



CONFLICT OF INTEREST POLICY

Adopted by the Board on 24th May 2021

1. Purpose

This policy is to assist directors of Ao Shang Hui Consulting Ltd (“AustCham Shanghai” or the “Company”) in identifying situations that present potential conflicts of interest, and to provide the Company with a procedure that will allow a transaction to be treated as valid and binding even where a director has or may have a conflict of interest with respect to the transaction.

Each director has a duty not to place himself or herself in a position that gives rise to a real or substantial possibility of conflict, whether it be a conflict of interest or conflict of duties. Each director is required to comply with this policy.

2. Definition of a conflict of interest

A conflict of interest is a situation where a director of the board, of AustCham Shanghai, a friend or family member of the director, has an interest that is, or could be, incompatible with the proper performance of the director’s fiduciary duties to AustCham Shanghai.

There are three types of conflicts:

- actual conflict - where a director is likely to gain a personal advantage for themselves or a relative or friend, because of their position as a director of AustCham Shanghai;
- perceived conflict - where others may reasonably perceive a conflict, and that perception may create a risk for AustCham Shanghai with regard to reputation or financial assets; and
- potential conflict - where a process has been set in train that, in the future, may create a conflict.

For the purposes of determining materiality in relation to a disclosed conflict of interest, a monetary value in relation to a disclosed conflict of interest will be considered material where the amount is [five] percent or more of the latest audited NAV, or currency equivalent, of the consolidated group accounts for AustCham Shanghai.



Directors will comply at all times with Article 147 and 148 of Chinese Company Law, and with sections 180 to 183 of The Australian Corporations Act 2001. Copies of these articles and sections can be found in Appendix I to this policy.

3. Procedures for disclosure of new conflicts or changes to previously disclosed conflicts

- a) Upon becoming aware of a conflict of interest, or potential conflict of interest, a director will disclose details of the nature of the conflict using the form as set out in Appendix II to this policy and email it to the Company Secretary within twenty-four hours of first becoming aware of the conflict or potential conflict.
- b) For the avoidance of doubt, where a director is required to enter into a contract that would create a conflict of interest, they should not enter into such contract until such time as a notification has been made to the Company Secretary in accordance with clause 3.1 of this policy, and a response has been received from the Chairman in accordance with clause 3.4 of this policy indicating whether or not consent is granted to enter into the contract.
- c) Upon receipt by the Company Secretary of a notification of a conflict by a director, the Company Secretary will enter the details into the Conflicts of Interest Register and review the details of the conflict in accordance with the requirements of this policy and then provide a recommendation to the Chairman of the Board on appropriate action to be taken in order to manage the conflict.
- d) The Chairman of the Board may request further details from the notifying director in considering the recommendation from the Company Secretary. The Chairman will provide a written response to the Company Secretary and notifying director approving or rejecting the recommendation. Such approval or rejection will be included as part of the next Board agenda for ratification by the Board. For the avoidance of doubt the disclosing director will not be permitted to vote on the ratification of the approval or rejection.
- e) In extreme circumstances, the Board may take the view that the conflict is sufficient in nature to warrant the disclosing director to step down from the Board. In this event the Chairman will call a meeting of the Board within one week of the conflict of interest being disclosed. A resolution on the matter put to the meeting will only be passed if seventy-five percent of directors voting pass the resolution. Where directors are not able to attend the meeting, they will provide a written appointment of alternate appointing



another director, such letter of appointment to indicate whether or not they are in favour of the passing of the resolution to be put to the meeting.

Whilst the disclosing director will not be permitted to attend the meeting, the Board may invite them to attend prior to the meeting in order to answer any questions individual Board members may have.

- f) In the event a resolution is passed by the Board, the disclosing directors seat on the Board will immediately be considered vacant in accordance with clause 9.2 (d) of Schedule B of the Members Charter and the Board will make a recommendation to the Hong Kong parent company to pass a shareholders resolution removing the disclosing director from the Board.
- g) The Conflicts of Interest Register will be reviewed at each meeting of the Board as part of their routine business.
- h) Where there is a change in the nature of a conflict of interest previously disclosed, or the conflict no longer exists, the disclosing director is required to notify the Company Secretary using the form in Appendix II within twenty-four hours of becoming aware of the change. The procedures set out in section 3 of this policy will then be followed in relation to the disclosure.

4. Review

- a) This policy will be reviewed annually as part of an overall review of corporate governance arrangements.
- b) The conflicts of interest section included within each of the Committee charters and Board charters will be updated annually in accordance with the latest version of this policy.



Appendix I

COMPANY LAW REQUIREMENTS

Chinese Company law

Article 147

Directors, supervisors and senior management personnel shall comply with the provisions of laws and administrative regulations and the articles of association of the company and bear fiduciary duties towards the company. Directors, supervisors and senior management personnel shall not abuse their duties and rights to receive bribes or other illegal income and shall not convert company assets.

Article 148

Director or senior management personnel shall not:

- (1) misappropriate company funds;
- (2) deposit company funds in a bank account opened in his/her name or in the name of others;
- (3) use of company funds to make loans to others or provide guarantee for others without the consent of the board of shareholders, a shareholders' general meeting or the board of directors and in violation of the provisions of the articles of association of the company;
- (4) enter into contracts with the company or carry out transactions with the company in violation of the provisions of the articles of association of the company or without the consent of the board of shareholders or a shareholders' general meeting;
- (5) abuse his/her duties and powers to seize commercial opportunities of the company for himself/herself or others or engage in similar business as the company's on his/her own or with others without the consent of the board of shareholders or a shareholders' general meeting;
- (6) pocket the commissions for transactions between the company and other parties;
- (7) disclose company secrets arbitrarily; and
- (8) do any other act which violates his/her fiduciary duties towards the company.

Income received by directors and senior management personnel in violation of the aforesaid provisions shall belong to the company.

The Australian Corporations Act 2001

This states that directors have a duty to avoid conflicts of interest. Under the legislation directors are required to:

- i) exercise their powers and discharge their duties with a reasonable degree of care and diligence (section 180);
- ii) act in good faith and in the best interests of the company or for a proper purpose (section 181);



- iii) not use their position to obtain an advantage for either themselves or a third party, or to cause detriment to the company (section 182); and
- iv) not improperly use information gained through their position as a director to obtain an advantage for either themselves or a third party, or to cause detriment to the company (section 183).

Appendix II

Disclosure of Conflicts of Interest

Name of director:

Date on which the conflict occurred or is expected to occur:

Please provide details of the nature of the conflict, including any monetary value, and supporting paperwork as you may deem necessary for the purposes of appraising the conflict:

Date received by Company Secretary:

Date recommendation provided to Chairman of the Board:

Date on which any further information was requested:

Recommendation approved or not approved by the Chairman: