

CAQ Holdings Limited and its Controlled Entities

ABN 86 091 687 740

CORPORATE GOVERNANCE STATEMENT –

(Amended to replace Statement dated 28 March 2024)

Refer <https://www.caqholdings.com/corporate-information/corporate-governance/>

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set below. In establishing its corporate governance framework, the Board has referred to the 4th edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

In accordance with ASX Listing Rule 1.1 Condition 13, the corporate governance statement set out discloses the extent to which the Company intends to follow the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.caqholdings.com, under the section marked "Corporate Governance":

- a) Board Charter;
- b) Board Performance Evaluation Policy;
- c) Code of Conduct;
- d) Audit Committee Charter;
- e) Remuneration and Nomination Committee Charter;
- f) Security Trading Policy;
- g) Continuous Disclosure Policy;
- h) Shareholder Communication and Investor Relations Policy;
- i) Risk Management Policy;
- j) Diversity Policy.
- k) Whistle Blower Protection Policy
- l) Anti Bribery and Corruption Policy

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and have documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

- a) demonstrating leadership
- b) defining the entities purpose and, setting and reviewing strategic direction and planning;
- c) approving the values and code of conduct;
- d) appointing the chair, senior independent director (SID)(currently no appointed SID), appointing and replacing the CEO and the Company Secretary.
- e) reviewing financial and operational performance and satisfying itself that an appropriate framework exists for relevant information to be reported by management to the board;
- f) identifying principal risks and reviewing risk management strategies;
- g) overseeing the integrity of the accounting and corporate reporting system, including external audit;
- h) overseeing the making oof timely and balanced disclosure of all material information concerning the company and maintenance of a system to ensure disclosures are made in accordance with disclosure obligations; and
- i) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Chief Executive Officer (or equivalent) and the management team. The management team, led by the Chief Executive Officer (or equivalent) is accountable to the Board.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director. The checks which are undertaken, and the information provided to shareholders, are set out in the Company's Remuneration and Nomination Committee Charter.

Recommendation 1.3

The Company has a written agreement with all the Directors. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- a) ensuring a good flow of information between the Board, its committees, and Directors;
- b) monitoring policies and procedures of the Board;
- c) advising the Board through the Chairman of corporate governance policies; and
- d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

Recommendation 1.5

The Company has a Diversity Policy, the purpose of which is:

- a) to outline the Company's commitment to creating a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management; and
- b) to provide a process for the Board to determine measurable objectives and procedures which the Company will implement and report against to achieve its diversity goals.

The company does not currently have any female representation in board or senior executive positions. Senior executive is defined as executives reporting to the board for these purposes. The Company has currently 30 employees of which 23 are male and 7 are female.

The Board intends but is yet to set measurable objectives for achieving diversity, specifically including gender diversity at board and senior executive management level. Measurable objectives will be disclosed in the Company's corporate governance statement for the financial year ended 31 December 2024, and will review the effectiveness and relevance of these measurable objectives on an annual basis. The Company is not a "relevant employer" under the Workplace Gender Equality Act. The Company does not have any employees within an Australia jurisdiction, all company employees are based within China.

To date the Company has not established measurable achievable diversity objectives in part due to the disruption associated with pandemic related issues and a focus on core operational (economic) matters. The Company acknowledges this as a deficiency and will work towards addressing the issue in the 2024 financial year.

Recommendation 1.6

The Board will be responsible for evaluating the performance of the Company's senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

The Chair will be responsible for evaluating the performance of the Company's executive directors in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

A general (formal) performance evaluation was not undertaken in the reporting period as the Board is undertaking a board structure review including the appointment of the Company Chair. Annual reviews are to be recommenced in 2025 following the 2024 structural review.

Recommendation 1.7

The Chair will be responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board performance evaluation policy.

This policy is to ensure:

- a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;
- b) the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and
- c) committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.

While the Company had no formally appointed Chair during the financial year this policy will be reviewed periodically by the Board.

The Company will report on whether an evaluation of the Board, its committees and individual directors has taken place in the relevant reporting period, and whether the process was in accordance with the process disclosed, in each of its corporate governance statements.

An assessment was not performed during the 2023 financial year.

