



CHINA HAITONG LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance appropriate for its circumstances, size and operations.

The Board will adopt, review and continually develop policies and procedures to:

- ensure that it acts with due care and diligence and in the interests of shareholders;
- adequately identify and deal with conflicts of interest at board, management and employee levels;
- protect shareholder interests, including access to information, voting rights, share of profits, equitable treatment; and
- protect the interests of stakeholders including employees, creditors, and the wider community.

With reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition), the Board has adopted what it considers to be appropriate corporate governance policies and practices having regard to its size and nature of activities. The Company's main corporate governance policies are set out below and are available on the Company's website at <http://en.zgjtjt.cn/>:

- (a) Board Charter;
- (b) Code of Conduct;
- (c) Continuous Disclosure Policy;
- (d) Securities Trading Policy; and
- (e) Corporate Governance Statement.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board and Management functions - Recommendation 1.1

The roles and responsibilities of the Board and management are set out in the Board Charter, available on the Company's website.

The Board is responsible for the corporate governance of the Company and operates in accordance with the principles set out in the Board Charter.

The Board Charter also provides for the Company's statement of delegated authority to set out the Company's policy relevant to the delegation of authority to management to conduct the day to day management of the Company.

The Company recognises that the roles and functions of the Board must necessarily be flexible to deliver the Company's objectives.

Electing or re-electing a director - Recommendation 1.2

The process of appointment and re-election is set out in the Board Charter.

The Company will undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director.

The Board will provide shareholders with all material information in the possession of the Company to enable shareholders to make an informed decision on the appointment and re-election of directors.

Director and senior executive agreements - Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment.

Company secretary - Recommendation 1.4

The Company Secretary is appointed and removed by the Board and reports to, and is directly accountable to, the Board, through the Chair, or if a Chair is not appointed, the Managing Director, on all matters to do with the proper functioning of the Board.

Diversity Policy - Recommendation 1.5

The Company does not currently have a diversity policy but is committed to developing a business model that values and achieves diversity on its workforce and on its Board. The Company intends to develop a diversity policy which will be announced to NSX in due course and will be made available on the Company's website. Management will monitor and report to the Board on the Company's progress on the development of its diversity policy.

Performance Evaluation – Recommendations 1.6 and 1.7

The Board is responsible for the evaluation and review of the performance of the Board and its committees (if any) and senior executives.

The Chair, or if a Chair is not appointed, the Managing Director, is primarily responsible for the evaluation and review of the performance of individual non-executive directors. The Chair, or if a Chair is not appointed, the Managing Director, should disclose the process for evaluating the performance of those directors.

The Board (other than the Chair, or if a Chair is not appointed, the Managing Director) is responsible for the evaluation and review of the performance of the Chair, or if a Chair is not appointed, the Managing Director, and review of the effectiveness and programme of Board meetings.

The process of the performance evaluation of the Board, its committees (if any), directors and senior executives, generally involves an internal review. From time to time as the Company's needs and circumstances require, the Board may commission an external review of the Board, and its composition.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Nomination Committee and Board skills matrix - Recommendations 2.1 and 2.2

The Company believes it is not of a size to justify a Nomination Committee. If vacancies arise on the Board, all directors are involved in search and recruitment. The Board seeks to

achieve a balance of entrepreneurial, capital markets, technical, operational, commercial and financial skills from the resources industry and broader business backgrounds. The Board will establish a skills matrix setting out the mix of skills and diversity that the Board currently has or is seeking to acquire.

Independence of directors - Recommendations 2.3, 2.4 and 2.5

The Board comprises three executive directors (Zhang Yiwei, Zhang Fuchen and Zhang Min) and two non-executive directors (Lili Jiang and Natalie Teo Shu Qing). The executive directors are not considered to be independent in terms of the ASX Corporate Governance Council's discussion of independent status. Despite this relationship, the Board believes that the executive directors are able and will make quality and independent judgements in the best interests of the Company on all relevant issues before the Board.

Lili Jiang and Natalie Teo Shu Qing are considered to be independent directors in terms of the ASX Corporate Governance Council's discussion of independent status.

Directors are entitled to seek independent professional advice at the Company's expense in the furtherance of their duties.

