

# AustChina Holdings Limited

ACN 075 877 075



## Notice of Annual General Meeting and Explanatory Statement

Date of Annual General Meeting	30 November 2020
Time of Annual General Meeting	12.30 pm (Brisbane time)
Meeting will be held as a Virtual AGM	
via Teleconference and Videoconference at	<a href="https://agmlive.link/AUH20">https://agmlive.link/AUH20</a>

### NOTICE:

In accordance with subsection 5(1)(f) of the *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020* made by the Commonwealth Treasurer on 21 September 2020, the Company will not be dispatching physical copies of this Notice. Instead, this Notice and accompanying Explanatory Statements (**Meeting Materials**) are being made available to shareholders electronically. This means that:

- You can access the Meeting Materials online at the Company's website (austchinaholdings.com).
- If you have provided an email address and elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting Materials and the accompanying proxy form.
- Alternatively, if you have elected to receive via post, a proxy form and reply-paid envelope will be mailed to your nominated address.

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser without delay.

28 October 2020

## LETTER FROM THE CHAIRMAN

Dear Shareholder,

The full Notice of Meeting which sets out the Agenda (including details of all resolutions being put to the meeting), important Voting Information and an Explanatory Memorandum can also be found at [http://austchinaholdings.com/?page\\_id=1545](http://austchinaholdings.com/?page_id=1545).

In planning for the Meeting, the Company has focused on ensuring the safety of shareholders and its team members whilst seeking to equally maximise the opportunity for shareholder participation. Given the current restriction on gatherings and travel imposed by governments as a consequence of the COVID-19 virus, the Federal Treasurer has made a determination modifying the operation of provisions of the *Corporations Act 2001* (Cth) and the *Corporations Regulations 2001* (Cth) under *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020 (Determination)* to allow companies who are required or permitted to hold meetings to hold those meetings remotely as virtual meetings, instead of in person.

As a consequence of this Determination, the Company has adopted the following approach for the Meeting:

- 1 The Meeting will be held virtually (online) via an online platform, at <https://agmlive.link/AUH20>. There will be no physical attendance at the Meeting. This is an important health and safety measure.
- 2 We encourage all shareholders and proxyholders to participate in the Meeting virtually via the online platform at <https://agmlive.link/AUH20>. To do this, shareholders and proxyholders will need a desktop or mobile/tablet device with internet access to log onto the online platform on the morning of the Meeting and provide their details (including their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) as applicable) to be verified as a shareholder or proxyholder.
- 3 Shareholders and proxyholders will be able to log in to the online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions set out in the Notice of Meeting and the Online Meeting Guide (which are available on the Company's website at [http://austchinaholdings.com/?page\\_id=1545](http://austchinaholdings.com/?page_id=1545)). We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time for the Meeting.
- 4 Once the Meeting commences at 12:30 pm (Brisbane time), shareholders and proxyholders will be able to listen to the Chairman of the Meeting talking live and in real time.
- 5 Shareholders and proxyholders will have the ability to ask questions and vote during the Meeting via the online platform, and subject to connectivity of their devices.
- 6 A detailed guide on how to participate virtually in the Meeting is set out in the Online Meeting Guide. The Online Meeting Guide explains how to ensure that the browser is compatible with the online platform, as well as a step-by-step guide to successfully log in and navigate the online platform. The Online Meeting Guide will be lodged with ASX and is available on the Company's website at [http://austchinaholdings.com/?page\\_id=1545](http://austchinaholdings.com/?page_id=1545).

- 7 In addition to the above, shareholder and proxyholder participation (as relevant) is possible by shareholders completing and lodging the Proxy Form electronically at the Company's share registry at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or, alternatively, returning it in the envelope provided or faxed to the Company's share registry on +61 2 9287 0309, so that it is received by 12.30 pm (Brisbane time) on 28 November 2020, in order to be valid. The Proxy Form is also available on the Company's website at [http://austchinaholdings.com/?page\\_id=1545](http://austchinaholdings.com/?page_id=1545).
- 8 The Notice of Meeting contains information that is material in respect of the business of the Meeting and, accordingly, should be read in its entirety before completing and lodging the Proxy Form.
- 9 In accordance with the Determination, each resolution considered at the Meeting will be decided on a poll.

As the situation regarding the management of COVID-19 is evolving, shareholders are encouraged to monitor the Company's website and ASX announcements for any further updates in relation to the arrangements for the Meeting. The Company appreciates the understanding of shareholders during this difficult time. We look forward to your virtual attendance and participation at the Meeting.

Your continued support is greatly appreciated.

Yours faithfully



Daniel Chan  
Chairman

## Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of AustChina Holdings Limited ACN 075 877 075 (**Company**) will be held on 30 November 2020 at 12.30 pm am AEST, for the purpose of transacting the following business referred to in this Notice.

An Explanatory Statement provides additional information on matters to be considered at the Meeting.

### AGENDA

#### ORDINARY BUSINESS

#### Receive and Consider the Financial Statements

To receive and consider:

- (a) the Financial Report;
  - (b) the Directors' Report; and
  - (c) the Auditor's Report,
- of the Company for the year ended 30 June 2020.

#### Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That the Remuneration Report within the Directors' Report of the Company's 2020 Annual Report be adopted."*

Please note that the vote on this resolution is advisory only and does not bind the Company or its Directors.

#### Resolution 2 – Re-election of Dr George Lam as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That Dr George Lam, who retires by rotation and who offers himself for election, be re-elected a Director."*

#### Resolution 3 – Re-Election of Mr Andrew Macintosh as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*" That Mr Andrew Macintosh, who retires by rotation and who offers himself for election, be re-elected a Director."*

#### Resolution 4 – Approval of issue of Related Party Options to Mr Daniel Chan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That the issue of 20,000,000 Related Party Options to Mr Daniel Chan, details of which are set out in the Explanatory Memorandum, is approved under and for the purpose of Listing Rule 10.11 and for all other purposes. "*

#### Resolution 5 – Approval of issue of Related Party Options to Dr George Lam

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That the issue of 20,000,000 Related Party Options to Dr George Lam, details of which are set out in the Explanatory Memorandum, is approved under and for the purpose of Listing Rule 10.11 and for all other purposes. "*

## **Resolution 6 – Approval of issue of Related Party Options to Mr Andrew Macintosh**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That the issue of 20,000,000 Related Party Options to Mr Andrew Macintosh, details of which are set out in the Explanatory Memorandum, is approved under and for the purpose of Listing Rule 10.11 and for all other purposes."*

## **Resolution 7 – Approval of 10% Placement Facility**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) (**10% Placement Facility**) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."*

### **VOTING EXCLUSIONS:**

#### **Resolution 1:**

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of "Key Management Personnel" (as defined in the Accounting Standards as published by the Australian Accounting Standards Board) and their "closely related parties".

Key Management Personnel (**KMP**) are the Company's Directors and Executives identified in the Company's Remuneration Report. A closely related party of a KMP means a spouse or child of the KMP, a child of the KMP's spouse, a dependant of the KMP or the KMP's spouse and anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company or a company the KMP controls (**Closely Related Party**).

However, the Company need not disregard a vote if the vote is not cast on behalf of a person described above and either: (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or (b) the voter is the Chairman and the appointment of the Chairman expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

#### **Resolutions 4 to 6:**

The Company will disregard any votes cast on Resolutions 4 to 6 by any person who is expected to receive securities the subject of the Resolution and any person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 7**

The Company will disregard any votes cast on Resolution 7 by any person who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **NOTES**

These notes form part of the Notice of Meeting.

### **Time and Place of Meeting**

Notice is given that the Annual General Meeting of members will be held on 30 November 2020 at 12.30 pm (Brisbane time) via virtual meeting.

### **Your Vote is Important**

The business of the Annual General Meeting affects your shareholding and your vote is important.

