

CORPORATE GOVERNANCE STATEMENT 2017

PRINCIPLE 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 Board of Beroni is responsible for setting the strategic objectives of the Company and management is responsible for implementing these strategic objectives. Information about the respective roles and responsibilities of the Beroni Board and management (including those matters expressly reserved to the Board and those delegated to management) is found under the Board Charter located at http://www.beronigroup.com/listed.html under <i>Corporate Governance</i> .
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 re-elect a director.		<p>The Nomination and Remuneration Committee (NRC) of the Board identifies and recommends candidates to fill vacancies and to determine the appropriateness of director nominees for election to the Board. The NRC or the Board will undertake reference checks prior to putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of a director. Candidates for the role of non-executive directors are also required to provide the Chairman with details of other commitments and an indication of time involved, and to acknowledge that they will have adequate time to fulfil their responsibilities as a non-executive director of the Company.</p> <p>The NRC recognizes the benefits arising from diversity and aims to promote an environment conducive to the appointment of well qualified Board candidates so that there is appropriate diversity to maximize the achievement of corporate goals.</p> <p>As required under the NSX Listing rules and the Corporations Act, election or re-election of directors is a resolution put to members at each Annual General meeting. The notice of meeting contains all material information relevant to a decision on whether or not to elect or re-elect a director as well whether the board recommends such election or re-election.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.		Letters of appointment setting out the terms of appointment, duties, rights and responsibilities for each director and senior executive have been executed by the Company.

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 Secretary is responsible for all matters relating to the functions of the Board and the Committees of the Board and reports directly to the Board via the Chairman. Each Director has access to the Company Secretary.
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1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) 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. 		<p>The company has a Diversity policy which can be found on its website at http://www.beronigroup.com/listed.html under <i>Corporate Governance</i>.</p> <p>The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. The Company's policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.</p> <p>The Company has not set measurable objectives for achieving gender diversity during the reporting period of 2016 – 2017.</p> <p>The percentage of women employees in the whole organisation, senior executive and the Board are as follows:</p> <p>Whole Organisation: 54%</p> <p>Senior Executive: 15% (Senior executive includes all executives reporting directly to the Chief Executive Officer, Chief Technology Officer, Chief Operations Officer, Chief Investments Officer and the Chief Financial Officer)</p> <p>Beroni Board 0%</p>
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> (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. 		The process for evaluating board performance is detailed in the Board Charter located at http://www.beronigroup.com/listed.html under <i>Corporate Governance</i> .

1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> (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. 	<p>It is the Company's policy that performance evaluations of senior executives are undertaken on an annual basis where performance is measured against set key performance indicators and such a review forms part of the remuneration assessment.</p> <p>A formal performance evaluation process for senior executives was undertaken during the period under review, where performance was discussed and feedback was provided to them.</p>
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PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

