

N1 Holdings Limited ACN 609 268 279

Corporate governance Statement

This corporate governance statement sets out N1 Holdings Limited's (**Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, this corporate governance statement discloses the extent to which the Company has followed the ASX Principles and Recommendations.

This corporate governance statement is current as at 30 June 2018 and has been approved by the board of the Company (**Board**).

| # | ASX Principles and Recommendations | Comply (Yes/No) | Recommendation/Action |
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| 1 | Lay Solid Foundations for Management and Oversight | | |
| 1.1 | <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (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 | <p>The Board is responsible for the corporate governance of the Company. The Board has adopted a Board Charter which outlines the manner in which its powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws. Pursuant to the Board Charter, the Board assumes responsibilities including, but not limited to the following:</p> <ul style="list-style-type: none"> (a) considering and approving the strategy of the Company and its related companies (Group); (b) adopting an annual budget and monitoring financial performance including approving the annual and half year financial statements and reports; (c) approving major investments and monitoring the return on those investments; (d) monitoring the adequacy, appropriateness and operation of internal controls including reviewing and approving the Group's compliance systems and corporate governance principles; (e) providing continuous disclosure of information to the investment community, and making available information shareholders can reasonably require to make informed assessments of the Group's prospects; (f) reviewing and monitoring significant business risks and oversights and |

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| | | <p>how they are managed;</p> <ul style="list-style-type: none"> (g) monitoring the conduct of the relationship with key regulators to meet the Group's obligations; (h) determining delegations to committees, subsidiary boards and management and approving transactions in excess of delegated levels; (i) reviewing the performance of the chief executive officer of the Company (CEO) and each member of management, including succession planning for CEO and management; (j) assessing its own performance and that of individual directors of the Company (each a Director); (k) selecting and appointing new Directors; (l) considering, approving and endorsing major policies of the organisation; (m) overseeing the implementation of appropriate work health and safety systems; and (n) protecting and overseeing the enhancement of the reputation of the Company. <p>A copy of the Board Charter is available on the Company's website at the following URL: http://www.n1holdings.com.au/corporate-governance</p> <p>The Board has delegated specific authorities to chief executive officers of the Group's portfolio companies. Subject to these delegated matters, each CEO is authorised to exercise all the powers in relation to their respective portfolio company, except with respect to the following:</p> <ul style="list-style-type: none"> (a) approval of major elements of strategy including any significant change in the direction of that strategy; (b) approvals above delegated levels of credit limits, risk exposures, market risk limits and loans and encumbrances; (c) capital expenditure in excess of delegated levels or expenditure outside the ordinary course of business; (d) certain remuneration matters including material changes to remuneration policies; |
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| | | | <p>(e) adoption of the Company's annual budget;</p> <p>(f) approval of the interim and final accounts;</p> <p>(g) specific matters in relation to continuous disclosure as defined in the Company's Continuous Disclosure Policy; and</p> <p>(h) other matters as the Board may determine from time to time.</p> <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>The Company intends to regularly review the balance of responsibilities between the Board and management to ensure that the division of functions remains appropriate to the needs of the Company and the Group.</p> |
| 1.2 | <p>A listed entity should:</p> <p>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and</p> <p>(b) 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.</p> | <p>Yes</p> <p>Yes</p> | <p>The Company undertakes background checks with regards to the person's character, experience, education, criminal record and bankruptcy history 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 given letters of appointment and/or service agreements, and senior executives are given employment contracts prior to their engagement by 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 was appointed by and is responsible to the Board through the Chairman. The Chairman and the Company Secretary coordinate the Board agenda. |
| 1.5 | <p>A listed entity should:</p> <p>(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</p> | No | <p>The Company, at its current size and stage of development, has not found it necessary to create a diversity policy or to annually report on measurable objectives with respect to gender diversity.</p> <p>As the Company develops, the Board intends to review its practices, and if deemed necessary in the future, the Board may consider adopting a diversity policy.</p> |