### **Voting Eligibility**

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7 pm AEST on 28 November 2020.

### **Notice to Persons Outside Australia**

This Explanatory Statement has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

The distribution of this Explanatory Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Explanatory Statement should inform themselves of, and observe, any such restrictions.

### **ASIC and ASX involvement**

Neither ASIC, ASX nor any of their officers take any responsibility for the contents of the Notice of Meeting and Explanatory Statement.

## **PROXY AND VOTING INSTRUCTIONS**

### **Voting in Person**

1. To vote in person, attend the Meeting at the time, date and place set out above.

### **Voting by proxy**

2. To vote by proxy, please complete and sign the enclosed proxy form and return by the time and in accordance with the instructions set out on the proxy form.
3. In accordance with section 249L of the Corporations Act, members are advised that:
  - (a) each member has a right to appoint a proxy;
  - (b) the proxy need not be a member of the Company; and
  - (c) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.
4. Certain categories of persons (including Directors and the Chairman) are prohibited from voting on Resolutions relating to the remuneration of Key Management Personnel, including as a proxy, in some circumstances. If you are appointing a proxy, to ensure that your vote counts, please read the instructions on the Proxy Form carefully.
5. The details of the Resolutions contained in the Explanatory Statement accompanying this Notice should be read together with, and form part of, this Notice.
6. On a poll, ordinary Shareholders have one vote for every Share held.

7. A proxy may be either an individual or a body corporate. If you wish to appoint a body corporate as your proxy, you must specify on the Proxy Form:
  - (a) the full name of the body corporate appointed as proxy; and
  - (b) the full name or title of the individual representative of the body corporate to attend the Meeting.
8. Proxy appointments in favour of the Chairman, the secretary or any Director that do not contain a direction on how to vote will be voted by the Chairman in favour of each of the Resolutions proposed in this Notice. You should note that if you appoint the Chairman as your proxy, or the Chairman is appointed your proxy by default, you will be taken to authorise the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
9. Key Management Personnel and their Closely Related Parties will not be able to vote your proxy in favour of Resolution 1 unless you direct them how to vote. This does not apply to the Chairman, who is able to vote undirected proxies. If you intend to appoint a member of the Key Management Personnel as your proxy, please ensure that you direct them how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the Proxy Form. If you intend to appoint the Chairman as your proxy, you can direct him to vote by marking either "For", "Against" or "Abstain" on the box for Resolution 1 on the Proxy Form, or by marking the Chairman's box on the Proxy Form (in which case the Chairman will vote in favour of these items of business and all other Resolutions included in the Notice).
10. Proxy Forms must be signed by a Shareholder or the Shareholder's attorney or, if a corporation, executed under seal or in accordance with section 127 of the Corporations Act, or signed by an authorised officer or agent.
11. A Proxy Form is attached. If required, it should be completed, signed (and if the appointment is signed by the appointer's attorney, the original authority under which the appointment was signed or a certified copy of the authority). Proxy forms must be returned in accordance with the instructions on the proxy form.

#### **Voting by Corporate Representative**

12. A body corporate that is a Shareholder, or that has been appointed as a proxy, may appoint an individual to act as its representative at the Annual General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Annual General Meeting, evidence of appointment, including any authority under which it is signed, unless it has previously been given to the Company.

#### **Voting by Attorney**

13. A Shareholder may appoint an attorney to vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company no later than 12.30 pm AEST 28 November 2020.

By order of the Board



Leni Stanley  
Company Secretary  
AustChina Holdings Limited  
28 October 2020

# EXPLANATORY STATEMENT

## **Purpose of this Explanatory Statement**

This Explanatory Statement is provided to Shareholders to explain the Resolutions to be put to Shareholders at the Virtual Annual General Meeting to be held on 30 November 2020 at 12.30 pm AEST.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Statement in full before making any decision in relation to the Resolutions.

