

Haodex Ltd

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RISK MANAGEMENT POLICY

Purpose

To establish a framework for the business risk management process involving the identification, analysis, evaluation, treatment and ongoing monitoring of business risks.

Policy

Taking and managing risk are central to business and to building shareholder value. It is the policy of the Board to identify, assess and control the risks which affect its business and balance these risks against the potential rewards.

Duties of Management

- To identify and prioritise risks arising from business strategies and activities.
- To develop and advise the Board on the level of risk that is acceptable to the Company including the acceptance of risks designed to accomplish strategic plans.
- To develop risk mitigation activities that when implemented will reduce or otherwise manage risks at levels that have been determined to be reasonable. These activities will include risk minimisation procedures, cost effective insurance or other risk shifting activities.
- To undertake the monitoring of business activities to periodically reassess risks and the effectiveness of controls to manage such risks.
- To supply to the Board periodic reports on the effectiveness of the risk management system in managing material business risks. Management will report not less than annually.

The Board is at all times responsible for the business risks of the Company. The daily management of these risks is to be overseen by Management which may also make recommendations to the Board on risk management matters.

The Board will review at least annually, Management's report on the Company's management of material business risks and satisfy itself that the risk management system is effective in all material respects.

The Board will periodically reassess the risk profile of the Company with a view to ensuring that potential growth opportunities can be considered where any potential material adverse risk relating to the opportunity could be effectively controlled or mitigated.

The Board expects Management to consider the following when it undertakes its activities:

Operational Risks

The Company minimizes operational risks by adhering to the following principles:

- We ensure management and staff are aware of their duties and responsibilities.
- The Board conveys to management and staff the importance of ethical behaviour in all corporate dealings, as well as the importance of complying with legislation, regulations and industry guidelines.
- The Company assigns authority based on the skills and experience of the individual.
- We record agreements and safeguard our documents to substantiate our dealings with outside entities.
- Where an external company or body provides a significant service to the Company and the outcome of a suspension or failure of providing that service to the Company would be likely to significantly affect the Company's operations or profitability, the Company investigates alternative suppliers and seeks to ensure "force majeure" remedies are embodied in such service agreements.
- The Company has in place Occupational Health and Safety Policies for its employees to maintain a high

standard of safety in its workplaces.

- The Company ensures that all relevant insurance policies are maintained to minimize the risk of loss through accident or other adverse events.
- The Board receives regular reports about the financial condition and operational results of the Company. The CEO and CFO periodically provide written assurance to the Board that in all material respects the Company's financial statements present a true and fair view of the Company's financial condition and operational results, that the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively in all material respects, and that the systems implement the policies adopted by the Board.

Market Risks

The Board recognizes that the Company has the potential for financial loss due to changes in market prices and rates. Risk positions are continuously assessed to ensure that our activities are consistent with the risk appetite and strategy approved by the Board.

The Company minimizes risk by reviewing independently prepared daily reports relating to interest rates, foreign exchange rates and commodity prices.