

4 November 2020

Australian Securities Exchange Limited

Dear Sirs,

**Victor Group Holdings Limited ( ASX:VIG) – Corporate Governance Statement**

Please find attached VIG's Corporate Governance Statement.

Authorised by



**Andrew Bristow**  
Secretary

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## ASX Corporate Governance Principles

The Board is committed to complying with the principles of best practice in corporate governance and intends to establish controls, mechanisms and structures to ensure that the Company will be able to comply with as many of the ASX Corporate Governance Principles as the Board considers practicable taking into account the size of the Company and its stage of development.

The Board will aim to conduct the Company's affairs in accordance with the ASX Corporate Governance Principles to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company.

## Summary of Company's Position in Relation to ASX Corporate Governance Principles

The Board is aware of the importance of a categorical corporate governance framework. The Company has considered the ASX Corporate Governance Principles and Recommendations (Fourth Edition) and adopted those principles to the extent it considers appropriate. The Company has adopted an ASX compliant constitution. The Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee. It has also adopted various corporate governance charters and policies.

### 1. Lay solid foundations for management and oversight.

The Board is responsible for evaluating and setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals.

The principal functions and the responsibilities of the Board include but are not limited to the following;

- defining the Company's purpose, providing leadership and setting the strategic direction of the Company;
- approving the Company's statement of values and the Code of Conduct;
- reviewing on an ongoing basis how the Company's strategic environment is changing, what key risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted;
- overseeing management's implementation of the Company's strategic objectives and its performance generally;
- appointing and when necessary removing:
  - the chairperson of the Board (Chair);
  - the Chief Executive Officer of the Company (CEO) and approving or ratifying the appointment of other senior executives (Senior Executives); and
  - the company secretary (Company Secretary);
- evaluating, approving and monitoring the Company's annual budgets and business plans;
- approving and monitoring the progress of major capital expenditure;
- determining the Company's dividend policy (if any) and overseeing the financing of dividend payments (if any);
- monitoring the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- receiving representations and attestations from the CEO and CFO as required by laws or the ASX Listing Rules, including that the financial records have been properly maintained;
- ensuring that the Company has in place an appropriate risk management framework;
- setting the risk appetite within which the Board expects management to operate;
- approving the Company's remuneration framework;
- monitoring the effectiveness of the Company's governance practices;
- monitoring and managing the performance of Senior Executives;
- ensuring that appropriate resources are available to Senior Executives;
- approving and managing succession plans for Board, Senior Executives and other key management positions that may be identified from time to time;
- approving and monitoring financial and other reporting to the market, Shareholders, employees

- and other stakeholders;
- reviewing and monitoring any related party transactions; and
- monitoring the Company's operations in relation to, and in compliance with, relevant regulatory and legal requirements.

The Board has adopted Charters on Audit and Risk, and Remuneration and Nomination.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 1.1	Yes	The Company has adopted a Board Charter, which sets out the respective roles and responsibilities of its board and management and those matters which are expressly reserved to the board and those delegated to management.
Recommendation 1.2	Yes	The Company has adopted a Charter dealing with Nomination and Remuneration and the Board has established a Remuneration and Nomination Committee which will oversee the process of undertaking appropriate checks before appointing a director or senior executive or putting someone forward for election as a director and the provision of all material information to Shareholders about the election or re-election of someone as a director.
Recommendation 1.3	Yes	Each Director and senior executive has a formal engagement agreement setting out their roles and responsibilities and basis of remuneration.
Recommendation 1.4	Yes	The Board Charter provides that the company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.
Recommendation 1.5	No	The Company has a board of three all of which are men. The Company has adopted a Diversity Policy.
Recommendation 1.6:	Yes	The Company has adopted a Charter dealing with the process of periodically reviewing the performance of the Board, its committees and individual directors. The Board conducted a self-evaluation during the review period, which the Board considers to be appropriate for the size of the Company and the nature of its business.
Recommendation 1.7	Yes	The Company has adopted a Charter dealing with Nominations and Remuneration and the Board had established a Nominations and Remuneration Committee which has reviewed the performance of the Company's senior executives on an ongoing basis during the reporting period.

2. **Structure the board to be effective and add value: The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.**

The current board structure, skill and commitment is suitable for a software solutions company.