**For proxies without voting instructions that are exercisable by the Chairman, the Chairman intends to vote undirected proxies in favour of each Resolution.**

If you wish to appoint the Chairman as your proxy with a direction to vote against, or to abstain from voting on an item of business, you should specify this by completing the appropriate 'Against' or 'Abstain' box on the proxy appointment form. The Chairman is deemed to be appointed where a signed proxy form is returned which does not contain the name of the proxy or where the person appointed on the form is absent.

## **Receive and Consider the Financial Statements**

The *Corporations Act* requires the Financial Report which includes the Financial Statements, Directors' Declaration, Directors' Report and the Auditor's Report to be laid before the Annual General Meeting. There is no requirement either in the *Corporations Act* or in the Constitution of the Company for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Accordingly, the Company's Financial Report is placed before the Shareholders for discussion and no voting is required for this item of business.

Shareholders will have a reasonable opportunity at the Meeting to ask questions and make comments on these reports and on the business and operations of the Company.

## **Resolution 1: Adoption of Remuneration Report**

The Remuneration Report of the Company for the period ended 30 June 2020 is set out in the Directors' Report section of the Company's 2020 Annual Report to Shareholders (**Remuneration Report**).

In accordance with section 300A of the *Corporations Act* the Company has proposed a Remuneration Report for consideration by Shareholders.

As provided by section 250R(3) of the *Corporations Act*, the resolution on this item of business is advisory only and does not bind the Board or the Company.

### ***Board recommendation***

The Board unanimously recommends that Shareholders vote **IN FAVOUR** of Resolution 1.

## **Resolution 2 – Election of Dr George Lam as a Director**

Dr George Lam was appointed as a non-executive director of the Company on 22 November 2013.

In accordance with the Company's constitution, Dr Lam retires at the Annual General Meeting and being eligible, offers himself for election.

Mr Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors.

### ***Board recommendation***

The Board (Dr Lam abstaining) recommends that Shareholders vote **IN FAVOUR** of Resolution 2.

## **Resolution 3 – Election of Mr Andrew Macintosh as a Director**

Mr Andrew Macintosh was appointed as a non-executive director of the Company on 4 July 2019.

In accordance with the Company's constitution, Mr Macintosh retires at the Annual General Meeting and being eligible, offers himself for election.



Mr Macintosh holds an MBA (Finance, Economics) from the University of Sydney and a Bachelor of Science (Computer Science, Mathematics) from Oral Roberts University, USA.

Mr Macintosh has had a distinguished career, including being General Manager of Banking for National Australia Bank, Hong Kong as well as positions in Westpac and JP Morgan. Mr Macintosh is non-executive Chairman of Acorus Investment Management, a China-Africa private equity fund and prior to this he was Managing Partner (Asia) of Entoro Capital, an SEC-licensed boutique oil and gas investment bank based in Houston, and an accredited International Petroleum Negotiator.

### ***Board recommendation***

The Board (Mr Macintosh abstaining) recommends that Shareholders vote **IN FAVOUR** of Resolution 3.

### **Resolutions 4 to 6 – Approval to issue Related Party Options to Directors Mr Daniel Chan, Dr George Lam and Mr Andrew Macintosh**

#### ***Background to Resolutions 4 to 6***

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 60,000,000 Options (**Related Party Options**) to Messrs Chan, Lam and Macintosh (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a Related Party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and Messrs Chan, Lam and Macintosh are Related Parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party, or a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

#### ***Section 195(4) of the Corporations Act***

Each of the Directors has a material personal interest in the outcome of Resolutions 4 to 6 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 4 to 6 are concerned with the issue of Options to Directors. Section 195 of the Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered. In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions. The Directors have accordingly exercised their right under section 195(4) of the Corporations act to put the issue to Shareholders to determine.

