

AustChamShanghai



Annual Report 2019



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About Us

The Australian Chamber of Commerce Shanghai (AustCham Shanghai) is the peak body for Australian business in China. As a membership-based organisation, AustCham Shanghai represents more than 300 businesses and individuals providing support, education, advocacy and business services.

AustCham Shanghai is a bridge between Australian and Chinese organisations, facilitating connectivity and promoting bilateral trade.

Founded in 1994, AustCham Shanghai is now the largest Australian Chamber of Commerce in the Greater China region. As the trading relationship has evolved beyond energy and resources to encapsulate a wide variety of sectors, AustCham Shanghai has also grown to represent businesses in every sector, from manufacturing, to health and aged care, to education and financial services.

Today, our Chamber brings the business community together through membership services, events, delegations, project management, representation and advocacy.



China is Australia's largest trading partner with the two-way trade relationship reaching \$194 million in 2018.



2019 PLATINUM MEMBERS





Craig Aldous

**Chairman of the Board,
AustCham Shanghai**

Balance Sheet and Financial Strength

The Company had net assets of 2.17 million RMB at the end of the Financial Year. The Company is in a very strong liquidity position with the ability to pay its short-term obligations 2.6 times. The Company has no debt finance.

In accordance with the Company's policy on capital reserves, the Board has proposed that no dividends be paid to the shareholder members for the 2018 Financial Year, and that post-tax profits be allocated to the Capital Reserve account. After distribution of 2018 profits, the Company now has 1.39 million RMB in capital reserves. This provides 1.65 months of cover for average operating expenses.

Strategic Direction

This year represented the final stage of our 3-year strategic plan to lead our organisation into a position of strength by 2020. It is pleasing that during the period of this plan we have:

- **Diversified revenue:** Despite membership revenue increasing by 8.5% since 2016, its proportion of total revenue has been maintained at 35%.
- **Increased Relevance:** Expanded our footprint to include membership services across the Yangtze River Delta region.
- **Improved Quality Engagement:** During the period of this 3-year plan we have introduced the annual Westpac Australia-China Business Sentiment Survey, led senior business delegations in Canberra, launched the Government Relations Roundtable, and worked with Australian businesses for delegations and project work in China.
- **Strengthened Partnerships:** We have worked with the AFL and Austrade to host business networking activities during the Festival of Australia held every May,

Chairman's Remarks

This year has been a year of transition for AustCham Shanghai. We appointed a new CEO, we saw an influx of new talent to our team, we moved office, and external factors continued to push changes in the way that Australian companies engage with China. Changes to the external operating environment have created new challenges for the longer term positioning of AustCham Shanghai and your Board has recognised the need to re-assess strategic direction accordingly.

Our vision of being the leading bilateral organisation to promote trade and investment between Australia and China is unwavering, and new initiatives that will be rolled out over the coming year address:

1. The need for deeper engagement with Australian companies that trade with China but do not have in-market operations.
2. The need for deeper engagement with Chinese people who have vocational or professional connections with Australia, either through the Company they work

for or through the education they may have received in Australia.

All the while, our traditional service offering to Australian companies that have operations in China remains steadfast with a steady stream of networking and business education events held throughout this year. We continue to lead through our initiatives such as the Westpac Australia-China Business Sentiment Survey, the Australia-China Sports Summit, and the annual business delegation to Canberra. And we continue to host our signature events on the Australian social calendar such as the Great Australian Ball, the Shanghai Melbourne Cup and the Australia Day BBQ.

Financial Performance

Despite some disruption through leadership and personnel changes this year, AustCham Shanghai's earnings before interest and tax were 209,504 RMB. This result was 47% down on the previous year due to a 7% drop in revenue and a small decline in membership.

Our financial results are discussed in further detail in the Chief Executive Officer's report.

co-hosted the AustCham Westpac Australia-China Business Awards with AustCham Hong Kong and Beijing, launched the Australia-China Sports Summit with the support of corporate sponsors, and held the Annual Graduate Careers Fair with the support of Austrade.

This year the Board reviewed its strategic direction to take us forward through the next three years and assessed that change is needed to broaden our membership focus.

As more Australian companies conduct their business with China from off-shore or alternatively engage Chinese management to lead their on-shore operations in China, AustCham Shanghai must evolve to provide more attractive services to these sectors in order to maintain relevance.

Initiatives that are earmarked for the next phase of our organisation's growth include:

- the establishment of a hub for Australian business where members can meet and interact through shared office space and event facilities;
- a new suite of services for Chinese alumni of Australian universities; and
- a change to membership fee structure to incorporate access to free business networking and education events.

I look forward to reporting on progress on these bold and exciting initiatives next year.

Corporate Governance

The Board is accountable to members for the performance of the Company's business, and in performing its role, the Board aspires to excellence in governance standards.

AustCham Shanghai's corporate governance framework and



practices are detailed in the Corporate Governance Statement in this Annual Report.

Other key governance documents are available on our website at www.austchamshanghai.com.

Corporate Social Responsibility

The Company continued to support charitable causes throughout 2018 with a total of 200,002 RMB being donated to our local charity partner organisations.

Board of Directors

Members of the Board are not remunerated and devote their time and effort voluntarily.

I would like to thank all of my fellow Directors for their selfless commitment to the Australian community in China and for their professional conduct at Board meetings over the past year.

CEO and Employees

On behalf of my fellow Directors, I would like to express our sincere appreciation for the efforts of

our CEO, Jack Brady and the Company's employees during the year. Jack's leadership in guiding the team through a period of change this year has ensured that the Company remains on a firm footing to tackle any challenges and seize any opportunities that lie ahead.

I look forward to working closely with him again over the next twelve months as we seek to implement bold initiatives and lead our organisation through its next phase of development.

Craig Aldous
Chairman



Jack Brady

**Chief Executive
Officer, AustCham
Shanghai**

CEO's Report

In 2018 the Chamber saw revenue of 12,003,528.33 RMB, a 7% decrease on the previous year's figure. With effective cost controls, the Chamber had earnings before interest and tax of 209,504.36 RMB for the consolidated accounts.

The main revenue line items for the Chamber continue to be membership services, consulting income earned through our China HQ program, and event management and project support services. As our China HQ program grew, offering consulting services to Australian peak bodies and industry associations, our headcount and remuneration figures increased alongside.

Membership

Membership is the core activity of the Chamber and work remains to grow the reach of our base of corporate members in a shifting environment. As of the 1 May 2019, AustCham Shanghai boasts 322 platinum, corporate, and small business members. This is a drop from the 354

members in the same categories as of 31 December 2017 and a tighter recognition of the members who are in good standing.

Industry Forums

Our 7 industry forums (Food, Beverage & Agriculture; Education; Manufacturing, Sourcing & Supply Chain; Financial Services; Human Resources; Built Environment; and Women in Business) saw an 11% growth in engagement, with active committee participants increasing from 118 people in 2018, to 131 people as of May 2019.

We thank our dedicated members for their tireless work in those committees. We encourage those members not already involved to reach out to our team.

Events

Events continue to be a staple of the Chamber and a way for our members, stakeholders and friends to engage, network and learn.

In 2018, as part of a great evolution for events, AustCham Shanghai began hosting Chinese content events to engage with our Chinese speaking stakeholders.

AustCham Shanghai 2018 events revenue increased by 63.6% from 1,561,237.37 RMB in 2017 to 2,554,004.43 RMB, largely due to the AustCham Westpac Australia-China Business Awards Gala Dinner.

Communications

Over the past year we have continued to focus on the quality of our communications.

AustCham Shanghai interacts with members and stakeholders via our website, social media (LinkedIn, Twitter and WeChat) and eDM (Electronic Direct Mailing).

Since 2017 we have continued to shift away from traditional communication modes towards inbound marketing to provide a wider diversity of content formats across our various platforms. This resulted in:

- > a 36% growth in LinkedIn followers year-on-year;
- > a 34% growth in WeChat followers year-on-year; and
- > a 26% growth in Twitter followers year-on-year.

We have also focused on providing industry-specific insights through our weekly newsletter, social media posts and long-form thought leadership in a quest to offer valuable content to our followers and subscribers.

We will continue to focus on this in the coming year.

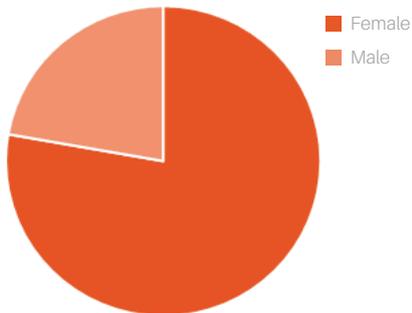
Our Team

AustCham Shanghai only functions because of its committed and passionate team. At the time of writing this report, AustCham Shanghai had 20 full-time staff and is actively recruiting for one (1) vacancy.

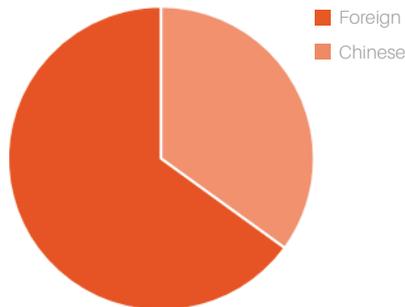
AustCham Shanghai sees diversity as key to building a high performance business.

