

## Statement of Corporate Governance for the Year Ended 31 December 2017

This Corporate Governance Statement is current as at 28 March 2018 and has been approved by the Board of GPS Alliance Holdings Limited ('the Company' or 'GPS') and its controlled entities (together with the Company, 'the Group') on that date. A copy can be found on the Company's website at [http://www.gpsalliance.com.au/?page\\_id=125](http://www.gpsalliance.com.au/?page_id=125)

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the Australian Stock Exchange ('ASX') Corporate Governance Principles and Recommendations ('Recommendations'), unless otherwise stated.

### CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company ('the Board') is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Group's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council ('Council'). Whilst the Group's practices are largely consistent with the Council's guidelines, the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Group's activities and size of the Board. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Group and the best interests of shareholders as a whole. When the Group is not able to implement one of the Council's recommendations the Group applies the 'if not, why not' explanation approach by applying practices in accordance with the spirit of the relevant principle.

The following discussion outlines the ASX Corporate Governance Council's eight principles and associated recommendations and the extent to which the Group complies with those recommendations.

Details of all of the Council's recommendations can be found on the ASX website at [www.asx.com.au](http://www.asx.com.au).

### Principle 1 – Lay solid foundations for management and oversight

#### Board role and responsibilities

The Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Group. The Board is also responsible for the overall corporate governance and management oversight of the Group and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Group as a whole.

The Board also ensures that the Group complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Group.

Where the Board considers that particular expertise or information is required, which is not available from within their members, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the role of the Board, the principal functions and responsibilities of the Board include the following:

- formulation and approval of the strategic direction, objectives and goals of the Group;
- the prudential control of the Group's finances and operations, monitoring the financial performance and approving budgets and major expenditures of the Group;
- the appointment, replacement, review and monitoring of performance of senior management;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market;
- the establishment and maintenance of appropriate ethical standards;
- overseeing the integrity of the accounting and corporate reporting systems and the external audit process;
- approving the Group's remuneration framework; and
- monitoring the effectiveness of corporate governance practices.

The Group Management is responsible for implementing the strategic objectives of the Group set by the Board and day-to-day running of the Group. The Executive Directors are responsible for providing the Board with accurate, timely information for the Board to exercise its duties and responsibilities efficiently.

The Company has followed Recommendation 1.1 by establishing the functions reserved to the Board and those delegated to senior executives as disclosed above.

#### **Appointment of Directors**

The Company has followed Recommendation 1.2 by ensuring that appropriate checks are carried out before appointing a person as Director or putting forward to shareholders a candidate for election or re-election as director at the Company's Annual General Meeting. Furthermore, the Board ensures that candidates are suitable for the Group and equipped with the knowledge and information to discharge their roles adequately. In addition, the Company ensures that all relevant information that it possesses is disclosed in the notice of meeting to enable shareholders to make a decision on whether or not to elect or re-elect a Director.

The Company has followed Recommendation 1.3 by having a written agreement with each Director and senior executive setting out the terms of their employment.

#### **Company Secretary**

The Company has followed Recommendation 1.4 by ensuring that the Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

#### **Diversity**

The Board is committed to establishing and maintaining employee and board diversity which recognises the strategic and personal advantages that arise from a workplace where decisions are based on merit and all employees are treated equally.

The Company acts with utmost integrity in meeting its obligations with respect to the issue of diversity, as may be required under the ASX Principles and other regulatory requirements. The Group has followed Recommendation 1.5 in establishing a diversity policy. A copy of the Diversity Policy is available on the Company's website at [http://www.gpsalliance.com.au/?page\\_id=125](http://www.gpsalliance.com.au/?page_id=125)

The Group considers that gender diversity is well spread within the Group. Therefore, in accordance with recommendation 1.5 for the financial year ended 31 December 2017 the Group was not required to set objectives for achieving gender diversity and discloses the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

At the date of this report, the Company is not a "relevant employer" under the Workplace Gender Equality Act".

The Group employs the following ratio of women to men throughout the organisation:

Organisation-wide: 6 females (46%), 7 males (54%)  
Senior Executives: 3 females (100%), 0 males (0%)  
Board of Directors: 1 females (20%), 4 males (80%)

## Board performance review and evaluation

The Board has the policy to ensure that the Directors are equipped with the knowledge and information they need to effectively discharge their responsibilities. The Chairman monitors the performance of the Board, individual Directors on an on-going basis and speaks to Directors individually regarding their role as a Director. During the financial year the Board conducted a Directors self-evaluating assessment performance. The Group has followed Recommendation 1.6.

