

CORPORATE GOVERNANCE STATEMENT

Haodex Ltd

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Introduction

The directors and management of Haodex Ltd (“Haodex Ltd” or “the Company”) are committed to following the principles issued by the Australian Securities Exchange (“ASX”) underpinning corporate governance best practice.

As detailed in this corporate governance statement, Haodex Ltd considers that its current governance practices largely comply with the ASX recommendations. Where arrangements differ from the recommendations, the directors and management believe this is appropriate to the company’s particular circumstances.

The Company will continuously review the recommendations and decisions will be based on what is in the best interests of shareholders.

ASX Recommendations

The Company has followed the 3rd edition of the ASX Corporate Governance Council’s Principles and Recommendations (“Principles and Recommendations”).

The table overleaf lists each of the ASX Recommendations and whether the Company is in compliance and was so for the 2017 reporting period. Where the Company considers that it is divergent from the ASX Recommendations, or that it is not practical to comply, there is an explanation of the Company’s reasons provided.

Principle**Comment**

1. Lay solid foundations for management and oversight

1.1. A listed entity should disclose:

- (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.

✓

The Company has disclosed on its website, under the corporate governance section, a board charter which outlines the specific responsibilities of the directors. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer.

✓

1.2. A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or reelect a director.

✓

The Company has a written agreement in place with each director and senior executive which sets out the term of their appointment. Any material variations to written agreements with directors are disclosed to the ASX.

1.3. A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

✓

Each Director of the Company is able to communicate directly with the Company Secretary and vice versa.

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.

✓

The Company has disclosed on its website a diversity policy which has the objective of providing a fair and equitable workplace, free from discrimination related to age, gender, ethnic, cultural or other personal factors, in which diversity enhances the Company's performance and shareholder value.

1.5. A listed entity should:

- (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 achieving them;
- (b) disclose that policy or a summary of it; and
- (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:

✓

The establishment of measurable diversity objectives is considered annually by the Board. Given the Company's small size, the Board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will continue to review this policy and amend as appropriate.

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✓

Principle**Comment**

- (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organization (including how the entity has defined “senior executive” for these purposes); or
- (ii) 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

1.6. A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

1.7. A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

As at 31 December 2020, 60% of all employees were female. There is one female senior executives on the Board.

Note: Senior executives are defined as the company’s key management personnel, excluding the non-executive directors.

✘ The evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations of the Company justifies this.

✘ Performance objectives and business plans for the company are set at least annually in line with Haodex Ltd’s business strategy. The board monitors performance against plan and on this basis monitors and assesses the performance of the Chief Executive Officer.

✓ The process in place for monitoring senior executive performance is based on explicit role accountabilities encompassing regular systematic performance reporting, feedback and formal assessment. This is on an annual basis. There is a strategic review at least annually.

Performance evaluation of senior executives has taken place in the financial year and is in accordance with the process as set out above.

Principle**Comment**

2. Structure the Board to add value

2.1. The board of a listed entity should:

(a) have a nomination committee which:

- (i) has at three members, a majority of whom are independent directors; and
- (ii) is chaired by an independent director: and disclose:
- (iii) the charter of the committee;
- (iv) members of the committee; and
- (v) as at the end of the reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

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.

2.3. A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(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

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n/a

n/a
n/a
n/a
n/a

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n/a

The board itself acts as the nomination committee rather than having a separate committee constituted for that purpose. The directors believe that this is appropriate in light of the size of the board and the particular circumstances of the company.

The nominations process involves working within a formal procedure for the nomination, selection, appointment and re-election of directors.

The size and composition of the board and its mix of skills and capabilities is expected to change as Haodex Ltd delivers on its strategy and as the company evolves. The board, as a whole, aims to ensure that it always has an appropriate diversity of experience and expertise consistent with the objectives of the company and this is continuously reviewed by the board.

The Company does not utilise a formal matrix however the skills, experience and expertise of each director, and their respective periods of office, are set out in the Directors' Report contained within the Annual Report

The Board considers that the current composition of the Board is adequate for the Company's current size and operations and includes an appropriate mix of skills and expertise relevant to the Company's business.

The Company considers that each of the directors possess skills and experience suitable for building the Company. It is the Board's intention to appoint another independent director as and when the size and complexity of its operations changes and a suitable candidate is identified.

Principle**Comment**

(c) the length of service of each director		To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice. Mr. F Huang was appointed in 2019, Ms, A Huang was appointed in 2019.
2.4. A majority the board of a listed entity should be independent directors.	✘	.Refer 2.3
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.	✓	Mr F. Huang is chairman and Executive Director. Alvin Tan is an independent Non-Executive Director (to be appointed non-executive Director, Haodex) effective on conditional approval for NSX Listing being received by the Company. Michael Pixeley is an independent Non-Executive Director (to be appointed non-executive Director, Haodex) effective on conditional approval for NSX Listing being received by the Company. The chief executive officer is Annie Huang.
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.	✓	The Board reviews the skills and experience of the directors and ascertains any shortcomings and development opportunities; it also oversees any induction and ongoing education requirements.
3. Promote ethical and responsible decision making		
3.1. A listed entity should:		
(a) have a code of conduct for its directors, senior executives and employees; and	✓	
(b) disclose that code or a summary of it.	✓	A code of conduct is available on the Company's website under the corporate governance section. The code provides a framework for decisions and actions promoting ethical conduct in employment.