Workplace Diversity

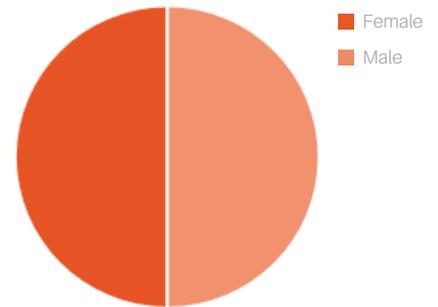
Employee Gender



Employee Nationality



Senior Management Gender



Projects

In 2018, we worked with 17 organisations in the delivery of project work, delegation management and in-market representation through our China HQ program.

2018 project management highlights included:

- the 25th annual AustCham Westpac Australia-China Business Awards (May);
- the Government Relations Roundtable Canberra Delegation (June);
- the 3rd annual Australia-China Careers Fair (July);
- the Advisory Board Centre Engage China Delegation (May);
- the 2nd annual Australia-China Sports Summit (October)
- the 2nd annual Westpac Australia-China Business Sentiment Survey, (October-April 2019); and
- the Australia National University Shanghai internship program (November-Feb 2019).

CSR Funds

Corporate Social Responsibility (CSR) continues to be a strong focus for AustCham Shanghai.

The Australian business community in Shanghai continues to contribute both time and donations to our fundraising efforts.

Our 4 CSR partners are currently: Shanghai Sunrise, Shanghai Roots & Shoots and The Renewal Center, who are financial partners and Lifeline Shanghai as a non-financial partner.

In 2018, AustCham Shanghai and its members raised a total 157,686 RMB for CSR. We made donations of 200,002 RMB to our financial CSR partners this year (surplus funds from 2017 were used for 2018 projects).

CSR Partners



Financial Outlook

The 2019 Financial Year Budget, as agreed by the Board, has set pre-tax profit at 498,220 RMB.

As of the end of May 2019, AustCham Shanghai is tracking to achieve the budgeted end-of-year profit target.

Jack Brady
Chief Executive Officer

The Year in Highlights

1. Our annual Australia Day BBQ in January
2. Cohosted Mentor Walks in March, bringing together established and emerging female leaders in our community
3. International Women's Day Breakfast in May with Eveline Goodman, PhD. Psychologist & PhD. Neuroscience
4. Launched the 2018 Westpac Australia-China Business Sentiment Survey Report in April
5. The 2018 Engage China Trade Mission in May, leading business leaders and advisors across China to provide practical insights, current knowledge and valuable contacts in key Chinese markets
6. The 2018 Australia-China Sports Summit in October
7. The Annual Summer BBQ in September
8. The Shanghai Melbourne Cup in November
9. The impressive catwalk at the Shanghai Melbourne Cup
10. Dancing up a storm at the 23rd Great Australian Ball
11. The Masquerade 23rd Great Australian Ball
12. Another fabulous crowd at the November Aussie Drinks





At a Glance



In 2018 a total of 200,002 RMB has been donated to our local charity partner organisations.



AustCham Shanghai has a community of over 7,100 social media followers, an increase of 32% from 2017.



78% of AustCham Shanghai staff are women, including 50% working at senior management level.

322

AustCham Shanghai boasts 322 platinum, corporate, small-medium business and associate members as of May 1, 2019.

11%

Our 7 industry forums saw an 11% growth in engagement, with active participants reaching 131 people as of May 2019.



Between January and December 2018, the Company hosted 105 events.



In 2018, we worked with 17 organisations for project work, delegations and in-market representation.

37%

Over 37% of AustCham Shanghai members work in the education and training, manufacturing and construction and property industries.

Corporate Governance Statement



Overview

This Corporate Governance Statement, which has been approved by the Board, describes the governance framework, policies and practices of AustCham Shanghai as at 1 May 2019. Our approach to corporate governance is based on a commitment to consultation with our members and being open and transparent when reporting our decisions and performance. This approach includes a commitment to excellence in governance standards, which the Board sees as fundamental to the sustainability of our business.

The diagram on the right illustrates the legal structure of our Company and the relationship between our Members, Directors and Employees within this framework.



HK TRUST

Shares of Austcham Consulting Ltd (HK) held in trust on behalf of Corporate Voting Members of AustCham Shanghai.

CHINA WFOE

Ao Shang Hui Consulting Ltd is the legal entity for the China operations trading as AustCham Shanghai. Fully owned by Austcham Consulting Ltd (HK).

BOARD OF DIRECTORS

HK Trust formally appoints Directors of the China WFOE based on decision of the Corporate Voting Members of AustCham Shanghai at the Annual General Meeting. The Board elects Chairman, Deputy Chair and Audit and Risk Committee Chair who are automatically appointed as the Directors of AustCham Consulting Ltd (HK).

MANAGEMENT TEAM

The Board appoints a Chief Executive Officer who reports to the Board and is responsible for managing the operations of the Company and implementing Board-approved strategies and policies.

Note: Working committees such as Industry Forums or the CSR Committee are not Board Committees (that is, they have no delegation of authority from the Board) but sit beneath the CEO to implement Board-approved strategies and policies, or to provide a forum for consultation with members.

Board Structure and Operation

Governance Framework

The diagram below shows AustCham Shanghai’s current governance framework, including the current Committees of the Board. From time to time, the Board may form other Committees or request Directors to undertake specific extra duties. The key functions of the Board and each of the Board Committees are outlined in this Governance Statement. The Board and Committee Charters are available on our website at www.austchamshanghai.com.



Key people and independent service providers who provide oversight of corporate governance for AustCham Shanghai are listed in the table below.

Ao Shang Hui Consulting (Shanghai) Ltd

Board of Directors

Mr Craig Aldous	Chairman & Non-executive Director
Mr Craig Weightman	Deputy Chair & Non-executive Director
Mr John R Boyle	Audit & Risk Committee Chair, Non-executive Director
Mr Chris Carr	Non-executive Director
Mr Andrew Collins	Non-executive Director
Ms Susan Heffernan	Nominations Committee Chair, Non-executive Director
Mr Simon Lance	HR Committee Chair, Non-executive Director
Ms Stephanie Liu	Non-executive Director
Ms Chris Pan	Non-executive Director
Mr Shouqing Zhang	Non-executive Director
Mr Jack Brady	CEO, Executive Director & Legal Representative

Board Appointments

Ms Stephanie Smith	Company Secretary
Mr Martyn Huckerby	Company Supervisor
Mr Li Man Fai, Prime Pillar	External Auditor
Azure Group	Internal Auditor
Xin Bai Law Firm	Legal Counsel
Ms Frances Gong, CPA Australia	Election Auditor

Austcham Consulting (Hong Kong) Ltd

Board of Directors

Mr Craig Aldous	Non-executive Chairman
Mr Craig Weightman	Non-executive Director
Mr John R Boyle	Non-executive Director

Board Appointments

Ethos Ltd	Trustee & Secretariat
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Board Meetings

The Board held nine (9) scheduled meetings during the one-year term of the current Board up until June 2019.

In addition to the Board considering strategic matters at each Board meeting, the Board also discusses and approves the overall strategic direction on an annual basis.

Directors are encouraged to voice their opinions in an informed and constructive manner at Board

meetings, so that their experience and independent judgment can bear on the issues and decisions at hand.

Time is set aside in Board meetings without management present, so that Non-executive Directors can discuss issues appropriate to such a forum.

The Chairman sets the agenda for each meeting, in conjunction with the Company Secretary and CEO. All Directors are welcome to suggest to the Chairman that particular items of business be includ-



ed in the agenda. Key documents are distributed to all Directors in advance of the meetings.

The Board comprises eleven (11) Directors, including ten (10) Non-executive Directors and one (1) Executive Director.

The current Non-executive Directors, their date of appointment and their meeting attendance record since the last Annual General Meeting are set out below.

Board of Directors	Term in Office	Meetings Attended (Out of 9)
Mr Craig Aldous	Director since July 2012 and Chairman since July 2016	9
Mr Craig Weightman	Director since July 2015 and Deputy Chairman since July 2016	9
Mr John R Boyle	Director and Audit & Risk Committee Chair since July 2017	9
Mr Chris Carr	Director since July 2017	7
Mr Andrew Collins	Director since July 2018	6
Ms Susan Heffernan	Director since July 2014 and Nominations Committee Chair since July 2018	7
Mr Simon Lance	Director since January 2017 and HR Committee Chair since July 2017	7
Ms Stephanie Liu	Director since July 2018	8
Ms Chris Pan	Director since July 2018	9
Mr Shouqing Zhang*	Director since February 2019	2

*Mr Zhang was appointed to the Board in January 2019, following the resignation of Ms Heather Smith in July 2018. There have been 5 meetings of the Board since Mr Zhang was appointed.

Note: The Board held 9 ordinary meetings and 1 Strategy Day meeting during the period from 1st July 2018 – 1st June 2019.

