

To: Board of Directors, AustCham Shanghai

Re: Governance Anomalies

This note provides a summary of the findings of an investigation conducted at my initiative in my capacity as Supervisor of the foreign invested entity (FIE) through which the Australian Chamber of Commerce in Shanghai (**AustCham**) operates. In particular:

1. The Board neglected to follow a procedure as outlined in the Schedule for the Nominations and Elections Process forming part of the Members Charter. Specifically, a Director that changes employer during his/her two-year term but is re-endorsed by the Board, should stand for re-election at the following AGM (which, in this case, would have been in June 2019).
2. Arguably, that omission has not materially affected the composition of the Board. I note that there was no election held in 2019 since the number of eligible candidates were the same as vacancies on the Board.
3. Schedule B to the Members Charter sets out what should have happened and, while provision 9.3(d) was not followed, the current version of the Schedule does not set out what should now happen (particularly given the significant period of time that has elapsed since the last AGM). However, the Schedule does provide that the Board has the ability to fill any vacancy that arises.
4. It would therefore be open to the Board to consider the matter and decide whether to pass a resolution to re-endorse the Director whose appointment is in question.
5. I have not been made aware of any illegal conduct that I consider the PRC or Hong Kong authorities would be concerned about nor do I have any reason to consider that any director has intentionally breached their fiduciary duties as a director.

I also made some recommendations for improvements to the Company's governance framework, including that the Board should conduct its own review and report to members.

While I did not attend the subsequent board meeting that took place on 11 February 2020, I understand that the Board endorsed all my recommendations, including a governance review.

Any director or member of AustCham Shanghai is welcome to contact me should they have any questions regarding this note.

A handwritten signature in black ink, appearing to read 'Martyn Huckerby', with a long horizontal flourish extending to the right.

Martyn Huckerby

1 March 2020