Principle**Comment**

4. Safeguard integrity in financial reporting

4.1. The board of a listed entity should:

(a) have an audit committee which:

(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(ii) is chaired by an independent director, who is not chair of the board,

and disclose:

(iii) the charter of the committee

(iv) the relevant qualifications and experience of the members of the committee; and

(v) 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

(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.

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n/a

An audit committee is in place and comprises:

- two (2) independent, non-executive directors, Alvin Tan and Michael Pixely.
- one non-independent, executive director, Frank Huang.

The directors believe that the current structure of the audit committee, as described above, is appropriate in light of the current size of the board and the particular circumstances of the company, and therefore full compliance with this recommendation is not possible.

The audit committee charter is disclosed on the Company's website whilst the qualifications and experience of the members are outlined in the directors' profiles in the Directors' Report contained within the Annual Report.

During the reporting period, the Audit Committee met on two occasions and both members were present for the meetings.

Principle	Comment
<p>4.2. 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>	<p>✓ The Company's chief executive officer and chief financial officer (or equivalent), have provided the Board with the appropriate assurances in relation to full year and half year statutory financial reports during the reporting period.</p>
<p>4.3. 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>	<p>✓ The Company's external auditor is invited to, and attends, the annual general meeting. The auditor's presence is made known to shareholders during the meeting and the opportunity provided to ask questions.</p>
<p>5. Make timely and balanced disclosure</p>	
<p>5.1. A listed entity should:</p> <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	<p>✓ A continuous disclosure policy is disclosed on the Company's website.</p> <p>✓</p>
<p>6. Respect the rights of security holders</p>	
<p>6.1. A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>✓ The Company's website www.Haodex.com.au provides information on the Company including its background, objectives, projects and contact details. The corporate governance page provides access to documents such as the board and committee charters, securities trading policy and diversity policy. ASX announcements, company reports and presentations are uploaded to the website following release to the ASX and editorial content is updated at least quarterly.</p>
<p>6.2. A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>✘ The Company has not established a formal Shareholder communication strategy. However it actively communicates with its Shareholders in order to identify their expectations and actively promotes Shareholder involvement in the Company.</p>

Principle**Comment**

		<p>It achieves this by posting on its website copies of all information lodged with the ASX. Shareholders with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.</p>
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.	✓	<p>The Board encourages the attendance of shareholders at shareholders' meetings and sets the time and place of each meeting to promote maximum attendance by shareholders.</p>
6.4. A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.	✓	<p>The Company welcomes electronic communication from its shareholders via the publicised email address admin@Haodex.com.au. In addition, details of ASX announcements and company reports are distributed to interested parties via email as well as being uploaded to the website.</p> <p>The Company's share registry also engages with shareholders electronically and makes available a range of relevant forms on its website.</p>
7. Recognise and manage risk		
7.1. The board of a listed entity should:		
(a) have a committee or committees to oversee risk, each of which:	✘	<p>The Company has an informal risk oversight and management policy and internal compliance and control system.</p>
(i) has at least three members, a majority of whom are independent directors; and	n/a	
(ii) is chaired by an independent director; and disclose:	n/a	
(iii) the charter of the committee;	n/a	<p>The Board does not currently have formal procedures in place but is aware of the various risks that affect the Company and its particular business. As the Company develops, the Board will develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Company and the stage of development of its projects.</p>
(iv) the members of the committee; and	n/a	
(v) 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	n/a	
(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.	n/a	

Principle	Comment
7.2. The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	n/a
(b) disclose, in relation to each reporting period, whether such a review has taken place.	n/a
7.3. A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or	✘
(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.	n/a
7.4. 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.	✓
8. Remunerate fairly and responsibly	
8.1. The board of a listed entity should: (a) have a remuneration committee which:	✓
(i) has at least three members, a majority of whom are independent directors; and	✘
(ii) is chaired by an independent director;	✘
and disclose:	<p>The Company does not have a formal internal audit function however the audit committee oversees the effectiveness of risk management and internal control processes.</p> <p>The Company does not currently have any material exposure to economic, environmental and social sustainability risks.</p> <p>The directors believe that the current structure of the audit committee, as described above, is appropriate in light of the current size of the board and the particular circumstances of the company, and therefore full compliance with this recommendation is not possible.</p>

Principle	Comment	
<p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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 remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>n/a</p>	<p>The remuneration committee charter is disclosed on the Company's website whilst the qualifications and experience of the members are outlined in the directors' profiles in the Directors' Report contained within the Annual Report. During the reporting period, both the previous and current remuneration committee members did not meet formally on any occasion but held discussions on one occasion.</p>
<p>8.2. A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>✓</p>	<p>The structure of non-executive director remuneration is clearly distinguishable from that of executive directors and other senior executives. A copy of the Company's remuneration policy is available on the website. The remuneration packages applicable to directors are detailed in the Remuneration Report which forms part of the Directors' Report in the Annual Report</p>
<p>8.3. A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>✓</p> <p>✓</p>	<p>Directors are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity-based remuneration scheme.</p> <p>The securities trading policy is disclosed on the Company's website under the Corporate Governance section.</p>