Principle 2: Structure the board to be effective and add value

Recommendation 2.1

The Company has a separate Nomination Committee comprising of Michael Siu, Qian Xu and Ching Chung. Ching Chung who is an executive director. Due to his experience, it was considered appropriate for Ching Chung to be on the committee. There were informal discussions held in relation to nomination matters during the year.

The duties of the nomination committee are set out in the Company's Nomination Committee Charter which is available on the Company's website.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of a Nomination Committee and is disclosed on the Company's website. No formal meetings of the Nomination Committee were held during the 2023 financial year.

Recommendation 2.2

The mix of skills and diversity which the Board is looking to achieve in its composition is:

- (a) a broad range of business experience; and
- (b) technical expertise and skills required to discharge duties.

An evaluation was not performed during the financial year.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations. Currently the Board is structured as follows:

- (a) KC Dennis Ong (Non-Executive Director) – appointed 2013;
- (b) Michael Siu (Non-Executive Director) – appointed 2015;
- (c) Qian Xu (Non-Executive Director) – appointed 2015;
- (d) Ching Chung (Executive Director) – appointed 2015;
- (e) Yuk Cheung Chan (Non-Executive Director) - appointed 2017;
- (f) Kwan Chan (Non-Executive Director) (appointed 2017;
- (g) Chen Po Chung (Non-Executive Director) appointed 2019;
- (h) Xiao Huan Wei (Non-Executive Director) appointed 2021; and
- (i) Colin Zhao (Non-Executive Director) – appointed Feb 2024

Michael Siu and Qian Xu are directors of Beijing Properties (Holdings) Limited, which is a substantial shareholder of the Company, and accordingly, is not considered independent. Ching Chung is an executive director, and accordingly, is not considered independent. Kwan Chan is a substantial holder of the Company and accordingly, is not considered independent. Yuk Cheung Chan is a relative of Kwan Chan and accordingly, is not considered independent. KC Ong, Chen Po Chung, Xiao Huan Wei and Colin Zhao are considered independent.

Recommendation 2.4

Currently, the Board considers that membership weighted towards technical expertise is appropriate at this stage of the Company's operations. A majority of the Board is not independent for reasons outlined in 2.3 above.

Recommendation 2.5

There is currently no nominated Chair of the Company with appointment to director meeting Chair being made at each meeting of the directors during the 2023 financial year. Appointment is determined by the directors having considered the most appropriate person to Chair the Board for that meeting. The Board is seeking to identify an appropriately qualified and experienced person to be appointed Chair of the Company.

Recommendation 2.6

It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. In order to achieve continuing

improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

The Company has adopted the following as its values:

- To maximise returns for our shareholders.
- To perform in a responsible and efficient manner in the conduct of our work systems and procedures.
- To actively engage with all of our stakeholders with a focus on sustainable development.
- To promote industry best practice, occupational health and safety among our workers and business partners, permanently controlling the risks inherent in our operations.
- Compliance with all applicable laws and regulations of the countries in which we operate.
- To promote the ongoing care and protection of the environment within which we operate.

Recommendation 3.2

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (Code), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board and is disclosed on the Company's website.

The Code applies to all Directors, employees, contractors and officers of the Company.

The Code is to be reviewed by the Board every two years.

Recommendation 3.3

The Company has a Whistleblower Policy which can be viewed on the Company's website.

Recommendation 3.4

The Company has an Anti-Bribery and Corruption Policy which can be viewed on the Company website.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

The Company has a separate Audit Committee comprising of Ivan Cheng (retired Feb 2024), KC Ong, Chen Po Chung and Michael Siu. In the absence of an experienced independent director appointee to the position of chair of the Audit Committee Mr Siu has acted as Chair of the Audit Committee during the financial year ended 31 December 2023. An appointment of an independent director to the position of chair is expected to be made in 2024.

The Company have not followed recommendation 4.1(a)(2) for the whole period as the chair of the audit committee was not an independent director. The committee considered that, as the majority of the Audit Committee were independent directors, this provided weighting in favour of independence and the director chairing the meetings in 2023 (Michael Siu) was considered by the committee to hold appropriate qualifications and experience for the function.

The Audit Committee is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Audit Committee may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website.

Recommendation 4.2

Before the Board approves the Company financial statements for each financial period it will receive from the Chief Executive Officer (or similar) and the Chief Financial Officer (or equivalent) a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated 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.