#### **Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) **(Identity of Related Parties)** the Related Parties are Messrs Chan (Resolution 4), Lam (Resolution 5) and Macintosh (Resolution 6) and they are Related Parties by virtue of being Directors;
- (b) **(Nature of financial benefits)** the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
- (1) 20,000,000 Related Party Options to Mr Daniel Chan;
  - (2) 20,000,000 Related Party Options to Dr George Lam; and
  - (3) 20,000,000 Related Party Options to Mr Andrew Macintosh.
- (c) **(When financial benefits will be granted)** the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) **(Consideration for financial benefits)** the Related Party Options will be granted for nil cash consideration and accordingly no funds will be raised by the issue;
- (e) **(Terms and conditions of Related Party Options)** the terms and conditions of the Related Party Options are set out in Schedule 1 to this Explanatory Memorandum;
- (f) **(Value of financial benefits)** the value of the Related Party Options and the pricing methodology are set out in Schedule 2 to this Explanatory Memorandum, wherein the Related Party Options are valued as follows:
- (1) Resolution 4: Issue of 20,000,000 Related Party Options to Mr Daniel Chan, [\$64,000];
  - (2) Resolution 5: Issue of 20,000,000 Related Party Options to Dr George Lam, [\$64,000]; and
  - (3) Resolution 6: Issue of 20,000,000 Related Party Options to Mr Andrew Macintosh, [\$64,000].
- (g) **(Relevant interests of Related Parties)** the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Mr Daniel Chan*	906,873,358	nil
Dr George Lam	nil	nil
Mr Andrew Macintosh	nil	nil

\* Mr Chan is a director and shareholder of Loyal Strategic Investment Ltd, the holding company of Treasure Wheel Global Limited, which is the registered holder of the 906,873,358 shares.

- (h) **(Remuneration of Related Parties)** the remuneration, superannuation and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year, are set out below:

Related Party	Current Financial Year	Previous Financial Year 2019/2020
Mr Daniel Chan	24,000	24,000
Dr George Lam	16,000	16,000
Mr Andrew Macintosh	17,250	17,520

- (i) **(Dilutionary effect of financial benefits)** if the Related Party Options granted to the Related Parties are exercised, a total of 60,000,000 Shares would be issued. This will increase the number of Shares on issue from 1,634,124,361 to 1,694,124,361 (assuming that no other Options are exercised or other Shares are issued), with the effect that the shareholding of existing Shareholders (other than the Related Parties concerned) would be diluted by an aggregate of 3.5%, comprising 1.16% by Mr Chan, 1.16% by Dr Lam and 1.16% by Mr Macintosh;
- (j) **(Market Price of Securities)** the Market Price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time, any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company;
- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.006	13 November 2019
Lowest	\$0.002	13 March 2020
Last	\$0.004	27 October 2020

- (l) **(Corporate Governance Principles and Recommendations)** the Board acknowledges the grant of Related Party Options to the Related Parties is contrary to Recommendation 8.3 of the Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) as published by the ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to the Related Parties reasonable in the circumstances for the reasons set out in paragraph (o);
- (m) **(Purpose of financial benefits)** the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (n) **(Opportunity costs and accounting treatment)** it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed. The Related Party Options have been valued at \$192,000 in aggregate (see Schedule 2), which will be expensed in the Company's Accounts over 3 years;
- (o) **(Reasons for vote in favour of the Resolutions)** the Directors, with:
- (1) Mr Chan abstaining in relation to Resolution 4 due to his material personal interest in the outcome of Resolution 4;
  - (2) Dr Lam abstaining in relation to Resolution 5 due to his material personal interest in the outcome of Resolution 5; and
  - (3) Mr Macintosh abstaining in relation to Resolution 6 due to his material personal interest in the outcome of Resolution 6,

recommend that Shareholders vote in favour of Resolutions 4, 5 and 6, for the following reasons:

- (4) the Company is currently in the development and exploration phase of its growth, which means that it is not generating revenues or profits, and does not anticipate doing so in the near term. As a result, the Company's sources of funding are limited and it therefore needs to closely monitor its cash reserves and mitigate cash expenditure. Accordingly,

the Company considers that a more appropriate way to remunerate its Directors is through equity based incentives, such as the Related Party Options;

