareholder Communications Policy. A copy of the Shareholder Communications Policy is available on the Company's website.
<b>Recommendation 6.4:</b> Companies should give security holders the opportunity to communicate electronically.	Yes	This recommendation is included in the Company's Shareholder Communications Policy (a copy of which is on the Company's website).

Principle / Recommendation	Comply	How the Company Complies
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1:</b></p> <p>Companies should have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors, and is chaired by an independent director. Companies should disclose the charter and members of the committee and the number of times the committee met throughout each reporting period and the individual attendances of the members at those meetings.</p>	Yes	<p>The Company has established an Audit and Risk Management Committee.</p> <p>The Audit and Risk Management Committee has three members. all of whom (Ross Benson, Simon Green and Alexander Kelton) are independent non-executive directors. The Committee is chaired by Ross Benson.</p> <p>The Audit and Risk Management Committee has adopted a formal Charter (a copy of which is on the Company's website) which outlines its role in ensuring that the Company has an adequate control framework for the oversight of external audit and internal audit arrangements.</p> <p>The qualifications and experience of committee members, as well as the number of times the committee met and the individual attendances of the members at those meetings will be set out in the Company's annual report.</p>
<p><b>Recommendation 7.2:</b></p> <p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>• review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>• disclose in relation to each reporting period, whether such a review has taken place.</li> </ul>	Yes	<p>This recommendation is included in the Company's Audit and Risk Management Committee Charter (a copy of which is on the Company's website).</p>
<p><b>Recommendation 7.3:</b></p> <p>Companies should disclose if it has an internal audit function, how the function is structured and what role it performs. Alternatively, if it does not have an internal audit function, the listed entity should disclose the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Yes	<p>The Board, having regard to the Company's stage of development does not consider a separate internal audit function is necessary at this stage. Alternatively, an Audit and Risk Management Committee has been established. One of the Audit and Risk Management Committee's responsibilities is to evaluate compliance with the Company's risk management and internal control processes.</p>
<p><b>Recommendation 7.4:</b></p> <p>Companies should disclose whether they have regard to environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>The Company will provide details as to its compliance with this recommendation in its future annual reports.</p>

Principle / Recommendation	Comply	How the Company Complies
<b>Principle 8: Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1:</b></p> <p>The board should establish a remuneration committee.</p> <p>The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent chair; and</li> <li>• has at least three members.</li> </ul> <p>The board should disclose the charter and members of the committee and the number of times the committee met throughout each reporting period and the individual attendances of the members at those meetings.</p>	Yes	<p>The Company has established a Remuneration and Nomination Committee. Please refer to Recommendation 2.1 of this statement for the structure of the Remuneration and Nomination Committee. A copy of the Remuneration and Nomination Committee Charter is available on the Company's website.</p> <p>The Company will disclose the members of the Remuneration and Nomination Committee, the number of times the committee met and the individual attendances of the members at those meetings in its annual report.</p>
<p><b>Recommendation 8.2:</b></p> <p>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.</p>	Yes	<p>The Company has established a Remuneration and Nomination Committee and adopted a Remuneration and Nomination Committee Charter (a copy of which is on the Company's website). In accordance with its Charter, the Remuneration and Nomination Committee clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p> <p>The Company will provide disclosure of its Directors' and executives' remuneration in its annual report.</p>
<p><b>Recommendation 8.3:</b></p> <p>Companies which have an equity-based remuneration scheme should have a policy on hedging participation in that scheme; and disclose that policy or a summary of it.</p>	Yes	<p>This recommendation is included in the Company's Securities Trading Policy (a copy of which is on the Company's website).</p>