The Company undertakes comprehensive reference checks prior to appointing a director or putting a person forward as a candidate. This ensures the candidate is competent, experienced

and would in no way impair their ability to undertake their duty as a director.

The Nomination and Remuneration Committee is responsible for the nomination and selection of directors. The Nomination and Remuneration Committee reviews the size and composition of the Board on an ongoing basis as part of the Board evaluation process. Generally, a list of potential candidates is identified based on skills required, geographic location and diversity criteria.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 2.1	Yes and No	The Board acts as the Nomination and Remuneration Committee and accordingly a majority of members are independent. The Chairman of the Board is also the chair of the Nomination and Remuneration Committee and is therefore independent. The Board believes this is appropriate given the size and nature of the Company. The Board has adopted a Charter in respect of Nomination and Remuneration. All skills and experience of prospective directors are disclosed to Shareholders.
Recommendation 2.2	No	The Company has determined a skills matrix is not relevant at this stage.
Recommendation 2.3	Yes	Details of each of directors are set out in the Director's Report contained in the 2020 Annual Report. The Board considers Mr Hu and Mr Goh to be independent.
Recommendation 2.4	Yes	Currently 2 of the 3 directors are independent.
Recommendation 2.5	Yes	The Chairman is considered independent and is separate to the CEO.
Recommendation 2.6	No	Directors are required to have appropriate level of knowledge and skill at law. The Company ensures new Directors have an extensive induction into the business of the Company prior to accepting their appointment. The Nomination and Remuneration Committee will also ensure that there is a process in place for existing directors to undertake professional development to maintain skills and knowledge needed to perform their roles as directors effectively.

3. **Instil a culture of acting lawfully, ethically and responsibly: A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.**

The Company is an Australian company, therefore falling under the jurisdiction of the Corporations Act. All directors are required to act ethically and responsibly at law.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 3.1	Yes	The Company has a code of conduct which is available on its website which sets out its values
Recommendation 3.2	Yes	The Company has a code of conduct which is available on its website.

Recommendation 3.3	Yes	The Board has adopted a whistleblower policy.
Recommendation 3.4	No	The Company has not yet adopted an anti-bribery and corruption policy.

**4. Safeguard the integrity of corporate reports: A listed entity should have appropriate processes to verify the integrity of its corporate reports.**

All ASX listed entities are required by the Listing Rules to report on various matters. The manner and form of reporting is governed by the ASX.

All directors are obliged to make declarations as to their obligations in relation to reporting amongst other things.

The external auditor provides annual reporting to the Board.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 4.1	Yes and No	The Board acts as the Audit Committee and accordingly a majority of members are independent. The Chairman of the Board is also the chair of the Audit Committee and therefore Recommendation 4.1 is not complied with in this respect. However, the Board believes this is appropriate given the size and nature of the Company. .  The Board has adopted a charter in respect of audit and risk.
Recommendation 4.2	Yes	The CEO and CFO has provided a declaration pursuant to S295A of the Corporations Act for the 2020 Annual Report.
Recommendation 4.3	Yes	The process by which the Company verifies information disclosed in periodic corporate reports is set out in the Audit and Risk Committee Charter.

**5. Make timely and balanced disclosure: A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.**

The Board has designated the Company Secretary as the person responsible for communication with the ASX. The Chairman and Company Secretary are responsible for ensuring all Company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules or Corporations Act and that Company announcements are expressed in a clear and objective manner.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 5.1	Yes	The Company has continuous disclosure and Shareholder communication policies, which are available on its website : <a href="https://sinovictor.com/investor-relations/">https://sinovictor.com/investor-relations/</a>
Recommendation 5.2	Yes	The Company's continuous disclosure policy provides that the Board receives copies of all market announcements promptly.

Recommendation 5.3	Yes	The Company's continuous disclosure policy provides that any new and substantive investor or analyst presentation will be released to the ASX Markets Announcements Platform ahead of the presentation.
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**6. Respect the rights of security holders: A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.**

Being a listed entity provides all security holders with a medium for access to all appropriate information. The services of the Company Secretary also ensure security holders have at all times direct contact with the Company.

The Company recognises the value of providing current, relevant and objective information to its Shareholders. The Company is committed to communicating effectively with Shareholders, through releases to the market via the ASX and General meetings.