## Senior executives' performance review and evaluation

The evaluation of senior executives is verbally conducted by an Executive Director by making recommendation to the Board regarding annual salary reviews and where applicable the payment of incentives to the senior executives, therefore, the Group has followed Recommendation 1.7.

## Principle 2 – Structure the Board to add value

### Board of Directors – composition and structure

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given the Group's current size, scale and nature of its activities.

#### *Nomination Committee*

Having regard to the current size of the Group, The Board decided to suspend the Nomination and Remuneration committee. However, in accordance with Recommendation 2.1 the full Board has the responsibility for and performs the functions and roles of a Nomination Committee.

#### *Role of the Nomination Committee*

The role of the Committee is to make recommendations to the Board regarding various matters including board succession, recruitment, induction, professional development, performance evaluation, recommending an appropriate balance of skills, knowledge, experience, independence and diversity as required.

#### *Skills of the Board*

The Board consists of a relevant blend of personal experience at director-level business and corporate experience required by the Group for effective decision-making. Directors are appointed based on the specific operational, corporate and governance skills required by the Group and the Company follows Recommendation 2.2 by disclosing the Directors' qualifications, experience, date of appointment and independence status, which satisfy the Board skill matrix below, in the Directors' Report section of the Annual Report.

### Board skill matrix

Area	Competence
Business Finance	Business strategy, financial literacy, executive management.
Investment	Corporate mergers and acquisitions, corporate financing, portfolio management.
Technical	Project development in the building and construction industry.
Leadership	Experience in public listed companies having the ability but not limited to setting Board directives and representing the Group appropriately.

#### *Board composition and independence*

The Company follows Recommendation 2.3 by disclosing information in the table below and the Directors' qualifications, experience, date of appointment and independence status in the Directors' Report section of the Annual Report.

## Details of Directors

Name of Director	Term in office	Qualifications	Status
Lim Pang Hern	Since July 2014	GradDip in Electrical Engineering, Master in Technological Entrepreneurship.	Executive Chairman
Wang Jinhui	Since April 2015	Extensive real estate experience gained through years of work in the Asian-real estate sector.	Executive Director
David R. Laxton	Since August 2014	BSc (Honours) in Mechanical Engineering	Executive Director
Marcelo Mora	Since May 2016	Bachelor of Business, Diploma in applied Corporate Governance, Chartered Secretary (AGIA)	Non-executive Director independent
Andrew B. Skinner	Since May 2016	Master of Economics – Professional Accounting (Macquarie University) , Master of Corporate Governance (Macquarie University) Diploma Property Development (UTS)	Non-executive Director independent

As only two of the Company's five Directors are classified as Independent Directors, the Company does not follow Recommendation 2.4. However, it is the Board's opinion that all Directors bring to the Board their uncompromised independent judgement, irrespective of whether they are independent or not.

### *Chairman and CEO*

Lim Pang Hern (Jeffrey), an Executive Chairman, holds the office of Chairman and therefore, to this extent, the Company does not follow Recommendation 2.5. However, having regard to the size of the Group, the Board considers that Lim Pang Hern best serves the office of Chairman due to his extensive experience in the industry.

Recommendation 2.5 is followed in part because the Chairman does not hold the position of Managing Director or Chief Executive Officer.

### *Directors' induction and education*

In accordance with Recommendation 2.6 the Company encourages Directors to continue their professional development to assist them in performing their role effectively and has a policy to provide each new Director or officer with a copy of the following documents:

- Code of Conduct;
- Share Trading Policy
- Diversity Policy;
- Continuous Disclosure Policy; and
- Continuous Disclosure and Shareholders Communication Policy.