The meeting attendance record includes any meetings where Directors joined by teleconference. Directors who dialed in and the number of meetings they dialed in for are as follows: Craig Weightman (1), John Boyle (3), Chris Carr (1), Simon Lance (1).

Role of Directors

The Board Charter outlines the roles and responsibilities of the Board. Key responsibilities in summary are:

- approving the strategic direction of the Company and significant strategic initiatives;
- approving the Company's annual targets and financial statements, and monitoring financial performance against forecast and prior periods; and
- overseeing good governance practice.

The Constitution and the Board Charter enables the Board to delegate to Committees and management.

The roles and responsibilities delegated to the Board Committees are captured in the Charters of each of the three established Committees, namely:

- Audit & Risk
- HR
- Nominations



The Board Charter, Board Committee Charters and the Constitution are available on our website at austchamshanghai.com.

The Board has also delegated to the CEO, and through the CEO to other managers, responsibility for the day-to-day management of the business. The scope of, and limitations to, management-delegated authority is clearly documented. These delegations balance effective oversight with appropriate empowerment and accountability of management.

Role of the Chairman

The Board elects one of the

Non-executive Directors as Chairman, currently Mr. Craig Aldous. Mr Aldous was initially appointed Chairman on 20th July 2016 and was re-appointed on 14th July 2017 and on 29th June 2018. The Chairman's role includes:

- providing effective leadership to the Board in relation to all Board matters;
- guiding the agenda and conducting Board meetings;
- in conjunction with the Company Secretary, arranging regular Board meetings throughout the year, confirming that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;

- ensuring the performance of the Board and its directors is in line with the Directors Code of Conduct;
- acting as the primary point of communication between the Board and the CEO;
- representing the views of the Board to the public; and
- taking a leading role in creating and maintaining an effective corporate governance system.



Role of the CEO

Our CEO is Mr Jack Brady. The CEO's role includes:

- leadership of the management team;
- developing strategic objectives for the business; and
- the day-to-day management of AustCham Shanghai's operations.

Director Induction and Professional Development

All new Directors participate in an induction program to familiarise themselves with our business and strategy, culture and values and any current issues before the Board. The induction program in-

cludes meetings with the Chairman and the CEO. New Directors receive appropriate background documentation, coordinated by the Company Secretary and by the CEO on the nature of the Company's business and its key drivers.

The Board encourages Directors to undertake continuing education and training to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. The Board, therefore, supports Directors being members of the Australian Institute of Company Directors in order to keep abreast of current governance issues and participate in webinars or online courses provided by the Institute.

Access to Information

All Directors have complete access to senior management and may seek information from the Company's Auditors, provided that all such enquiries are first advised to the Chairman and the CEO.

Board and Director Performance Assessment

The Board is committed to implementing a system for review of its own performance and that of its Committees annually. Under this system, the Chairman will also hold individual discussions with each Director to discuss their performance on a needs basis. The Chairman is responsible for evaluating the performance of the CEO, who in turn evaluates the performance of all other Senior Managers. The evaluations are based on Board-approved criteria, including the Company's business performance, achievement of long-term strategic objectives and the attainment of individual performance objectives.

Company Secretary

Our Company Secretary is Ms Stephanie Smith, who was appointed to the role in April 2019. Under the Board Charter, the Company Secretary is accountable to, and reports directly to, the Board (through the Chairman where appropriate) on all governance matters. All Directors have unfettered access to the Company Secretary. Under the Board Charter, the Directors appoint the Company Secretary.

Key focus areas of the Board over the past twelve months included

- Reviewing the 3-year Strategic Business Plan for the Company.
- Overseeing management's performance in strategy implementation, including development of an alumni engagement strategy.
- Monitoring the Company's operating and cash flow performance, financial position and key metrics.
- Maintaining and updating the governance framework for the Company, including the Board Charter, Committee Charters, Directors' Code of Conduct, and Members' Charter.
- Reviewing all legal documentation and company practices to ensure compliance with PRC law.
- Reviewing policies to improve the Company's system of corporate governance.
- Receiving feedback from members and staff through the annual membership survey and employee survey to inform the Board's strategic direction and decision-making.

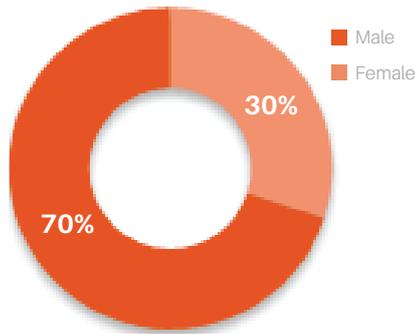
Board Composition

Essential Requirements

The Board considers that each non-Executive Director must have the following essential personal attributes to be suitable to serve as a Director of the Company:

- high standards of personal integrity and ethical behavior;
- independence of thought;
- sound judgment and decision-making;
- team player;
- good listener;
- strong interpersonal and communication skills;
- active networker; and
- available to serve the needs of the Company.

Gender Diversity

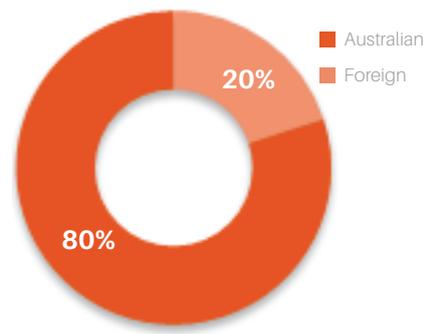


Diversity

The Board recognises that a mix of Directors who represent a diverse range of viewpoints contribute to better decision-making. Therefore, it is important to ensure that its membership has an appropriate mix of people based on gender, ethnicity, industry represented, company-type represented, and length of tenure on the Board.

The below tables and charts outline the current diversity of the Board membership.

Nationality Diversity

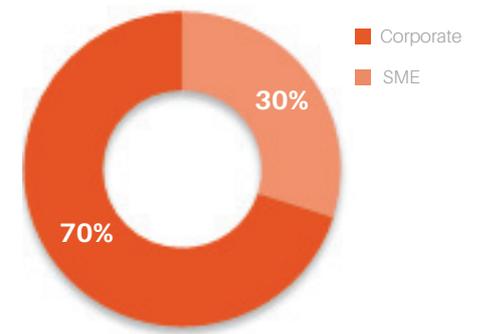


Skills, Knowledge and Experience

The Board recognises that each Director will not necessarily possess experience in all areas relevant to the Company's operations. Therefore, it seeks to ensure its membership includes an appropriate mix of Directors with skills, knowledge and experience in core competencies.

With this in mind, each Director completed a self-assessed skills matrix, which were consolidated and shown adjacent, highlighting the diverse strengths across the Board.