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| | <p>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 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:</p> <ol style="list-style-type: none"> 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); or 2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. | <p>No</p> <p>No</p> | |
| 1.6 | <p>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>Yes</p> | <p>The Company has not found it necessary to disclose the process for evaluating the performance of the Board, its committees and individual Directors. As denoted in the Board Charter, however, performance evaluations will be undertaken annually by the Board.</p> <p>A copy of the Board Charter is available on the Company's website at the following URL: http://www.n1holdings.com.au/corporate-governance</p> <p>The Company undertook a performance appraisal of each Director during the financial year ended 30 June 2018.</p> |
| 1.7 | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period,</p> | <p>Yes</p> | <p>(a) The Company undertakes an annual evaluation of the performance of senior executives. The process includes:</p> <ol style="list-style-type: none"> (i) measuring performance against key performance indicators; and (ii) one-on-one meetings. <p>(b) A performance evaluation was undertaken during the financial year ended</p> |

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| | whether a performance evaluation was undertaken in the reporting period in accordance with that process. | | 30 June 2018 in accordance with the Company's performance evaluation process. |
| 2 | Structure the Board to Add Value | | |
| | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> has at least three members, a majority of whom are independent directors; and is chaired by an independent director, and disclose: 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; or <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> | No | <p>Due to the size and stage of development of the Company, the Company does not consider that it is practicable to have a separate nomination committee that is responsible for the appointment of Directors or to implement a corresponding nomination committee charter. The appointment of new directors and undertaking of appropriate checks before appointment will be the responsibility of the entire Board. The Board will ensure that all material information to a decision on whether or not to re-elect a Director is provided to security holders.</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. | No | <p>The Board strives to ensure that it is comprised of Directors with a blend of skills, experience and attributes appropriate for the Company and its business. In accordance with the Board Charter, the Board will, from time to time, review the size and composition of the Board with a view to having an appropriate mix of skills.</p> <p>A copy of the Board Charter is available on the Company's website at the following URL: http://www.n1holdings.com.au/corporate-governance</p> <p>To date, the Board has not considered that a board skills matrix is required</p> |

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| | | | given the stage of development of the business. As the Company continues to develop, the Board will consider whether it would be appropriate for the Company to adopt a board skills matrix. |
| 2.3 | <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) 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</p> <p>(c) the length of service of each director.</p> | Yes | <p>The Board has reviewed the position and associations of each of the Company's directors and has determined that only Mr Tarun Kanji is independent. In making this determination the Board has had regard to the independence criteria in the ASX Principles and Recommendations, and other facts, information and circumstances the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of directors, as appropriate.</p> <p>Information with respect to potential issues of independence may be disclosed to the market but no formal policy exists to ensure such disclosure.</p> <p>The Company has disclosed the details of each director (including their length of service) in its annual report for the financial year ended 30 June 2018 (FY18 Annual Report).</p> |
| 2.4 | A majority of the board of a listed entity should be independent directors. | No | <p>The Board considers only Mr Tarun Kanji to be an independent Director.</p> <p>The Board does not currently consider an independent majority of the Board to be appropriate given the Company considers at least two (2) Directors need to be executive directors for the Company to be effectively managed.</p> <p>The Board has taken the following steps to structure the Board to add value despite not having an independent majority of Directors: (a) membership of the Board is focused on providing the Company with a broad base of industry, business, technical, financial and corporate skills and experience considered necessary to fulfil the business objectives of the Company; and (b) membership of the Board is reviewed on an on-going basis by the Chairman of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's business and its objectives.</p> |
| 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. | No | <p>The Board's current Executive Chairman, Mr Ren Hor Wong, does not satisfy the criteria of being an independent director as specified in the ASX Principles and Recommendations. However, the Board considers Mr Wong's role as Executive Chairman as essential to the success of the Company in its current stage, wherein the Company continues to refine its focus on the strategic</p> |