## **Principle 3 – Act ethically and responsibly**

### **Code of Conduct Policy and ethical standards**

All Directors, executives and employees are expected to act with the utmost integrity and objectivity in carrying out their duties and responsibilities, endeavouring at all times to enhance the reputation and performance of the Group. Every employee has direct access to a Director to whom they may refer any ethical issues that may arise from their employment. The Company has followed Recommendation 3.1 and has adopted a formal Code of Conduct policy which is available on the Company's website at [http://www.gpsalliance.com.au/?page\\_id=125](http://www.gpsalliance.com.au/?page_id=125)

### *Access to Group information and confidentiality*

All Directors have the right of access to all relevant Group books and to the Group's executive management. In accordance with legal requirements and agreed ethical standards, Directors and executives of the Group have agreed to keep confidential information received in the course of exercising their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### *Share dealings and disclosures*

The Group has adopted a policy relating to the trading in Company securities. The Board restricts Directors, executives and employees from acting on material information until released to the market. Directors are required to consult with the Chairman prior to dealing in securities in the Company or other companies with which the Company has a material relationship.

Trading in Company securities by Directors, executives or employees is not permitted at any time whilst in the possession of price sensitive information that is not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

The blackout periods whereby restricted persons are not allowed trading in Company securities are:

- one month prior to the release of the Company's full year financial results or annual report and ending one trading day after the release of those results or reports to the ASX; and
- two weeks prior to the release of half yearly results and ending one trading day after the release of those results to the ASX.

### *Conflicts of interest*

To ensure that Directors are at all times acting in the best interests of the Group, Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Group; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot, or is unwilling to remove a conflict of interest then the Director must, as required by the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates.

### *Related party transactions*

Related party transactions include any financial transaction between a Director and the Group as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Group also discloses related party transactions in its financial statements as required under relevant Accounting Standards.

## **Principle 4 – Safeguard integrity in corporate reporting**

### **Audit Committee**

The Company has followed Recommendation 4.1: by establishing an Audit and Risk Management Committee.

The Company Audit and Risk Management Committee is made up of two members, all of whom are independent non-executive directors and is chaired by one of the two independent directors. A copy of the Committee charter is available on the Company's website at [http://www.gpsalliance.com.au/?page\\_id=125](http://www.gpsalliance.com.au/?page_id=125). The name and details of the Committee members as well as the number of times the Committee met during the year can be found in the Directors' Report section of the Annual Report.

The Audit and Risk Management Committee has the responsibility for and performs the following functions:

- the adequacy of the corporate reporting processes;
- evaluation from time to time the effectiveness of the financial statements;
- the appointment and removal of the external auditor;
- the scope and adequacy of the external audit and the rotation of the audit engagement partner;
- risk management and compliance procedures;
- the appropriateness of the accounting judgement exercised by management; and
- ensuring that independent judgement is always exercised.

### *CEO and CFO declarations*

The Company has followed Recommendation 4.2. The Board has determined that two Executive Directors of the Company are the appropriate persons to make the CEO and CFO declarations as required under section 295A of the Corporations Act.

The declaration confirms that, the internal control system is operating effectively in all material respects, the financial records of the Group have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group.

#### *External Auditor and the AGM*

The Company has followed Recommendation 4.3. The Group's external auditor attends the Company's AGM and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

### **Principle 5 – Make timely and balanced disclosure**

#### **Continuous Disclosure Policy**

The Company has followed Recommendation 5.1 by establishing a formal Continuous Disclosure Policy which is available on the Company's website at [http://www.gpsalliance.com.au/?page\\_id=125](http://www.gpsalliance.com.au/?page_id=125).

#### *Continuous Disclosure to the ASX*

The Board aims to ensure that the market is properly informed of all the information that is required to be disclosed under the Listing Rules of the ASX. The ultimate determination as to whether or not to disclose in doubtful cases may be made by the Board and/or the Chairman, taking into account the overall situation of GPS and, if necessary, legal or other advice.

The Company Secretary is the point of contact with the ASX. As a listed company, GPS will not release information that is for release to the market to any person until it has given the information to the ASX and has received an acknowledgement from the ASX that the information has been released to the market. Accordingly, the Company will notify the ASX promptly of information:

- concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in the Company's securities.

### **Principle 6 – Respect the rights of security holders**

The Company has followed Recommendation 6.1 by keeping investors informed through the Company's website at [http://www.gpsalliance.com.au/?page\\_id=125](http://www.gpsalliance.com.au/?page_id=125), and on the ASX website, [www.asx.com.au](http://www.asx.com.au), under ASX code 'GPS' regarding information about the Group, the Board, policies, reports and ASX announcements.