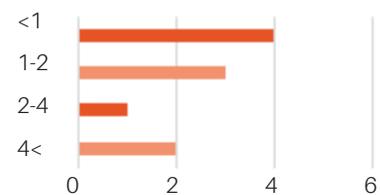
Company Diversity

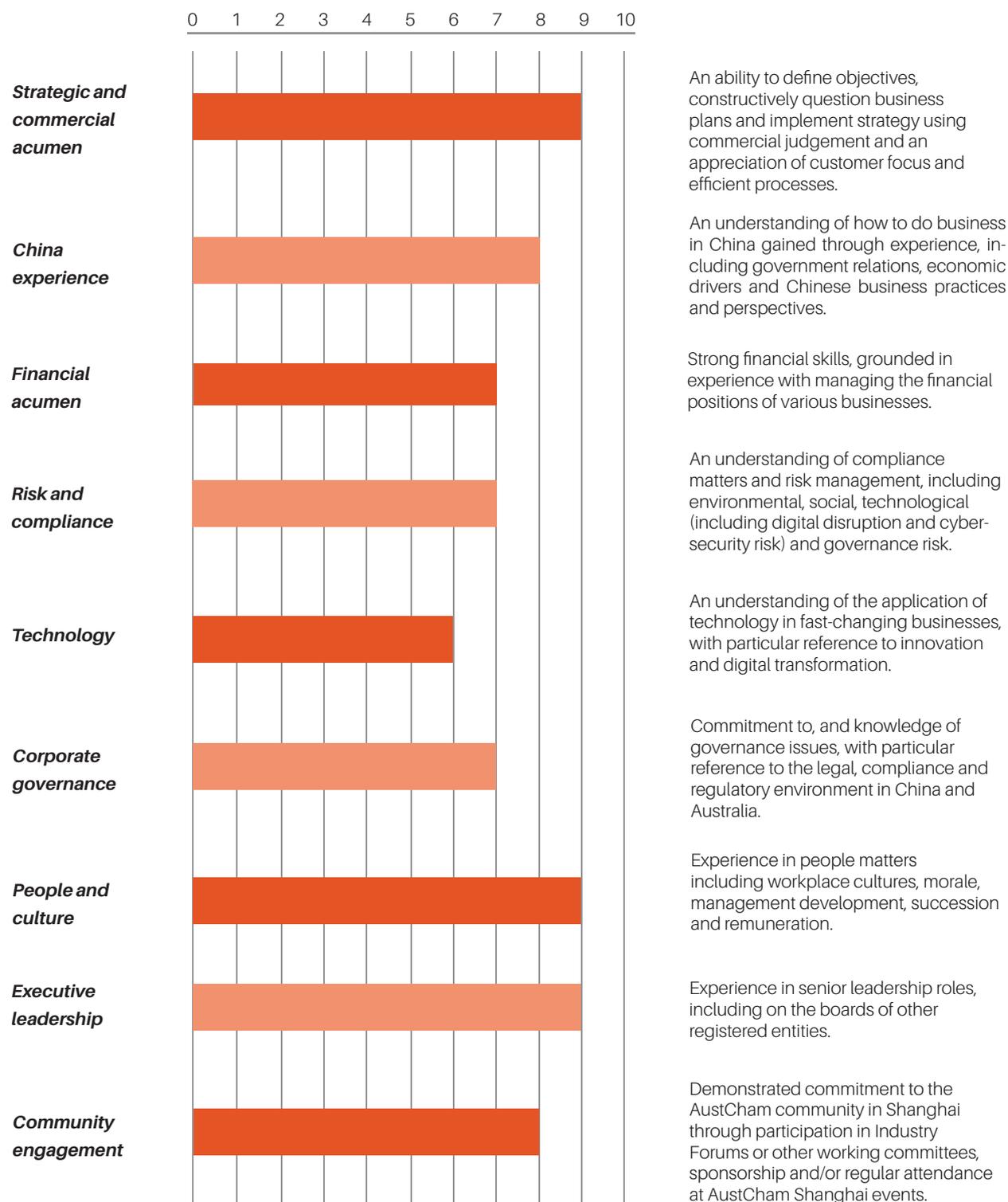


Industry Breakdown of the Board of Directors

Food, Beverage and Agriculture	1
Banking and Financial Services	2
Real Estate	1
Creative Industries	1
Pharmaceuticals	1
Professional Services	4

Board Tenure





Board Committees

Purpose

To increase the effectiveness of the Board’s functioning and to allow the Board to spend additional and more focused time on specific issues, the Board has three standing committees, being the Nominations Committee, the HR Committee, and the Audit and Risk Committee.

Each of the Board Committees are comprised of Non-executive Directors. The CEO has a standing invitation to attend all Board Committee meetings - except where the relevant Committee is discussing the CEO’s employment arrangements or Non-executive Director-only sessions are being held - and may participate in discussions but has no voting rights.

Other Senior Managers may be invited to attend Board Committee meetings where the Committee Chairman believes that person’s attendance would be useful and relevant.

Details of the current membership of each Committee are set on the right along with the meeting attendance record for members of each Committee.

Board Committee Meetings

Board Committee meetings are held at scheduled intervals during the year, with additional meetings convened as required. The Board Committees are generally scheduled to meet prior to the Board meeting.

Minutes of each Board Committee meeting are formally approved by the Committee Chair and included with papers in the following Board meeting.

Committee Name	Members	Meetings Attended/Held
Audit and Risk Committee	Mr John R Boyle (Chair)	7/7
	Mr Chris Carr	7/7
	Ms Susan Heffernan	6/7
	Ms Stephanie Liu	7/7
Nominations Committee	Ms Susan Heffernan (Chair)	5/5
	Mr Craig Aldous	5/5
	Mr Andrew Collins	5/5
HR Committee	Mr Simon Lance (Chair)	4/4
	Mr Craig Weightman	4/4
	Ms Chris Pan	4/4
	Mr Shouqing Zhang*	1/4

**Mr Zhang was appointed to the Audit and Risk Committee in March 2019. At the time of writing (1 June 2019) there had been 1 committee meeting since Mr Zhang’s appointment.*

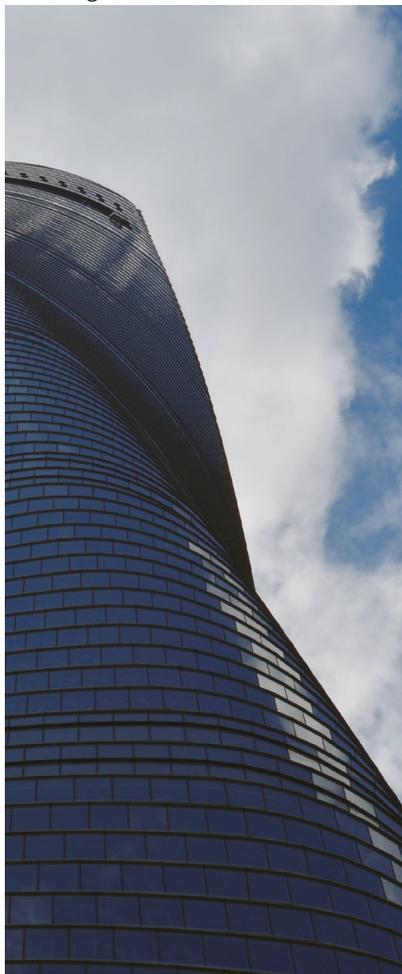


Audit and Risk Committee

The Board is concerned with ensuring the integrity of the Company's financial reporting, its management of risk, and its legal, regulatory and policy compliance. The Audit and Risk Committee assists the Board in achieving this objective.

The Audit and Risk Committee assists the Board to meet its oversight responsibilities in relation to the Company's:

- financial risk management processes, accounting and control systems;
- internal and external audit arrangements;
- compliance with legal, regulatory and internal policy requirements;
- risk management program and financial reporting approved by the Committee Chair and included with papers at the next Board meeting.



Key focus areas of the Audit and Risk Committee over the past twelve months

- The preparation of the statutory financial accounts of the Company, including the review of those accounts and the application of accounting policies in accordance with Chinese Accounting Standards.
- The appointment of the Internal Auditor to undertake five internal audits to assess the effectiveness of the Company's internal control environment.
- Creation of a Risk Management and Action Plan, and periodic assessments of the significant risks of the Company.
- Creation of a Business Continuity Plan.
- Reviewing and evaluating the adequacy of the Company's insurance arrangements to ensure appropriate cover for identified operational and business risks.
- Review and update of financial reporting to provide real-time financial data to the Board.

HR Committee

The Board's objective is to ensure that the Company has adopted remuneration and human resources policies that meet the needs of the Company and encourage a performance-oriented culture.

The role of the Committee is to:

- ensure appropriate policies and procedures are in place to assess the remuneration levels of the CEO, Senior Managers and staff;
- ensure a clear relationship between business performance and the key performance indicators and remuneration of the CEO and Senior Managers;
- align management and staff incentive awards with the creation of value for members;
- ensure that the Company's human resources strategy, policies and procedures are appropriate to the Company's needs and clearly designed and executed.

Key focus areas of the HR Committee over the past twelve months

- Determining reward outcomes for the CEO.
- Review of staff incentive plans.
- Creation of an Employee Engagement Action Plan.

Nominations Committee

The Board's objective in relation to Board nomination and review is that the Company has adopted transparent policies and practices to allow members to elect a Board that:

- has an effective composition, size, mix of skills, experience and commitment to adequately discharge its responsibilities and duties and add value to the Company and its members;
- has a proper understanding of, and competence to deal with, the current and emerging issues of the Company; and
- can effectively review and challenge the performance of management and exercise independent judgment.

Key focus areas of the Nominations Committee over the past twelve months

- Review of nominations and elections process.
- Formulation of a Directors' Skills Matrix.
- Appointment of an Election Auditor.

Risk Management Framework

The Board is responsible for approving the Risk Management Strategy and for monitoring the effectiveness of risk management by the Company.

The Board has delegated to the Audit and Risk Committee responsibility to:

- review and recommend the Risk Management Strategy to the Board for approval;
- approve frameworks, policies and processes for managing risk.



The CEO and management team are responsible for implementing our risk management strategy and frameworks, and for developing policies, controls, processes and procedures for identifying and managing risk in all of the Company's activities.

Internal Audit Function

The Audit and Risk Committee Charter sets out the role of the Committee in executing the internal audit function. The Audit and Risk Committee oversees a risk identification process and then recommends an annual internal audit plan to ensure that planned audit activities are aligned to material business risks.

The Audit and Risk Committee recommends an Internal Auditor to the Board for approval and

reviews internal audit reports issued by the internal auditor. Our Internal Auditor, Azure Group, has been appointed for a two-year term commencing June 2018.

The Committee also monitors progress with recommendations made in internal audit reports to ensure the adequacy of the internal control environment. The internal audit function and external audit function are separate and independent of each other.

The roles and responsibilities of the Audit and Risk Committee are further set out in the [Audit and Risk Committee Charter](#).

Audit Independence Policy

The role of the External Auditor is to provide an independent opinion that our consolidated financial reports are true and fair, and comply with applicable regulations. The Audit and Risk Committee reviews the effectiveness, performance and independence of the External Auditor annually.

In reviewing the independence of the auditor, the Audit and Risk Committee must assess whether:

- an employment relationship exists or could be deemed to exist, between the Company and the External Auditor, its officers or former officers, employees or former employees or certain relatives;
- a financial relationship exists between the External Auditor and the Company; and

- the auditor provides any non-audit services to the Company.

