



Australia China Holdings Limited

ARBN 067 993 506

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Company Announcement Office
Australian Stock Exchange Limited

By e-Lodgment

27th June, 2014

Dear Shareholders,

RE: EXPANDING TRADING OPERATION IN CHINA

We are happy to report that Australia China Business Ltd (“ACB”), a wholly own subsidiary of Australia China Holdings Limited (“AAK”) has entered into an agreement with Jetwill Group Limited (“Jetwill”) to acquire a 20% equity interest in Jetwill’s subsidiary company, Supreme Star Ltd (“Supreme”). Jetwill is an independent company not related to any of the current directors or officers. The terms of the acquisition are listed below:-

Supreme has the exclusive right to market and distribute food and health products (“Products”) produced by Run Bao Pharmaceutical Co. Ltd (“Run Bao”) and for other popular products from other pharmaceutical companies. Supreme has also arranged with Zhu Hai Tian Fei Group (“Tian Group”), based in the Special Economic Zone in China to distribute products introduced by Supreme. The Tian Group has over 2,000 sales personnel which the management is confident of expanding it to over 10,000 people in the next 12 months. The Tian Group now operates primarily in the Southern areas of China while the management is planning to expand this to cover all over China and South East Asia in the coming year.



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Under the agreement, Jetwill guarantees that the Net Profit After Tax ("NPAT") for Supreme for the two years commencing 1st July, 2014 and ending 30th June, 2016 ("Profit Target Periods") shall not be less than A\$60 million ("Profit Target"). The acquisition price of 20% interest in Supreme will not exceed A\$30 million based on 2.5 times of the NPAT for the two years period ending 30th June, 2016. ACB will issue Promissory Notes to Jetwill Ltd which shall have a maturity period of 3 years and can be converted to equities of Supreme, ACB or on application to equities of AAK subject to AAK's board and where necessary after approval from AAK's shareholders. While currently Supreme's business is based in Southern areas of China, it is expected that due to potential popularity of these products, there will be a rapid expansion into other regions in China and other Asian countries. AAK's profit for the next 2 years is expected to be further enhanced given the larger buying powers in these other areas.

We shall keep shareholders informed of the progress, should you have any queries, please contact the Company Secretary by email at sec@aakch.com.

Yours faithfully,

For and on behalf of

Australia China Holdings Limited

Stonely Sek

Company Secretary