The Company has followed Recommendations 6.2 and 6.3 by designing a communications program to promote effective communication with shareholders and to encourage their participation at general meetings.

GPS aims to convey to its shareholders pertinent information in a detailed, regular, factual and timely manner. Information is communicated to shareholders and the market through:

- the Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
- the Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- the half-yearly financial statements; and
- other announcements released to the ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders or made available through the Company's website.

The Company has followed Recommendation 6.4 by actively promoting communication with shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and ASX announcements are made available on the Company's website, [www.gpsalliance.com.au](http://www.gpsalliance.com.au), and on the ASX website, [www.asx.com.au](http://www.asx.com.au), under ASX code 'GPS'.

## Principle 7 – Recognise and manage risk

### *Risk Committee*

The Company has followed *Recommendation 7.1*: and has designed policies for the oversight and management of material business risks by establishing an Audit and Risk Management Committee.

The Company Audit and Risk Management Committee is made up of two members, all of whom are independent non-executive directors and is chaired by one of the two independent directors. The charter of the Committee is available on the Company's website at [http://www.gpsalliance.com.au/?page\\_id=125](http://www.gpsalliance.com.au/?page_id=125). The name and details of the Committee members as well as the number of times the Committee met during the year can be found in the Directors' Report section of the Annual Report.

The Committee is responsible for the identification, monitoring and management of significant business risks, assessment of the Group's insurance program and the implementation of appropriate levels of internal control, recognising, however, that no cost effective internal control system will preclude all errors and irregularities.

### *Risk management*

The Company has followed Recommendation 7.2, whereby specific areas of risk are regularly considered throughout the year by the Board and/or Audit and Risk Management Committee meetings including but not limited to intellectual property, changes in government regulation, technology changes, human resources, statutory compliance and continuous disclosure obligations.

### *Internal audit function*

Having regard to the size of the Group, an internal audit function has not been established, however, in compliance with Recommendation 7.3, it is disclosed that the full Board and/or the Audit and Risk Management Committee carries out the internal audit functions.

### *Risks and risk management*

In compliance with Recommendation 7.4, the material manageable risks which the Group is exposed to include, operational risks, capital risks and human resources risks as follows:

- obtaining government approvals;
- securing new contracts;
- the ability to raise additional capital; and
- recruiting and retaining qualified personnel.

The full Board is responsible to oversee the risk management function and the Executive Directors are in charge of implementing an appropriate level of control to mitigate these risks within the Group. The full Board reviews all major Group strategies and decisions and takes appropriate actions on a continuous basis.

## Principle 8 – Remunerate fairly and responsibly

### *Remuneration Committee*

Having regard to the size of the Group and the level of activities and the composition and structure of the Board, the Remuneration Committee was suspended, however, in compliance with Recommendation 8.1, the full Board has the responsibility for and performs the following Remuneration Committee reviews:

- executive Director and senior executive remuneration;
- non-executive Directors remuneration;
- performance measurement policies and procedures;
- superannuation arrangements;
- incentive plans;
- equity based plans;
- termination policies and procedures; and
- remuneration public disclosures.

### *Remuneration policy*

In compliance with Recommendation 8.2, it is disclosed that the Group remunerates its Directors and senior executives based on fixed and incentive component salary packages to reflect the short and long-term objectives of the Group.

The following remuneration guidelines have been adopted to ensure that remuneration arrangements are equitable, appropriate, and not excessive:

- Directors' remuneration is voted on for approval by shareholders at the Annual General Meeting;
- the full Board approves the salary and emoluments paid to senior executives;
- consultants are engaged as required pursuant to service agreements;
- the full Board ensures that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Group; and
- all salaries of Directors and key management personnel are disclosed in the Annual Report.

With respect to non-executive Directors, GPS ensures that:

- fees paid to non-executive Directors are within the aggregate amount approved by shareholders;
- non-executive Directors are remunerated by way of fixed remuneration;
- non-executive Directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- non-executive Directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to GPS's shareholders.

With respect to executives, the Company is to ensure that:

- executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to GPS's circumstances and objectives; and
- a portion of executives' remuneration is structured in a manner designed to link reward to corporate and individual performances.

At the date of this report, the Company is not required to follow Recommendation 8.3 because it does not have an equity based remuneration scheme.