Our External Auditor, Mr David Li of Prime Pillar, was appointed by the Board for a two-year term in November 2017, which was subsequently ratified by members at the 2018 Annual General Meeting. Mr Li has provided an independence declaration to the Board for the financial year ended 31st December 2018. The independence declaration forms part of the Auditors Report and is in accordance with the Hong Kong Institute of Certified Public Accountants Code of Ethics for Professional Accountants.

If it becomes necessary to replace the External Auditor for performance or independence reasons, the Audit and Risk Committee will provide a recommendation to the Board for the selection and appointment of a new auditor.

Financial Risk Certification

The CEO provides written statements to the Board in respect of the full-year reporting periods.

With regard to the maintenance of financial records, compliance of financial statements with accounting standards and systems or risk management and internal compliance in this written statement, the Board received assurance from the CEO that the declarations were founded on a sound system of risk management and internal control and that the system was operating effectively in all material aspects in relation to financial reporting risks, in respect of the full-year reporting period.

Company Supervisor

In accordance with the Company Law of China and the Company's Constitution, the Directors of our Shareholding Company in Hong Kong must appoint a Company Supervisor. The main role of the Company Supervisor is to check the Company's financial affairs and ensure that Directors are performing their duties in accordance with the Company Constitution.

The Company Supervisor may attend meetings of the Board or its Committees provided that prior notice is given to the Chairman of the Board.

The Company Supervisor has complete access to Senior Management through the Chairman, CEO and Company Secretary at all times and may seek information from the Company's External and Internal Auditors provided that all such enquiries are first advised to the Chairman and the CEO.

Our Company Supervisor is Mr Martyn Huckerby, who was appointed in January 2017 for a 3-year term.

Conduct and Ethics

Codes of Conduct

The Board has adopted Codes of Conduct that detail standards for acceptable practices by the Company Directors, Members, and Employees, and the behaviour and responsibilities expected of them.

The Codes exist to ensure that all of the Company's people act in the best interests of the Company; manage any potential conflicting interests; act in the best interests of their customers and colleagues (absent any conflict with their duties to the Company); ensure all business is undertaken safely, fair-

ly, honestly and ethically; maintain confidentiality; comply with Company policy; and behave in accordance with the underpinning values of the Company.

The Board is committed to promoting conduct and behavior that is honest, fair, legal and ethical and respects the rights of the Company's members and other stakeholders - including clients and customers, suppliers, creditors and employees.

The Codes of Conduct are periodically reviewed to ensure compliance with legal obligations and ethical principles.



Directors' Conflict of Interest

All Directors are required to disclose any actual, potential or apparent conflicts of interest upon appointment and are required to keep these disclosures to the Board up to date.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board resolves otherwise, may not be present during the boardroom discussions or vote on the relevant matter.

Board of Directors' Guiding Principles

To complement the Directors' Code of Conduct, the Board has agreed on a set of guiding principles for the operation of the Board and the conduct of its meetings. The Guiding Principles Statement can be found below.

Guiding Principles Statement

"The Board of AustCham Shanghai is committed to developing a high performance Board and aspires to excellence in standards of governance.

We will achieve this by:

- being respectful and supportive of management, asking questions that stimulate management thinking and provide constructive input that ensures management derives value from Board input;
- working together as a team;
- encouraging and valuing diverse but well-informed opinions;
- being accountable to members for our decisions;
- maintaining openness and transparency in disclosing information at Board and Committee meetings;
- adopting a consultative approach in our communications with members and other key stakeholders;
- ensuring that the roles of the Board, Committees, the Chairman, the CEO and management are clearly defined in writing;
- keeping debate and decisions within the Boardroom;
- ensuring Board papers are circulated at least five working days before Board meetings (last minute papers will be kept to a minimum); and
- keeping communications open with the CEO about relevant stakeholder activity outside of meetings."

Annual Financial Report



Directors' Report

The Board of Directors presents the Directors' Report and the audited financial statements of the Company for the financial year ended 31 December 2018.

Directors

The composition of the board of directors is as follows:

Craig Anthony Joseph WEIGHTMAN
Craig Donald ALDOUS
John Roderick BOYLE

Principal Activity

During the financial year, the Company and its subsidiary provided consultation and events management for business communities.



Craig Anthony Joseph WEIGHTMAN



Craig Donald ALDOUS



John Roderick BOYLE

Shanghai
17 June 2019

Group's Statement of Income

(CNY)	Notes	Group 31/12/2018	Group 31/12/2017	Company 31/12/2018	Company 31/12/2017
Revenue		12,003,528.33	12,978,760.99	35,244.28	0.00
Expenses		-1,696,469.95	-1,887,834.34	0.00	0.00
Government levies		-62,275.93	-62,763.50	0.00	0.00
Depreciation of property, plant and equipment		-34,006.85	-23,323.98	0.00	0.00
Staff's remuneration		-5,978,996.00	-4,565,720.25	-135,069.97	-92,130.66
Other expenses		-4,102,516.72	-5,950,091.26	-152,412.02	-95,753.98
Bank interest income		12,334.00	3,744.13	263.37	6.35
Sundry income		7,969.39	13,922.00	0.00	0.00
Exchange difference		59,938.09	-111,780.61	35,947.80	-77,126.60
Profit (+) / Loss (-) before income tax		209,504.36	394,913.18	-216,026.54	-265,004.89
Income tax refund	3	12,878.38	-327,875.11	0.00	0.00
Profit (+) / Loss (-) after income tax		222,382.74	67,038.07	-216,026.54	-265,004.89

The annexed notes form an integral part of the financial statements and should be read together.

Group's Statement of Financial Position

(CNY)	Notes	Group 31/12/2018	Group 31/12/2017	Company 31/12/2018	Company 31/12/2017
Interest in a subsidiary	4	0.00	0.00	1,027,853.25	1,027,853.25
Property, plant and equipment	5	45,087.84	73,947.46	0.00	0.00
Non-current assets		45,087.84	73,947.46	1,027,853.25	1,027,853.25
Accounts receivable		389,352.93	36,450.87	0.00	0.00
Cash balances		2,133,419.76	2,898,611.87	742,869.98	882,605.86
Other receivable		839,176.23	89,060.00	0.00	0.00
Prepayment		68,062.83	50,012.00	0.00	0.00
Current assets		3,430,011.75	3,074,134.74	742,869.98	882,605.86
Accrued expenses		-387,395.87	-303,423.63	-101,678.66	-25,388.00
Amount due to a related party	6	-43,275.00	-1,310,795.00	-43,275.00	-1,310,795.00
Other payable		-697,329.51	-323,539.43	0.00	0.00
Receipts in advance		-179,168.69	-532,296.36	0.00	0.00
Current liabilities		-1,307,169.07	-2,470,054.42	-144,953.66	-1,336,183.00
Net current assets (+) / lia- bilities (-)		2,122,842.68	604,080.32	-611,761.37	-453,577.14
Net assets		2,167,930.52	678,027.78	1,625,769.57	574,276.11
Share capital	7	1,267,523.00	3.00	1,267,523.00	3.00
Accumulated profits		837,384.08	615,001.34	358,246.57	574,273.11
Currency remeasurement reserve		63,023.44	63,023.44	0.00	0.00
Shareholders' equity		2,167,930.52	678,027.78	1,625,769.57	574,276.11



Craig Anthony Joseph WEIGHTMAN



Craig Donald ALDOUS



John Roderick BOYLE

The annexed notes form an integral part of the financial statements and should be read together.

Group's Statement of Changes in Equity

(CNY)	Notes	Group 31/12/2018	Group 31/12/2017	Company 31/12/2018	Company 31/12/2017
Share capital brought forward		3.00	3.00	3.00	3.00
Allotment	7	1,267,520.00	0.00	1,267,520.00	0.00
Share capital carried forward		1,267,523.00	3.00	1,267,523.00	3.00
Accumulated profits brought forward		615,001.34	547,963.27	574,273.11	839,278.00
Profit (+) / Loss (-) after income tax		222,382.74	67,038.07	-216,026.54	-265,004.89
Accumulated profits carried forward		837,384.08	615,001.34	358,246.57	574,273.11
Currency remeasurement reserve brought forward		63,023.44	-49,385.00	0.00	0.00
Remeasurement during the year		0.00	112,408.44	0.00	0.00
Currency remeasurement reserve carried forward		63,023.44	63,023.44	0.00	0.00
Shareholders' equity		2,167,930.52	678,027.78	1,625,769.57	574,276.11

The annexed notes form an integral part of the financial statements and should be read together.

Group's Statement of Cash Flows

(CNY)	Group 31/12/2018	Group 31/12/2017	Company 31/12/2018	Company 31/12/2017
Operating activities				
Profits (+) / Loss (-) before interest, tax and dividend	197,170.36	391,169.05	-216,289.91	-265,011.24
Interest received	12,334.00	3,744.13	263.37	6.35
Income tax payment	12,878.38	-327,875.11	0.00	0.00
	222,382.74	67,038.07	-216,026.54	-265,004.89
Adjustment for:				
Investment in a subsidiary - realignment	0.00	0.00	0.00	84,961.75
Depreciation of property, plant and equipment	-34,006.85	23,323.98	0.00	0.00
Accounts receivable	-352,902.06	206,211.13	0.00	0.00
Other receivable	-750,116.23	-31.00	0.00	0.00
Prepayment	-18,050.83	-25,881.00	0.00	0.00
Accounts payable	0.00	-22,836.00	0.00	-14,839.00
Accrued expenses	83,972.24	-36,016.37	76,290.66	19,565.00
Amount due to a related party	0.00	-99,020.00	0.00	-99,020.00
Other payable	373,790.08	315,319.43	0.00	0.00
Receipts in advance	-353,127.67	304,761.36	0.00	0.00
Net cash inflow (+) / outflow (-) from operating activities	-828,058.58	732,869.60	-139,735.88	-274,337.14
Investing activities				
Property, plant and equipment	62,866.47	-52,785.17	0.00	0.00
Currency remeasurement reserve	0.00	112,408.44	0.00	0.00
Allotment of shares	0.00	0.00	0.00	0.00
Net cash inflow (+) / outflow (-) from investing activities	62,866.47	59,623.27	0.00	0.00
Net increase (+) / decrease (-) in cash balance	-765,192.11	792,492.87	-139,735.88	-274,337.14
Cash balances brought forward	2,898,611.87	2,106,119.00	882,605.86	1,156,943.00
Cash balances carried forward	2,133,419.76	2,898,611.87	742,869.98	882,605.86

The annexed notes form an integral part of the financial statements and should be read together.

Notes to the Financial Statements

1. The Reporting Entity

AUSTCHAM CONSULTING LIMITED was incorporated in Hong Kong with limited liability. The company's registered office is located at 901 Hermes Commercial Centre, 4 Hillwood Road, Tsim Sha Tsui, Hong Kong. During the financial year, the company and its subsidiary ("the group") provided consultation and events management for the business communities.

2. Basis of Preparation and Accounting Policies

The group comprises of the company and its subsidiary. The group's consolidated financial statements comply with Section 380 and Schedule 4 of the Hong Kong Companies Ordinance (Cap. 622) and the Hong Kong Financial Reporting Standard for Private Entities ("HKFRSPE"), and have been prepared by accrual and historical cost accounting, and on the basis that the group is a going concern. Intra-group balances and transactions were eliminated in the financial statements so that the financial affairs of the group could be presented as if they were a single entity. The reporting currency is Chinese Renminbi (RMB).

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements:

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the group and when the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, returns and sales related taxes. Sale is recognized at invoice value at the time when the service is delivered to the customer and a valid claim by contract is established.

Foreign currencies translation

The company presents the financial statements in Chinese Renminbi, which the management considers to be the functional currency of the company. Functional currency means the currency of the primary economic environment in which the company operates. In preparing the financial statements, transactions in currencies other than the

company's functional currency are recorded at the rates of exchanges relative to the functional currency that are prevailing on the dates of the transactions. At each financial closing date, the monetary items denominated in non-functional currencies are retranslated at the rates prevailing on the financial closing date. Non-monetary items that are measured in terms of historical costs in non-functional currencies are not retranslated. Exchange differences arising on the settlement of monetary items and on the translation of monetary items are recognized as profit or loss in the period in which they arise. Financial statements of the subsidiary are translated to Hong Kong dollars with reference to the market exchange rate on the financial closing date before consolidation.

Related parties

A related party can be an incorporated or unincorporated body, or an individual. A party is considered to be related to the company if:

- a. the party, directly or indirectly, through one or more intermediaries:
 - i. controls the group;
 - ii. has joint control over the group;
 - iii. is controlled by the group;
 - iv. is under common control with the group by another party; or
 - v. has an interest in the group that gives it significant influence over the group;
- b. the party is a member of the key management personnel of the group or its major shareholder;
- c. the party is a close member of the family of any individual referred to in (a) or (b);
- d. the party is an entity that an individual referred to in (b) or (c) has, directly or indirectly:
 - i. control over that entity;
 - ii. joint control over that entity;
 - iii. significant influence over that entity; or
 - iv. significant voting power in that entity; or
- e. the party is part of a post-employment benefit plan for the benefits of the employees of the group.

Impairment of assets

At each financial closing date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or the cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or the cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investment in subsidiaries

A subsidiary or subsidiary undertaking has the meaning as defined in schedule 1 of the Companies Ordinance (Cap. 622). An undertaking is a subsidiary of the company when the company:

- i. holds a majority of voting rights in that undertaking;
- ii. is a member of that undertaking and has the rights to appoint or remove a majority of that undertaking's board of directors;
- iii. is a member of that undertaking and controls alone, pursuant to an agreement with other members, a majority of the voting rights in that undertaking;
- iv. has the rights to exercise a dominant influence over that undertaking by virtue of the provisions contained in any document constituting or regulating that under-

taking; or

- v. has the rights to exercise a dominant influence over that undertaking by virtue of a contract in writing that is authorized by any document constituting or regulating the undertaking and permitted by the law under which that other undertaking is established.

Investment in a subsidiary is initially measured at cost of acquisition. If the acquisition is by way of the issue of securities or giving up non-cash asset of the company, the cost of acquisition is determined by the fair value of the securities issued or the non-cash asset given up. Subsequent to the initial acquisition the cost may be adjusted for impairment loss through the profit or loss whenever the management considers the investment suffers long-term diminution in value. A reversal of the impairment loss is also adjusted through the profit or loss in the year when the long-term appreciation in value happens. Dividend income from the subsidiary is recognized when the company's rights to receive payment has been established.

Property, plant and equipment, and depreciation

Property, plant, and equipment are stated at cost less accumulated depreciation and any possible impairment loss. The cost of the property, plant, and equipment comprises its purchase price and direct costs of bringing the asset to its working condition and location. Expenditure incurred after the property, plant, and equipment have been put into operation, such as repair and maintenance, is charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the expected future economic benefits from the use of the property, plant and equipment, and where the cost of the expenditure can be measured reliably, the expenditure is capitalized as an additional cost of the asset or as a replacement. Where a part of a unit of a property, plant, or equipment has a different useful life, the cost of that part is determined on a reasonable basis with reference to the cost of the whole unit and the determined cost of that part will be depreciated separately. Residual values, useful lives, and the depreciation method are reviewed and adjusted if appropriate at each financial year closing date.

A unit of property, plant, or equipment is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. The gain or loss resulting from disposal or retirement of a unit of property, plant, or equipment is calculated from the difference between the net sale proceeds and the carrying amount of the disposed or retired unit of property, plant, or equipment.

Depreciation of property, plant, and equipment is calculated to write off the cost of each unit of the assets to its residual value over its estimated useful lives of 3 to 5 years.

Financial assets

Financial assets are recognized on the financial statements when the group becomes a party to the contractual provisions of the instrument. Financial assets include loans and receivables which are non-derivative assets with determinable payments that are not quoted in an open market. Financial assets are initially recognized and subsequently derecognized on a trade date basis at fair value. The group's financial assets mainly comprise of accounts receivable and cash balances.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties, in an arm's length transaction.

Fair value estimation of financial assets

The fair value of financial assets with active and open markets is based on the market bid price on the financial closing date. The fair value of financial assets without an active and open market is determined by valuation techniques that the management considers as most appropriate. The fair value of financial assets with short maturity periods are not separately disclosed because the carrying value of these financial assets is sufficiently close to their fair value.

De-recognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the group has transferred out substantially all the risks and rewards of ownership of the assets. On de-recognition of an asset, the difference between the asset's carrying amount and the fair value of any new asset obtained, together with the cumulative gain or loss previously recorded in equity in connection with the asset to be derecognized is recognized in profit or loss in the period of de-recognition.

Impairment of financial assets

Financial assets are assessed for impairment at each financial year closing date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have declined. Objective evidence of impairment could include:

- significant financial difficulty of the debtor;
- default or delinquency in scheduled payments; or
- it is becoming probable that the debtor will enter bankruptcy or financial reorganisation.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for demand deposits.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the profit or loss to the extent that the carrying value of the asset does not exceed its original cost before the impairment.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities and equity are recognized on the financial statements when the group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity are initially measured at fair value. The group's financial liabilities mainly comprise of accounts payable.

Recognition and de-recognition of financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable to obtain the discharge of the financial liability is recognized in profit or loss in the period of de-recognition.

Equity and its recognition

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the group are recorded at the proceeds received, net of direct issuing costs.

Dividends

Final dividends proposed by the board of directors are classified as a separate allocation of retained profits within the equity section of the financial statements, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

Interim dividends are simultaneously proposed and declared, because the company's memorandum and articles of association grant the directors the authority

to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Significant judgments and estimates in applying the group's accounting policies

The management has made the following judgments and estimates that have the most significant effect on the amounts recognized or derecognized in the financial statements:

- the valuation of the interest in the subsidiary;
- the recoverability of the financial assets; and
- the maturity date of the financial liabilities;

Except the above-mentioned, the management considers that there are no other judgment and estimates that may cause a material adjustment to the carrying amounts of assets and liabilities.

