

AustChina Holdings Limited

ACN 075 877 075

Notice of Annual General Meeting and Explanatory Statement

Annual General Meeting to be held at Colin Biggers & Paisley Lawyers, Level 35, 1 Eagle Street, Brisbane Qld 4000 on Wednesday 21 November 2018 at 11.00 am AEST

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.

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 at Colin Biggers & Paisley Lawyers, Level 35, 1 Eagle Street, Brisbane Qld 4000 on 21 November 2018 at 11.00 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 2018.

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 2018 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 Mr Anthony Chan as a Director

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

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

Resolution 3 – 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 re-election, be re-elected a Director."

Resolution 4 – 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.

Resolution 4

The Company will disregard any votes cast in favour of Resolution 4 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 a General Meeting of members will be held at Colin Biggers & Paisley Lawyers, Level 35, 1 Eagle Street, Brisbane Qld 4000 on 21 November 2018 at 11.00 am AEST.

Your Vote is Important

The business of the 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 19 November 2018.

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.

Privacy

To assist the Company to conduct the General Meeting, the Company may collect personal information including names, contact details and shareholding of Shareholders and the names of persons appointed by Shareholders to act as proxy at the General Meeting. Personal information of this nature may be disclosed by the Company to its share registry, print and mail service providers, and the Company's agents for the purposes of implementing the Takeover. Shareholders have certain rights to access their personal information that has been collected and should contact the Company secretary if they wish to access their personal information.

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 General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the 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 11.00am AEST, 19 November 2018.

By order of the Board

Leni Stanley
Company Secretary
AustChina Holdings Limited
18 October 2018

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 Annual General Meeting to be held at Colin Biggers & Paisley Lawyers, Level 35, 1 Eagle Street, Brisbane Qld 4000 on 21 November 2018 at 11.00 am 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 2018 is set out in the Directors' Report section of the Company's 2018 Annual Report to Shareholders (**Remuneration Report**).

The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. In addition, section 250R(2) of the *Corporations Act* requires that Resolution 1 be put to a vote. However, the vote on this Resolution is only advisory and does not bind the Company or its Directors.

The *Corporations Act* provides for a "two strikes" rule in relation to the adoption of the Remuneration Report, meaning that if 25% or more of votes cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (referred to as a "spill resolution") to determine whether another meeting should be held (within 90 days) at which all of the Directors (other than the Managing Director) must go up for re-election. No strike was recorded at the Company's previous annual general meeting. On this basis, while the vote on the Remuneration Report at this Meeting may potentially be counted towards two strikes in the future, no board spill can occur this year.

The 'two strikes and re-election' process under the *Corporations Act* explained.

- A 'first strike' will occur if this Remuneration Report resolution receives a 'no' vote of 25% or more. If this occurs, the Company's subsequent remuneration report will contain an explanation of the Board's proposed action in response to the 'no' vote or an explanation of why no action has been taken by the Board.
- A 'second strike' will occur if the resolution to adopt the remuneration report at the next Annual General Meeting of the Company also receives a 'no' vote of 25% or more. If this occurs, the shareholders will vote at that Annual General Meeting to determine whether the Directors will need to stand for re-election at a separate, subsequent meeting (the 'spill resolution'). If this spill resolution passes with 50% or more of the eligible votes cast, the spill meeting must take place within 90 days.

Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

Resolution 2 – Re-Election of Mr Anthony Chan as a Director

In accordance with Director rotational retirement provisions of the Company's Constitution and ASX Listing Rule 14.4, Mr Anthony Chan is due to retire at this Meeting and being eligible, offers himself for re-election at this Meeting.

Mr Chan has extensive experience in managing both listed and unlisted entities, engaged in the resource industry commercial and residential development and early childhood education. Mr Chan is also actively involved in community services and organisations.

The Board (with Mr Anthony Chan abstaining) supports the re-election of Mr Anthony Chan.

Resolution 3 – Re-Election of Dr George Lam as a Director

In accordance with Director rotational retirement provisions of the Company's Constitution and ASX Listing Rule 14.4, Dr George Lam is due to retire at this Meeting and being eligible, offers himself for re-election at this Meeting.

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.

The Board (with Dr Lam abstaining) supports the re-election of Dr Lam.

Resolution 4 – Approval of 10% Placement Facility

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its 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 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution 4.

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.

(b) 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 only 1 existing quoted class of Equity Securities, being Shares. The Company has unlisted Options on issue.

(c) 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:

$$(A \times D) - E$$

'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.

(d) 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 1,115,385,048 Shares. The Company has a capacity to issue:

- (i) 167,307,757 Equity Securities under Listing Rule 7.1; and
- (ii) 111,538,505 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).

(e) 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
- (i) 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.

(f) 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 4 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 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) and eligible to vote.

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 4 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
			0.3 cents	0.6 cents	1.2 cents
Current	1,115,385,048	111,538,505	\$334,615	\$669,231	\$1,338,462
150%	1,673,077,572	167,307,757	\$501,923	\$1,003,846	\$2,007,693
200%	2,230,770,096	223,077,010	\$669,231	\$1,338,462	\$2,676,924

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 \$0.006, being the closing price of the Shares on ASX on 10 October 2018.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 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 the following purposes:
 - (i) 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; or
 - (ii) non-cash consideration for the acquisition of (or securing the right to make acquisitions of) new projects and investments or to further its existing projects. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (e) 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.

- (f) In accordance with Listing Rule 7.3 A.6 the total number of Equity Securities issued in the 12 months preceding the date of this document is Nil. The Company has issued no Equity Securities in the 12 months preceding the date of this document:
- (g) 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.
- (h) The Company previously obtained Shareholder approval under Listing Rule 7.1A on 28 November 2017, which approval will expire on 28 November 2018.

In the 12 months preceding the date of this document, the Company has received total cash consideration from issue of Shares under placements and exercise of unlisted options and performance rights of \$0. The Company has therefore not used any cash consideration for the issue of securities to fund working capital in the last 12 months. However, during the period, the Company has received total cash of \$3.1 million from the sale of a subsidiary company, Surat

Gas Pty Ltd which has been applied towards working capital and repayment of unsecured loan. During the preceding 12 months the Company also received \$461,000 from an unsecured loan, which was applied to working capital. All unsecured loans have now been repaid in full.

The Board intends to use the working capital existing at the date of this document (which includes funds raised pursuant to the above placements) to provide working capital and to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

- (i) 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 recommend that Shareholders approve Resolution 4.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) and eligible to vote.

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.

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

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

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 of the person or body corporate you are appointing as your proxy

STEP 1

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 **11:00am (AEST) on Wednesday, 21 November 2018 at Colin Biggers & Paisley Lawyers, Level 35, 1 Eagle Street, Brisbane Qld 4000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

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.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and exercised no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

STEP 2

Resolutions

	For	Against	Abstain*
1 Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Anthony Chan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Dr George Lam as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of 10% Placement Facility	<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.

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



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 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 Resolution is 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 the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at 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 **11:00am (AEST) on Monday, 19 November 2018**, 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

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) as shown on the front of the Proxy Form).



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)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**