Recommendation 4.3

The Company undertakes a process of multi-level internal review of periodic reports that are not subject to external audit which are issued to the market on ASX. Periodic reports when finalised are considered by designated members of the Audit Committee, currently the director fulfilling the role of chair, in addition to being reviewed by the Company Secretary prior to release.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company is committed to:

- a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and
- c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Disclosure Policy, which is disclosed on the Company's website.

The Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures. The Company Secretary manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments. This policy will be reviewed by the Board annually.

Recommendation 5.2

The Company circulates copies of all market sensitive announcements promptly following release from the office of the executive director via the company secretary.

Recommendation 5.3

In accordance with and further to the information set out under 5.1 above, the Company will provide a copy of any presentation materials on the ASX Market Announcements Platform ahead of any presentation, in the event that such presentations are undertaken. There were no presentations to analysts or substantive investors made by the Company in 2023.

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.caqholdings.com. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:

- (a) relevant announcements made to the market via ASX;
- (b) media releases;
- (c) investment updates;
- (d) Company presentations and media briefings;
- (e) copies of press releases and announcements for the preceding three years; and
- (f) copies of annual and half yearly reports including financial statements for the preceding three years.

Recommendation 6.2

The Company has a Shareholder Communication and Investor Relations Policy which aims to ensure that Shareholders are informed of all major developments of the Company. The policy is disclosed on the Company's website.

Information is communicated to Shareholders via:

- (a) reports to Shareholders;
- (b) ASX announcements;
- (c) annual general meetings; and
- (d) the Company website.

This Shareholder Communication and Investor Relations policy will be reviewed by the Board periodically. While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact details (via the website) for Shareholders to make their enquiries.

Recommendation 6.3

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals. The Company will use general meetings as a tool to effectively communicate with shareholders and allow shareholders a reasonable opportunity to ask questions of the Board and to otherwise participate in the meeting.

The external auditor of the Company is invited attend each Annual General Meeting of the Company and be available to answer shareholder questions about the conduct of the audit and the preparation of the auditor's report.

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

Recommendation 6.4

All substantive resolutions at a meeting of security holders are decided by a poll.

Recommendations 6.5

Shareholders are provided the option to receive communications from, and send communications to, the Company and its security registry electronically. Security holders are provided the opportunity to attend general meetings of the company via remote electronic access.

Principle 7: Recognise and manage risk

Recommendation 7.1

The Company does not have an operational separate Risk Committee as the Board consider that the function can be addressed by the Audit Committee and/or the Board itself. The Audit Committee is primarily responsible for the oversight of the Company's risk management and control framework.

When the Board meets as a risk committee is carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Risk Committee Charter which describes the role, composition, functions and responsibilities of the Risk Committee and is disclosed on the Company's website. The Board has adopted a Risk Management Policy, which is disclosed on the Company's website. Under the policy, responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

The risk management system covers:

- (a) operational risk;
- (b) financial reporting;
- (c) compliance/regulations; and
- (d) system/IT process risk.

A risk management model is also being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

Recommendation 7.2

The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. Arrangements put in place by the Board to monitor risk management include, but are not limited to:

- (a) monthly reporting to the Board in respect of operations and the financial position of the Company; and
- (b) rolling forecasts prepared periodically;

Recommendation 7.3

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4

Given the nature of the Company's business, it will be subject to general risks and certain specific risks. The Company will identify those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclose how it intends to manage those risks in each of its corporate governance statements.

The Company is subject to general economic risk associated with the Chinese economic activity. The Company seeks to mitigate its exposure to short term risk by entering into appropriate

contractual arrangements with customers within its property business and monitoring of contractual performance.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. There were informal discussions held in relation to remuneration matters during the year.

The duties of the Remuneration Committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website.

Recommendation 8.2

Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Recommendation 8.3

The Company's Security Trading Policy includes a statement on the Company's policy on prohibiting participants in a company Performance Rights Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Performance Rights Plan.

The Company does not currently envisage introduction of an equity based remuneration scheme.

Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

- (a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
- (b) trading in the Company's securities which is not subject to the Company's trading policy; and
- (c) the procedures for obtaining written clearance for trading in exceptional circumstances.

The Company's Security Trading Policy is available on the Company's website.