3. Income Tax

The management considers that the group's exposure to income tax is Hong Kong profits tax only and China corporate income tax. Currently the Hong Kong profits tax rate is 16.5% and the China corporate income tax rate is 25%. During the financial year, the company carried out all of its business activity outside Hong Kong and therefore the management is of the opinion that the company does not have any Hong Kong profits tax payable. The group does not have any material deferred tax liability or asset.

(CNY)	Group 31/12/2018	Group 31/12/2017	Company 31/12/2018	Company 31/12/2017
China corporate income tax	12,878.38	-327,875.11	0.00	0.00
Hong Kong profits tax	0.00	0.00	0.00	0.00
Income tax expense	12,878.38	-327,875.11	0.00	0.00

4. Interest in a Subsidiary

(CNY)	Company 31/12/2018	Company 31/12/2017
Unlisted equity interest at cost	1,027,853.25	1,027,853.25
Interest in the subsidiary	1,027,853.25	1,027,853.25

Particulars of the unlisted subsidiary

Name: Ao Shang Hui Consulting (Shanghai) Co., Ltd

Equity interest directly held: 100%

Type of entity: Incorporation

Place of incorporation: People's Republic of China

Place of business: People's Republic of China

Principal business: Provision of consulting service

Terms of the advance: Interest free, unsecured and repayable on demand

5. Property, Plant and Equipment

Office Equipment (CNY)	Group 31/12/2018	Company 31/12/2018
Cost		
Balance at 31/12/2016	60,180.00	0.00
Addition	52,785.17	0.00
Balance at 31/12/2017	113,965.17	0.00
Addition	11,898.00	0.00
Disposal	-8,280.34	0.00
Balance at 31/12/2018	117,582.83	0.00
Accumulated depreciation		
Balance 31/12/2016	-16,693.73	0.00
Provision	-23,323.98	0.00
Balance at 31/12/2017	-40,017.71	0.00
Provision	-34,006.85	0.00
Written back	1,529.57	0.00
Balance at 31/12/2018	-72,494.99	0.00
Net book value		
Balance at 31/12/2018	45,087.84	0.00
Balance at 31/12/2017	73,947.46	0.00

6. Amount due to related party

The amount due to a related party was interest free, unsecured, and repayable on demand. This party and the company are under substantially the same management control. On 1 February 2018, the company allotted one ordinary share for cash consideration of HK\$1,573,753.11 to this related party. The cash consideration was satisfied by the extinguishment of the same amount due to this party on the date of the allotment.

7. Share Capital

	Shares 31/12/2018	(CNY) 31/12/2018	Shares 31/12/2017	(CNY) 31/12/2017
Issued and fully paid capital				
Ordinary shares (no par value)	4	1,267,523.00	3	3.00

During the financial year, the company allotted 1 ordinary share to a shareholder for cash consideration of HK\$1,573,753.11 (translated to CNY 1,267,520.00), thereby increasing the share capital of the company to 4 ordinary shares of HK\$1,573,756.11 (translated to CNY 1,267,523.00). The new ordinary share rank equally with the existing shares.

8. Director's Emolument

The group did not pay nor had a liability to pay director's emolument during the current and the previous financial years.

9. Auditor's Remuneration

The audit fee for the financial year is US\$4,100 (Year 2017: US\$3,900).

10. Related Party Transactions

To the best knowledge of the management all transactions of the group with related parties have been fully disclosed in the financial statements.

11. Approval of the Financial Statements

The board of directors authorized the issue of the financial statements on 14 June 2019.

Auditor's Report

會計師
執業資深
李文輝

REPORT OF THE AUDITOR

LI MAN FAI, Certified Public Accountant (Practicing)

Office 405, General Commercial Building, 156 Des Voeux Road Central, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AUSTCHAM CONSULTING LIMITED

(Incorporated in Hong Kong with limited liability)

REPORT ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the financial statements of your group set out on pages 2 to 13, which comprise the group's statement of financial position as of the above-mentioned financial closing date, together with the group's statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes to the financial statements for the above-mentioned financial year then ended including a summary of accounting policies.

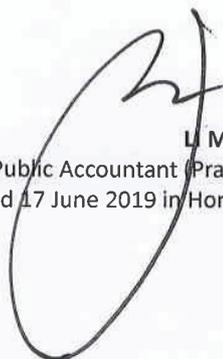
In our opinion, the financial statements give a true and fair view of the financial position of the group as of the above-mentioned financial closing date, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("**HKFRSPE**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for the opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group in accordance with the HKICPA's *Code of Ethics for Professional Accountants*, and we have fulfilled our other responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' report

We have read through the directors' report and we are not aware of any information therein that contradicts the information in the financial statements; nor there are any material misstatement of facts in the directors' report.



LI MAN FAI
Certified Public Accountant (Practicing)
Dated 17 June 2019 in Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AUSTCHAM CONSULTING LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Responsibilities of the directors and those charged with the governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSPE issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hong Kong Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Hong Kong Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

END.

Company Supervisor and Legal Counsel's Report

28 May 2019

I am delighted to have continued in the appointed role of Supervisor and Legal Counsel to AustCham Shanghai over the past year. During that period I have fulfilled those roles under the auspices of an engagement between AustCham and the PwC legal network (which operates in the region through the independent law firms Xin Bai Law Firm and Tiang & Partners).

I previously completed a review of the activities of AustCham to ensure that AustCham has been operating in accordance with PRC law. I understand that AustCham continues to engage in similar activities and, taking into account the regulatory framework, I am not aware of any additional issues having arisen over the last year. Further, no material risks for AustCham have arisen in relation to the other contractual and employment matters my team and I have assisted AustCham with. I am not aware of any significant legal disputes or any pending legal issues that would be likely to materially adversely affect AustCham or its members.

AustCham's corporate structure is aligned with its culture as a member-centric organisation. The shares of the holding company in Hong Kong continue to be held in trust for AustCham Shanghai members and the requisite documentation is in order.

Accordingly, I confirm that to the best of my knowledge, the company is being managed effectively by the Board of Directors and Chief Executive Officer.

I am grateful for the ongoing support of AustCham and I look forward to continuing to support AustCham and its members over the coming year.



Martyn Huckerby
**Company Supervisor
& Legal Counsel to AustCham Shanghai**

Corporate Voting Members



A

31Jiu (Shanghai) Co Ltd	Frank Li
ABC Education Group	Maggie Lu
Abuzz Solutions	David Wee
ACE China	Arya Zhang
Adstream	Kennis Chu
Advisory Board Centre	Louise Broekman
Aetna International	Steven Blahy
AFL	David Stevenson
AFS Technologies	Becky Xu
Agriplus China	Yacov Pedhatur-Wiedhopf
Alibaba (Australia) Company Pty Ltd	James Hudson
AlSCO (Suzhou) Co., Ltd	David Woodhead
ANCA Machine Tools (Shanghai) Co. Ltd	Jeffrey Foregard
Anglo American Resources Trading (China) Co., Ltd	Wu Fu
Anken Group	Alexandra Chu
AoHua Interactive Technology Ltd.	Luis Gao
Aojing (Shanghai) International Trade Co., Ltd	Yun Xie
Aretean Capital Pty Ltd	Moni An
Armstrong World Industries (China) Ltd.	Michael Jenkins
Ashurst	Michael Sheng
Asia Pacific Property Group	Craig Weightman
Asian Tigers K.C. DAT (China) Ltd.	Jason Will
ATLAS (Shanghai) Business Service Co., Ltd.	Kenneth Lam
Austar Capital Pty Ltd	Bill Sun
Australia and New Zealand Bank (China) Company Limited	Xiaoguang Huang
Australian Education Pathway Group	Udo Doring
Australian National Emporium	Oreo Zhu
Australian National University	Amanda Barry
Australian Trade Commission (Austrade)	Liu Bing
Axel Standard (Megi Software) (Shanghai) Co., Ltd	Michael Chiao
Azure Group Chartered Accountants	Stephanie Liu

B

B&R Enclosures (Suzhou) Co Ltd	Marko Dimitrijevic
Baker Tilly China	Sherry Jin
Baldwin Boyle Group	Liu Unice
Beef Emporium Holdings	William Li

Bellamy's Organic Food Trading (Shanghai) Co., Ltd	Henry Hong
BI Worldwide	David Litteken
BlueScope	Gerald Cornelius
Bombora Group Pty Ltd	Mike Hill
Bond Business	Gary Bowman
Bonnard Lawson International Law Firm	Zach Lichtblau
Brisbane Airport Corporation	Ben James
Brisbane Marketing	Steven Silvester