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| | | | development of the business. |
| 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 | <p>The Company has an induction program for new directors to ensure that they will be able to effectively manage and govern the Company before their nomination as directors. This includes meeting with members of the existing Board, the Company Secretary, management and other relevant executives to familiarise themselves with the Company, its procedures and prudential requirements, and Board practices and procedures.</p> <p>The Company provides professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p> <p>The induction and professional development procedures are outlined in the Board Charter, which is available on the Company's website at http://www.n1holdings.com.au/corporate-governance</p> |
| 3 | Act Ethically and Responsibly | | |
| 3.1 | <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p> | <p>Yes</p> <p>Yes</p> | <p>The Board is committed to the establishment and maintenance of appropriate ethical standards in order to instil confidence in both clients and the community in the way the Company conducts its business. These standards are encapsulated in the Code of Conduct which outlines how the Company expects each person who represents it to behave and conduct business.</p> <p>A copy to the Code of Conduct is available on the Company's website at the following URL: http://www.n1holdings.com.au/corporate-governance</p> |
| 4 | Safeguard Integrity in Corporate Reporting | | |
| 4.1 | <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> has at least three members, all of whom are 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 disclose:</p> | No | <p>The Company, considering its current size and stage of development, does not have a separately constituted audit committee.</p> <p>The Company in general meetings is responsible for the appointment of 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>Additionally, in order to ensure good governance, the Board has determined that the independent non-executive Director, Mr Tarun Kanji, should have an exclusive right of veto with regards to the receipt and final approval of the auditor's reports relating to half yearly and full year financial results.</p> <p>This right is provided for in the Board Charter, which is available on the</p> |

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| | <p>3. the charter of the committee;</p> <p>4. the relevant qualifications and experience of the members of the committee; and</p> <p>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</p> <p>(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.</p> | Yes | <p>Company's website at: http://www.n1holdings.com.au/corporate-governance</p> |
| 4.2 | <p>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.</p> | Yes | <p>The Company has received a declaration from the Executive Chairman and CFO that, in their opinion, the financial records have been properly maintained and comply with the proper standards.</p> |
| 4.3 | <p>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> | Yes | <p>An external auditor will be present at the Company's annual general meeting and be available to answer questions from security holders relevant to audit.</p> |

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| 5 | Make Timely and Balanced Disclosure | | |
| 5.1 | <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p> | <p>Yes</p> <p>Yes</p> | <p>The Company is committed to providing timely, complete and accurate disclosure of information to allow a fair, and well-informed market in its securities and compliance with the continuous disclosure requirements imposed by law including the Corporations Act and the ASX Listing Rules.</p> <p>A copy of the Company's Continuous Disclosure Policy is available at the following URL: http://www.n1holdings.com.au/corporate-governance</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 | <p>The Company provides all relevant information about itself and its governance to its investors on the Company's website at the following URL: http://www.n1holdings.com.au</p> <p>The Company will regularly update the website and contents therein as deemed necessary.</p> |
| 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 formal investor relations program in place but ensures that all material information is conveyed to its investors so as to facilitate communication. The Chairman also maintains regular contact with major shareholders. |
| 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 | Although the Company does not have a formal communications policy in place, all material matters will 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 of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>1. has at least three members, a majority of whom are independent directors; and</p> | No | <p>The Company, due to its size and current stage of development, does not have a separately constituted risk committee. As the Company develops, the Board intends to review its practices, and if deemed necessary, establish a risk committee.</p> <p>The Board is currently responsible for the oversight and management of all material business risks. The Board's collective experience will enable accurate</p> |

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| | <p>2. is chaired by an independent director, and disclose:</p> <p>3. the charter of the committee;</p> <p>4. the members of the committee; and</p> <p>5. 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; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | Yes | <p>identification of the principle 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> |
| 7.2 | <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p> | <p>Yes</p> <p>Yes</p> | <p>The Board annually reviews and approves the risk framework of the Company.</p> <p>The Company undertook a formal review of the Company's risk management framework during the reporting period.</p> |
| 7.3 | <p>A listed entity should disclose:</p> <p>(a) if it has an 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> | No | <p>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 the control of these factors.</p> |
| 7.4 | <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> | Yes | <p>All material risks are announced to the market, in accordance with the requirements of the ASX listing rules.</p> |

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| | (b) disclose that policy or a summary of it. | | |
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