Director induction and development - Recommendation 2.6

Induction, training and continuing education arrangements are the subject of the terms and conditions of the appointment of members to the Board. The requirement for the Board to implement an appropriate induction and education process for new Board appointees and senior executives is set out in the Board Charter on the Company's website. The process is designed to enable Board appointees and senior executives to gain a better understanding of the Company's financial, strategic, operational and risk management position; the rights, duties and responsibilities of the directors; the roles and responsibilities of senior executives; and the role of Board committees (if any).

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Code of conduct – Recommendation 3.1

The Board has adopted a formal Code of Conduct to promote lawful, ethical and responsible decision-making by directors, management and employees. The Code promotes compliance with laws and regulation and avoidance of conflicts of interest, embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity. The Code of Conduct is available on the Company's website.

Policy for trading in Company's securities

The Board has adopted a policy on trading in the Company's securities by directors, senior executives and employees which raises awareness of the law in relation to insider trading, specifies blackout periods and provides notification protocols. The trading policy is located on the Company's website.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Audit Committee - Recommendation 4.1

The Company does not currently have an Audit Committee. The Board considers that the formation of an Audit Committee is not warranted at this time given the stage of the Company's development.

The Board will at some time consider forming an Audit Committee if the size of the Board increases and efficiencies may be derived from a formal committee structure.

Financial Statements - Recommendation 4.2

The Board as a whole acts as the Audit Committee and performs the functions thereof including making sure that the financial records of the Company have been properly maintained and that the Company's financial statements comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. These financial statements are required annually.

Auditor attendance at AGM – Recommendation 4.3

The opportunity for shareholders to question a listed entity's external auditor at the AGM is an important safeguard for the integrity of the corporate reporting process. The Company's external auditor will attend each annual general meeting to answer questions from shareholders 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 – Recommendation 5.1

The Board places a strong emphasis on full and appropriate disclosure and has adopted a Continuous Disclosure Policy to ensure timely and accurate disclosure of price-sensitive information to shareholders through the lodgement of announcements with NSX. Clear procedures govern the preparation, review and approval of all announcements. The Continuous Disclosure Policy is available on the Company's website.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Communications Policy – Recommendation 6.1

The Company is committed to open and accessible communication with its shareholders, employees, customers and other stakeholders.

The Company will publish all relevant announcements on its website after NSX has acknowledged that the announcements have been released. The Continuous Disclosure Policy can be found on the Company's website. Subject to NSX disclosure rules, the Company communicates regularly with shareholders, brokers and analysts and publishes the information provided on its website.

Investor relations – Recommendations 6.2, 6.3 and 6.4

The Board is responsible for the communication strategy to promote effective communications with investors and to encourage effective participation at general meetings. The Company adheres to best practice in its preparation of Notices of Meetings and through its share registry offers to members the option of receiving shareholder communications electronically.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Risk Management – Recommendations 7.1, 7.2, 7.3 and 7.4

The Board is committed to ensuring that the risks associated with the Company's business activities are properly identified, monitored and managed and to embedding in its management and reporting systems a number of risk management controls. Operational management regularly reviews the risks and controls and updates the Board in light of changing circumstances and emergent risk factors and weightings.

The Board considers that the Company is not of a size sufficient to warrant the establishment of an internal audit function or a risk management committee. The Company does however employ appropriate processes for continually improving the effectiveness of risk management and internal control processes.

The Managing Director is required to provide a declaration in writing to the Board as to whether the declaration in accordance with section 295A of the Corporations Act is founded on a sound system of internal control and that the system is operating effectively in all material respects in relation to financial risks.

Aside from the risks outlined in the Company's IPO Prospectus, the Company does not have material exposure to other economic, environmental or social sustainability risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee – Recommendations 8.1, 8.2 and 8.3

The Directors consider the current size of the Board does not warrant the establishment of a separate Remuneration Committee. However, the Board will at some time consider forming a Remuneration Committee if the size of the Board increases and efficiencies may be derived from a formal committee structure. Nonetheless the Board is committed to ensuring that the principles of fair and responsible remuneration govern its operations.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at <http://en.zghtjt.cn/>.