C

Carman's Fine Foods	Kim Brown
CaroMel China Co. Ltd	Greg McLardie
Carrington Day	Peter Arkell
Caulfield Grammar School	Mike Gregory
Central Equity	Victor Li
Central Studios	Rodney Evans
CEO Suite (Shanghai) Limited	Sherry Chen
CGN Management Consulting (Shanghai) Co., Ltd	Aaron Lo
CGP China	Norman Lau
Changzhou Municipal Bureau of Commerce (Changzhou International Investment Promotion Center)	Xu Wang
Charter Keck Cramer Chartered Accountants Australia and New Zealand (CA ANZ)	Ivan Lam
China Skinny Ltd	Elizabeth Chan
Chongbang Group	Mark Tanner
CMA Testing and Certification Laboratories (SH) Co., Ltd.	Jessica Yao
CMC Markets	Sarah Cui
Cockram Projects	BiYi cheng
Colliers International Property Services (Shanghai) Co., Ltd	Johnny Han
Commonwealth Bank of Australia Shanghai Branch	Tammy Tang
Contineo Marketing Group Pte Ltd	Ming Kao
Control Risks	Edward Chen
Copers International Search	Alanna Miles
Cowan Business Consulting (Shanghai) Co., Ltd	Aline Jolly
CPA Australia	Joanna Kelly Hutchins
Crowne Plaza Shanghai	Frances Gong
CSL Behring (Shanghai) Consulting Ltd	Sean Han
	Harold Chan

D

Dacland Pty. Ltd. John Dwyer
Dentons Shanghai Office Marshal Chen
Detpak (Shanghai) Pack- Daniel Prunty
aging Trading Co Ltd
Dezan Shira & Associates Phoebe Chen
Dragon Trail Interactive Saxon Booth
Drip Foundation Pty Ltd Dean Arnold
Dulwich College Shang- Lindsay Bellis
hai Pudong

E

Earnest Advisory David Yu
eCargo Enterprise Lim- Will Zhao
ited
Ecquality Timber Prod- Terry Newman
ucts
Edge Consulting group Xilin Chen
Elders Limited Jonathan Sumner
Elee Logistics Sebastian Kinegaard
Ernst & Young Hua Ming Joanne Warrin
LLP Shanghai Branch
ETP Automotive Ross A. Steel
EVA Architects (Shang- Yuan Wang
hai) Pty. Ltd.
Evolution Health Louise Clegg
Exyte Frank Lorenzetto

F

Faculty of the Profes- Daniela Cirocco
sions, The University of
Adelaide
FCM Travel Solutions Holly Spanton
Flinders University Brett Wagner
Formica Group Majid Khan
Fortescue Metals Group Jianqiu Dai
Ltd, Shanghai Represen-
tative office
Four Seasons Hotel Adrian Messerli
Shanghai
Fox Sports Australia Mldi Stormont
Fragomen (Shanghai) Becky Xia
Co., Ltd

G

Geebox Logistics Co.,Ltd Jun Li
Geelong Grammar Andrew Moore
School
Gemba Group Rob Mills
Gipin Business & Travel Cheng Tao
Australia Pty Ltd
Gleeds China Ray Chisnall
Global Sourcing Service Cara Kenny
PTY Ltd
Goodman Management Edwin Chong
Consulting (Shanghai)

Co. Ltd
Gossamer Design
Grand Hyatt Shanghai
GreenTrees Inns Hotel
(China) Management Inc

H

HASSELL Richard Mullane
Hays Specialist Kathy Lou
Recruitment
Heidi Heidi Dugan
Herbert Smith Freehills Elizabeth Poulos
LLP Shanghai Represen-
tative Office
HFG Law&Intellectual Nicola Aporti
Property
HIC Services Pty Ltd Stephen Valentish
Hong Fang Law Federico Bartolini
Hyatt On the Bund Mark Foxwell

I

Iaction Stephen White
Iluka Trading (Shanghai) Pedro Liberal
Co., Ltd
Institute of Executive Caroline Zhou
Coaching and Leader-
ship (IECL)
Intercontinental Shang- Kim Powley
hai Ruijin
Ironfish China Lanny Xu
IT Consultis Aurelien Rigart

J

JAS Forwarding Benjamin Zeng
Jasgo Translation Danny Toh
Jing An Shangri-La, West
Shanghai
JLL Stuart Ross
Jones Day Ross Keene
Juwai Sandy Chow

k

K & L Gates Rong Fan
King & Wood Mallesons Mark Schaub
Knudsen China Mette Knudsen
KPMG China Anthony Chau

L

Lam Soon (Hong Kong) Shueh Hann Lim
Limited
Laurel International Pty Calif Guan
Ltd
Legend Sportswear Mandy Qi
(Shanghai) Co Ltd
Lehman Brown Ac- Peter Xu
counting And Financial
Consulting Ltd. (Shang-

hai Branch)
 Lei Shing Hong Machinery (Kunshan) Co Ltd (CAT)
 Lendlease Greater China Liquid Solutions Asia Co., Ltd
 Logan City Council
 Logos Property
 Lutheran Education Queensland

M

M on the Bund and the M Glamour
 Macquarie Commodities Trading (Shanghai) Co., Ltd
 MAI Capital
 Mailman Group
 Mandarin Oriental Pudong Shanghai
 Mao Academy
 Martec China (ex-JLT)
 Masson De Morfontaine
 Mazars
 McLanahan
 Meat & Livestock Australia
 mediaman Internet Design Consulting (Shanghai) Co. Ltd
 Michael Page
 Michell (Suzhou) Wool Company Ltd
 MinterEllison
 Mitchells Equipment (Nanjing) Co., Ltd
 Moelis Australia Asset Management
 Monash University
 Moore Stephens Advisory
 Motor Group Business Consulting (Shanghai) Co., Ltd
 Mulwarra Export Pty Ltd

N

Nanjing Pegasus recreation equipment co.,ltd
 National Australia Bank
 New South Wales Government
 New Zealand Trade & Enterprise
 Nib Health Fund Limited

NIHAO Global Corporation Limited

O

Octave
 O-I (Shanghai) Management Co., Ltd.
 Oliver Hume
 Orisis
 Outotec Suzhou Co., Ltd Shanghai Branch

P

Pace First Pty Ltd
 Pallet N Plate Co. Ltd.
 Park Hyatt Shanghai
 PLACE Design Group Pty. Ltd.
 Planet Holiday Media
 Port Adelaide Football Club
 Process Brand Evolution Ltd.
 PTL Group
 Pudong Shangri-La, East Shanghai

Q

QPSoftware Limited
 Qualia Wines

R

Radisson Blu Plaza Xingguo Hotel Shanghai
 Radisson Hotel Shanghai New World
 Redfern Associates Limited
 Regal Cream Products Pty Ltd (Bulla Dairy Foods)
 Regal International East Asia Hotel
 Resonance
 Revita Family Care
 Rio Tinto Trading (Shanghai) Co., Ltd
 River Delta Law Firm
 Riviera Events
 Rubicon Water Systems (Tianjin) Co. Ltd

S

Sanitarium Health & Wellbeing / Life Health Foods
 Sanofi Consumer Health care

UTS-SHU SILC Business School Jiazhuo Su

V

Victoria Trade & Investment Shanghai Office Tim Dillon
Visa Global Logistics Leighton Karl
Vistra Christine Wang
Visy Paul Cashion

W

W Suzhou Kanbur Lee
W Travel Australia Lei Hu
Wadley Business Consulting Michael Wadley
Waldorf Astoria Shanghai on the Bund Richard Saul
Way 2 China William Zhang
Western Australian Trade Office - China Stuart Crockett
Westpac Banking Corporation, Shanghai Branch May Yao
WeWork Louis Ma
Wilderness Escape Outdoor Adventure Rod Quintrell
Wilson Parking Arnon Hui
Woodburn Hong Kong Limited Kristina Koehler-Coluccia
Woods Bagot Shanghai Pearl Huang
Woolworths Group Craig Aldous

X

Xi'an Jiaotong - Liverpool Uni Douglas F. Shearer
Xin Bai Law Firm Martyn Huckerby
Xing Han Law Firm (RICC) Emma Chi
X-PM Transition Partners Silvia Maseda

Y

Yes Education Bo O'Brien
Yew Chung International School of Shanghai (YCIS) Hilary Claypool

Z

Zenith Interiors Shanghai Maggie Cheung



Corporate Directory

Austcham Consulting Limited

Directors

Mr Craig ALDOUS
Mr Craig WEIGHTMAN
Mr John R BOYLE

Trustee and Secretariat

Ethos Limited
901 Hermes Commercial Centre
4 Hillwood Road
Tsim Sha Tsui, Hong Kong

Registered Office

Austcham Consulting Limited
901 Hermes Commercial Centre
4 Hillwood Road
Tsim Sha Tsui, Hong Kong

Ao Shang Hui Consulting (Shanghai) Co., Ltd

Directors

Mr Craig ALDOUS
Mr Craig WEIGHTMAN
Mr John R BOYLE
Mr Jack BRADY
Mr Chris CARR
Mr Andrew COLLINS
Ms Susan HEFFERNAN
Mr Simon LANCE
Ms Stephanie LIU
Ms Chris PAN
Mr Shouqing ZHANG

Company Secretary

Ms Stephanie SMITH

Registered Office

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