The Company makes available a telephone number and email address of the Company Secretary for Shareholders to make enquiries.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 6.1	Yes	The Company's website is : <a href="https://sinovictor.com/investor-relations/">https://sinovictor.com/investor-relations/</a> on which the Shareholder communications policy and corporate governance information is available. The security holders have access to all announcements through the ASX website.
Recommendation 6.2	Yes	The Company has a Shareholders' communications policy and also makes available a telephone number and email address for Shareholders to make enquiries of the Company.
Recommendation 6.3	Yes	This information is available on the Company's website : <a href="https://sinovictor.com/investor-relations/">https://sinovictor.com/investor-relations/</a> and in the Continuous Disclosure and Shareholder Communications Policies. Security holders are informed of their right to participate at all General Meetings.
Recommendation 6.4	Yes	All substantive resolutions at a meeting of shareholders will be decided by a poll.
Recommendation 6.5	Yes	The Company and Share Registry offer electronic communication options.

**7. Recognise and manage risk: A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.**

The Board has established the Audit and Risk Committee which is responsible for the risk management of the Company. The Audit and Risk Committee is committed to the identification, assessment and management of risk throughout the Company's activities. The level of risk

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processes in place to mitigate any risk and the management of any such issues remain a work in progress.

The board requires management to design and implement a risk management and internal compliance and control system to manage the Company's material business risks.

The Company's process of risk management and internal compliance and control is focused on:

- Formulating risk management strategies;
- Identifying and measuring risks that impact upon the achievement of the Company's direction and objectives; and
- Monitoring the business environment for emerging factors and trends that affect those risks.

The Company has adopted a Charter in respect of Audit and Risks. Senior management, the Audit and Risk Committee and the Board are aware of the risks and will continue to develop and implement a risk management framework.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 7.1	Yes and No	The Board acts as the Audit and Risk Committee and accordingly a majority of members are independent. The Chairman of the Board is also the chair of the Audit and Risk Committee and therefore Recommendation 7.1 is not complied with in this respect. However, the Board believes this is appropriate given the size and nature of the Company The Board has adopted a Charter in respect of Audit and Risk.
Recommendation 7.2	Yes	Risks are reviewed on an ongoing basis in accordance with the Audit and Risk Charter.
Recommendation 7.3	No	The Audit and Risk Committee reviews and monitors the parameters under which risks will be managed. Management accounts will be prepared and reviewed with the Company Secretary and presented at subsequent Board meetings. Budgets are prepared and compared against actual results.  The Board has not yet formed an internal audit function as it considers that this is not currently feasible given the size of the Company and the relatively small management and employee team.
Recommendation 7.4	Yes	The Company does not believe it currently has material exposure to any specific environmental and social risks..

8. **Remunerate fairly and responsibly: A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.**

The Non-executive directors are remunerated on a fixed fee basis and do not receive any performance incentives. While there is a greater reliance on senior management for developing the business, remuneration of the managers at this stage is of greatest importance to ensure the sustainability and growth of the current business.



As the Company further increases its activity, the remuneration of the directors and senior managers will be assessed by the Nomination and Remuneration Committee and a recommendation made to the Board as a whole. The Board has adopted a Nomination and Remuneration Charter.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 8.1	Yes	The Board acts as the Nomination and Remuneration Committee and is chaired by an independent director. The Board has adopted a Nomination and Remuneration Charter.
Recommendation 8.2	Yes	<p>Remuneration of all directors and senior management is disclosed in the annual report. The board deals with this on a year by year basis at this stage.</p> <p>Remuneration of Non-Executive Directors must comply with ASX Listing Rules, including that:</p> <p>fees payable to Non-Executive Directors must be by way of a fixed sum, and not by way of commission on or a percentage of profits or operating revenue;</p> <p>the remuneration payable to Executive Directors must not include a commission on or percentage of operating revenue; and</p> <p>the total fees payable to Directors must not be increased without the prior approval of members in general meeting.</p> <p>Remuneration of Executive Directors must comply with the ASX Listing Rules and the terms of any agreement entered into. The Board may fix the remuneration of each Executive Director which comprise salary or commission on or participation in profits of the Company.</p>
Recommendation 8.3	Yes	The Board has adopted a remuneration policy and a securities trading policy.

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