- (5) the grant of Related Party Options to the Related Parties will align the interests of the Related Parties with those of other Shareholders;
  - (6) vesting conditions tied to an increased Share price (with the options having an exercise price of 3 cents, which is 250% above the Company's share price) on the date this Notice was issued) are the most appropriate indicator for Director performance at its current stage of growth; and
  - (7) as stated above, it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options;
- (p) **(Reasons for vote against of the Resolutions)** The Company considers that the following are reasons why Shareholders may vote against Resolutions 4 to 6:
- (1) if the Related Party Options vest and are exercised, Shares will be issued to the Directors which will dilute and reduce the voting power of Shareholders (by a maximum of 3.09%); see section (i) for further information on the maximum dilution of Shareholders' interests resulting from the Related Party Options being exercised into Shares;
  - (2) using the valuation in Schedule 2, the grant of the Related Party Options will increase the total remuneration being paid to the Directors (by \$192,000 in aggregate), which Shareholders may not agree with; see section (h) for further information on the remuneration of Directors;
  - (3) the grant of the Related Party Options will require the Company to recognise their value as an expense on the Company's statement of financial performance, which in turn will increase the size of anticipated losses; see section (n) for further information on the accounting treatment of the Related Party Options;
  - (4) if the Related Party Options vest and are exercised, the additional number of Shares on issue will necessarily cause the value of a Share to reduce, which in turn may be reflected by a fall in the Share price on ASX; and
  - (5) even if the vesting conditions for the Related Party Options are achieved, there is no guarantee that the Share price will retain its value for long or at all. Therefore, the Related Party Options may vest and be exercised into Shares, but the benefit to Shareholders who retain their Shares may not be realised if the Share price subsequently falls.
- (q) **(Other information)**
- (1) in forming their recommendations, each Director considered the experience of each other Related Party, the current Market Price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
  - (2) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to approve Resolutions 4,5 and 6.

***Listing Rule 7.1***

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties, as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's Equity Security issue capacity.

## **Resolution 7 – Approval of 10% Placement Facility**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued Share capital through placements over a 12 month period after the AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

The Company is seeking a mandate to issue securities under the additional 10% Placement Facility to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

The Board believes that this Resolution 16 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

### **Description of Listing Rule 7.1A**

#### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an AGM.

#### **(a) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this document, has on issue two existing quoted classes of Equity Securities, being Shares and Options. The Company also has unlisted Options on issue.

#### **(b) Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

**(A x D) – E**

'A' is the number of Shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid Shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- (iv) less the number of fully paid Shares cancelled in the 12 months.

'D' is 10%;

'E' is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

#### **(c) Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this document, the Company has on issue 1,634,124,361 Shares. The Company has a capacity to issue:

- (i) 245,118,654 Equity Securities under Listing Rule 7.1; and
- (ii) 163,412,436 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section (c) above).

(d) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price (VWAP) of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(e) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

**Listing Rule 7.1A**

The effect of this Resolution 7 will be to allow the Company to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

**Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If this Resolution 16 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power and economic interest in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this document.

The table also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for

example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

**Table 1**

Variable "A"		No. of Shares issued under 10% placement capacity	Funds Raised based on:		
			Issue price at 50% decrease to current price	Issue price at current price	Issue price at 50% increase in current price
Current	1,634,124,361	163,412,436	\$326,825	\$653,650	\$1,307,299
150%	2,451,186,542	245,118,654	\$490,237	\$980,475	\$1,960,949
200%	3,268,248,722	326,824,872	\$653,650	1,307,299	\$2,614,599

The table has been prepared on the following assumptions:

- (i) The Company raises the maximum number of Equity Securities under the 10% Placement Capacity.
- (ii) No Options (including any options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) The issue price is \$0.004, being the closing price of the Shares on ASX on 27 October 2020.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under this Resolution 16 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for cash consideration, in which case the Company may use the funds raised towards making (or to securing the right to make) one or more acquisitions and/or to further its existing projects; and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities.

- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
  - (ii) the effect of the issues of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this document but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (g) In accordance with Listing Rule 7.3A.6 the total number of Equity Securities issued in the 12 months preceding the date of this document is NIL, representing 0% of the Equity Securities on issue at the commencement of the 12 month period.
- (h) A voting exclusion statement is included in this document. At the date of this document, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this document.
- (i) The Company previously obtained Shareholder approval under Listing Rule 7.1A on 29 November 2019, which approval will expire on the date of this Meeting.
- (j) A voting exclusion statement is included in the Notice. As at the date of the Notice, the Company has not approached any particular existing security holder or an identifiable class of security holder to participate in the issue of Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion on the Notice.

#### **Directors' recommendation**

The Directors unanimously recommend that you vote in favour of this Resolution.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).



## Glossary

In this Explanatory Statement and the Notice of Meeting:

**AEST** means Australian Eastern Standard Time.

**AGM** means Annual General Meeting.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the Australian Securities Exchange operated by ASX Limited ACN 008 624 691 and includes any successor body.

**ASX Listing Rules** means the listing rules of the ASX from time to time.

**Board** means the Company's board of Directors

**Chairman** means the chair of the Annual General Meeting.

**Company** means AustChina Holdings Limited ACN 075 877 075

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a current director of the Company.

**Equity Securities** has the meaning given in ASX Listing Rule 19.

**Explanatory Statement** means this Explanatory Statement that accompanies and forms part of the Notice of Meeting.

**KMP** means a member of the key management personnel named in the Company's latest remuneration report.

**Listing Rules** means the Listing Rules of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

**Meeting, General Meeting or Annual General Meeting** means the annual general meeting of the Company the subject of this Notice of Meeting.

**Notice of Meeting** means this notice of annual general meeting which this Explanatory Statement accompanies and in which the Resolutions are set out.

**Option** means an option to subscribe for a Share.

**Resolution** means the resolutions in the Notice of Meeting.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a holder of Shares.

**Trading Days** means a day on which the Company's Shares can be traded on ASX.

## Schedule 1 -Terms of Related Party Options

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(a) **Entitlement to Shares**

Each Related Party Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option. For the avoidance of doubt, the Company may, in its absolute discretion, either issue new Shares or acquire Shares already on issue, or a combination of both, to satisfy the Company's obligations.

(b) **Exercise Price**

The Exercise Price of each Option is \$0.005.

(c) **Exercise Period/Expiry Date**

The Options have an exercise period commencing on the date of their issue and ending 3 years after their date of issue (**Expiry Date**).

(d) **Lapsing**

The Options issued will lapse on the earliest of:

- (1) the Expiry Date;
- (2) the Board determining, acting reasonably, that the director has acted dishonestly, fraudulently or in material breach his material obligations to the Company; and
- (3) within 90 days of the Director ceasing to hold any office in the Company (where paragraph (1) does not apply).

(e) **Changes of control**

On the occurrence of a Change of Control (as defined under the Corporations Act), the Board will determine, in its sole and absolute discretion, the manner in which unvested Options shall be dealt with.

(f) **No loans**

No loan will be provided by the Company in relation to the grant or exercise of the Options.

(g) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(h) **Shares issued on exercise and disposal restriction**

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

(i) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Timing of issue of Shares**

Within 5 Business Days after the receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised the Company will allot and issue the Shares pursuant to the exercise of the Options.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be set in accordance with the ASX Listing Rules so that the holders of Options have an opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(l) **Reorganisations of capital**

If prior to an exercise of an Option, the Company undertakes any reorganisation of its share capital, the number of Shares over which an Option is exercisable will be adjusted as prescribed under the ASX Listing Rules.

(m) **No Quotation of the Options**

The Company will not apply for quotation of the Options on ASX.