2.1	<p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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 nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>During the year under review, the Nomination & Remuneration Committee of the Company was established. The NRC Charter is available on the Company's website at http://www.beronigroup.com/listed.html under <i>Corporate Governance</i>.</p> <p>The primary purpose of the NRC is to support and advise the Board in maintaining a Board with an appropriate mix of skills and experience and ensuring the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance. When appropriate, external consultants are engaged to assist in the nomination process and to ensure a balance of skills, knowledge, experience, independence and diversity is achieved.</p> <p>The current members of the NRC are Mr. Boqing Zhang, Mr Changbin Deng, Mr Hai Huang, Mr Yap Ting (Peter) Wong and Mr. Libing Guo. The Chairman of NRC, Mr. Boqing Zhang, is also the Chief Executive Officer of the Company as the Committee believes that given the scale of operations of the Company and the stage of its development, appointing an Executive Chairman is the appropriate strategy for the Company. Details of the NRC members' attendance at NRC meetings are set out in the 2017 Directors' Report.</p>																																				
2.2	<p>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.</p>	<p>The Board has identified that the appropriate mix of skills and diversity required of its members on the Board to operate effectively and efficiently is achieved by directors having substantial skills and experience in operational management, peer-to-peer lending, marketing, corporate law, accounting & finance and equity markets.</p> <p>The Board Skills matrix for the current Board is as follows:</p> <table><tr><th>✓</th><th>Boqing Zhang</th><th>Changbin Deng</th><th>Hai Huang</th><th>Yap Ting (Peter) Wong</th><th>Libing Guo</th></tr><tr><td>Operational management</td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Accounting & finance</td><td>✓</td><td>✓</td><td></td><td>✓</td><td></td></tr><tr><td>Bioscience & life science technology</td><td>✓</td><td></td><td>✓</td><td></td><td>✓</td></tr><tr><td>Marketing</td><td>✓</td><td></td><td>✓</td><td></td><td></td></tr><tr><td>Equity markets</td><td>✓</td><td></td><td></td><td>✓</td><td></td></tr></table>	✓	Boqing Zhang	Changbin Deng	Hai Huang	Yap Ting (Peter) Wong	Libing Guo	Operational management	✓		✓	✓	✓	Accounting & finance	✓	✓		✓		Bioscience & life science technology	✓		✓		✓	Marketing	✓		✓			Equity markets	✓			✓	
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2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	<p>The Company considers that Mr. Changbin Deng and Mr. Yap Ting (Peter) Wong are independent directors. The length of service of each director is set out below as at 31 December 2017:</p> <ul style="list-style-type: none"> - Boqing Zhang: 6 months and 1 year (Date of Appointment 17 Jun 2016). - Changbin Deng: 3 months and 1 year (Date of Appointment 30 Sept 2016). - Hai Huang: 1 month and 1 year (Date of Appointment 03 Nov 2016). - Yap Ting (Peter) Wong: 3 months and 1 year (Date of Appointment 30 Sept. 2016). - Libing Guo: 1 month and 1 year (Date of Appointment 03 Nov 2016).
2.4	A majority of the Board of a listed entity should be independent directors.	The Company has a Board of 5 directors out of which 2 directors are independent.
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.	For part of the year under review, the chairman of the Board, Mr. Boqing Zhang, is also the Chief Executive Officer of the Company as the Board believes that given the scale of operations of the Company and the stage of its development, appointing an Executive Chairman is the appropriate strategy for the Company.
2.6	A listed entity should have a program for inducing 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 Company provides induction material for any new directors to inform them of the relevant aspects of the company's operations and background and, depending on specific requirements, will provide appropriate professional development opportunities for directors.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Code of Conduct in the Corporate Governance Plan sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive to abide by when dealing with each other, shareholders and the broad community. A copy of the Code of Conduct is available on the Company's website at http://www.beronigroup.com/listed.html under <i>Corporate Governance</i>.</p>
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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) 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</p> <p>(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.</p>	<p>The Company's Corporate Governance Plan includes an Audit and Risk Committee (ARC) (which was reconstituted after the previous Audit Committee was dissolved). The ARC Charter is available on the Company's website at http://www.beronigroup.com/listed.html under <i>Corporate Governance</i>.</p> <p>The current members of the ARC are Mr. Boqing Zhang, Mr Changbin Deng, Mr Hai Huang, Mr Yap Ting (Peter) Wong and Mr. Libing Guo. Out of the 5 ARC members, 2 are non-executive independent directors and the Chair of the Committee, Mr Yap Ting (Peter) Wong is an independent director. Details of the ARC members' attendance at ARC meetings are set out in the 2017 Directors' Report.</p> <p>All ARC members consider themselves to be financially literate and have industry knowledge. Qualifications and experience of members of the ARC are found under the directors' profile in both the Annual report and on the Company's website at Directors and Management located at http://www.beronigroup.com/listed.html</p>
4.2	<p>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 ARC receives declarations from the Company's CEO and the CFO in relation to full year and half year statutory financial reports during the reporting period in accordance with section 295A of the Corporations Act.</p>
4.3	<p>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>As required by Section 249K of the Corporations Act the Company to give its auditor a copy of the notice of a general meeting and as required by section 250RA, the Company's auditor (or their representative) attend the Company's AGM.</p>