(n) **Options Not Transferable**

The Options are not transferable without the prior written consent of the Company.

## Schedule 2- Valuation Methodology for Related Party Options

The fair value of the Related Party Options (Options) was determined to be \$0.0032 per Option based on the Black-Scholes Option Pricing (BSOP) methodology. The table below summarises the key inputs used in the BSOP methodology and is followed by an explanation of each of the six key inputs and how they were determined.

Input	Values at Valuation Date
(i) Underlying share price	\$0.004
(ii) Exercise price	\$0.005
(iii) Term	3.00 years
(iv) Risk-free rate	0.145%
(v) Dividend yield	Nil
(vi) Volatility (rounded)	157%

(i) Share price – the underlying share price of the Options, being the price an AustChina Holdings Limited share, was \$0.004 at the close of the market on the Valuation Date.

(ii) Exercise price – the exercise price of the Options.

(iii) Term – the Options have a term of three years from their Issue Date. For the purposes of the valuation, the Issue Date of the Options is the Valuation Date.

(iv) Risk-free rate – The risk-free rate was determined to be the yield-to-maturity of an Australian government bond on the Valuation Date with a term of equal duration of the Options. The government bond interest rates were taken from the F16 – Indicative Mid Rates of Australian Government Securities interest rate table on the Reserve Bank of Australia website. As the Options' term did not match any term listed on the interest rate table for Australian government bonds as at the Valuation Date, linear interpolation was used to determine the risk-free rate. Given the aforementioned, the risk-free rate was determined to be 0.145%.

(v) Dividends – the dividend yield was assumed to be nil as no dividends have been paid by the Company recently or are expected to be paid over the term of the Options.

(vi) Volatility – In accordance with AASB 2 paragraph B22, volatility was determined to be the annualised standard deviation of the continuously compounded daily change in price of the Company's shares. Given the term of the Options is 3 years, the volatility was calculated using the daily share prices for the 3-year period prior to the Valuation Date. Based on the aforementioned method, volatility was calculated to be 156.96% or 157% (rounded).

### Dilution factor

Given that the exercise of the Options results in additional shares being issued in the Company, the valuation of the Options was adjusted by factoring into the valuation the potential dilutive impact that the exercise of the Options has on the per share value of the Company. Exercise of the Options and the resultant issuance of new shares will mean that the Company's value is apportioned among a greater number of shares, which can concurrently lead to a decrease in the per share value of the Company. The BSOP methodology calculates the value of an option on an existing share in a company and does not take into consideration the dilutive impact of the issue of additional shares. Therefore, the effect of exercising the Options and resulting dilution in share value was considered separately when calculating the value of the Options.


Specifically, the value of the Options was determined using the Black-Scholes inputs set out above and then a dilution factor was applied to determine the diluted value of the Options. The dilution factor considers the potential dilution in share value resulting from the exercise of all the Options on the Valuation Date. As the price of a AustChina Holdings Limited share as at the Valuation Date is less than the exercise price of the Options, the Options are "out of the money" resulting in no dilutive impact.


## LODGE YOUR VOTE

 **ONLINE**  
www.linkmarketservices.com.au

 **BY MAIL**  
AustChina Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**  
Telephone: 1300 554 474 Overseas: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of AustChina Holdings Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

**the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **12:30pm (AEST) on Monday, 30 November 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://agmlive.link/AUH20> (refer to details in the Notice of Meeting and Virtual Meeting Online Guide).

**Important for Resolution 1:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

STEP 1


### VOTING DIRECTIONS

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.**

**Please read the voting instructions overleaf before marking any boxes with an .**

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of issue of Related Party Options to to Dr George Lam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Dr George Lam as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of issue of Related Party Options to to Mr Andrew Macintosh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Andrew Macintosh as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of issue of Related Party Options to to Mr Daniel Chan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 2

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

AUH PRX2001N



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au) prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **12:30pm (AEST) on Saturday, 28 November 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MAIL

AustChina Holdings Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)