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company's Continuous Disclosure Policy is available on the Company's website at http://www.beronigroup.com/listed.html under <i>Corporate Governance</i>. This policy ensures that the Company is able to meet its continuous disclosure obligations under the NSX Listing Rules and Chapter 6CA of the Corporations Act 2001 (Act); and establishes internal procedures so that all directors, employees, consultants and contractors of the Company understand their obligations to disclose material information to ensure:</p> <ul style="list-style-type: none"> • all investors and participants in the market have equal and timely access to material information concerning the Company; • Company announcements are factual and presented in a clear and balanced way; and • only material information is disclosed to the market.
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PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Company's website provides information on the Company including its background, objectives, projects and contact details. The Corporate Governance page provides access to key policies, procedures and charters of the Company, such as the Board and Committee charters, securities trading policy, diversity policy and the latest Corporate Governance Statement.</p> <p>NSX announcements, Company reports and presentations are uploaded to the website following release to the NSX and editorial content is updated on a regular basis.</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>The Company encourages security holders to attend and participate in general meetings and makes itself available to meet investors and regularly responds to telephone or email enquiries from investors, ensuring that any information provided is that which is already available in the public domain.</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>The Company encourages shareholders to attend all general meetings of the Company and sets the time and place of each meeting to promote maximum attendance by Shareholders.</p> <p>The Company encourages Shareholders to submit questions in advance of a general meeting, and for the responses to these questions to be addressed through disclosure relating to that meeting.</p> <p>The Company's Shareholder Communication Policy is disclosed on the Company's website at http://www.beronigroup.com/listed.html under <i>Corporate Governance</i>.</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 registry electronically.		It is the Company's desire that shareholders receive communications electronically in the interests of the environment and constraining costs. In an endeavor to drive this objective the Company provides security holders the option to receive communications from, and to send communications to, the Company electronically.
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PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) 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>(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.</p>	<p>The Board has established an ARC (following the dissolution of the previous Risk Committee), and the ARC Charter can be found on the Company's website at http://www.beronigroup.com/listed.html under <i>Corporate Governance</i>.</p> <p>As previously explained, the members of the ARC Mr. Boqing Zhang, Mr Changbin Deng, Mr Hai Huang, Mr Yap Ting (Peter) Wong and Mr. Libing Guo. Out of the 5 ARC members, 2 are non-executive independent directors and the ARC is chaired by an independent director.</p> <p>Details of the ARC members' attendance at ARC meetings are set out in the 2017 Directors' Report.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Company's policy is to review its risk management framework annually.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>The ARC which oversees the internal audit function along with an external compliance firm Prosperity Advisers Audit Services Pty Ltd. Additionally, the Board continually monitors the risk management and internal control processes adopted by the Company to ensure they are appropriate to the operations of the Company's group structure. The Board is satisfied with the current level of risk, risk management and control monitoring within the Company.</p>
7.4	<p>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.</p>	<p>Given the nature of the Company's operations, namely peer-to-peer lending, the Board believes the Company has material exposure to economic risks. The Board manages this risk by ensuring all senior management and executives understand and follow the internal risk and audit controls in place. In addition, the Company has implemented a credit risk assessment model as part of its deal screening process.</p>

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) 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>(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>The Company's Corporate Governance Plan includes a NRC Charter which is available on the Company's website at http://www.beronigroup.com/listed.html under Corporate Governance.</p> <p>The key responsibilities of the NRC are:</p> <ul style="list-style-type: none"> • To review and recommend remuneration of the chief executive officer, within the terms of the employment contract, annually to the board. • To ensure staff remuneration is aligned with market trends. • To monitor and review the chief executive officer's performance and key performance indicators for the determination of the annual bonus components. • To ensure that Beroni' remuneration and incentive policies, practices and performance indicators are aligned to the board's vision, values and overall business objectives. <p>The current members of the NRC are Mr. Boqing Zhang, Mr Changbin Deng, Mr Hai Huang, Mr Yap Ting (Peter) Wong and Mr. Libing Guo. The Chairman of NRC, Mr. Boqing Zhang, is also the Chief Executive Officer of the Company as the Committee believes that given the scale of operations of the Company and the stage of its development, appointing an Executive Chairman is the appropriate strategy for the Company. Details of the NRC members' attendance at NRC meetings are set out in the 2017 Directors' Report.</p>
8.2	<p>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>The Company's policies and practices regarding the remuneration of non-executive and executive directors and other senior executives are detailed in the 2017 Remuneration Report.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <ol style="list-style-type: none"> (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 (b) disclose that policy or a summary of it. 	<p>The Company has established an Incentive Scheme which is intended to provide an opportunity to eligible participants to participate in the Company's future growth and provide an incentive to contribute to that growth. The Beroni Group Limited Incentive Scheme is further designed to assist in attracting and retaining employees.</p> <p>A copy of the scheme can be found on the company's website at http://www.beronigroup.com/listed.html under Corporate Governance.</p> <p>Executives are not permitted to enter into transactions in financial products, securities or derivatives which limit the economic risk of participating in unvested entitlements under equity-based remuneration schemes.</p>