



Australia China Holdings Limited

ARBN 067 993 506

28 Bangalla Road, Rose Bay, NSW, 2029, Australia.

Email: sec@aakch.com

17 September 2015

Company Announcement Office
Australian Stock Exchange Limited

By e-Lodgment

Dear Shareholders,

Re: Extraordinary General Meeting of 2015

Please be advised that Extraordinary General Meeting of the Company is to be held on 12 October 2015. The Notice of the Extraordinary General Meeting will be dispatched to shareholders on or before 18 September 2015.

Should you require further information, please contact the Company Secretary by email to sec@aakch.com or call Ms. Yang on (02) 80916718.

Yours faithfully,
For and on behalf of
Australia China Holdings Limited

Stonely Sek
Company Secretary



Australia China Holdings Limited

ARBN 067 993 506

LISTED ON AUSTRALIAN STOCK EXCHANGE LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Extraordinary General Meeting of the Company to be held at Room 811, 8/F, Tai Fung Bank Building, No. 296-361 Av. D. Almeida Ribeiro, Macau on Monday 12 October 2015 at 2:00 pm (Macau time), 4:00pm (AEST)

*Please read the Notice and if you are unable to attend the Extraordinary General Meeting of Shareholders
please complete and return the enclosed Proxy Form by Thursday 8 October 2015 in accordance
with the specified directions.*

Australia China Holdings Limited

ARBN 067 993 506

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of Australia China Holdings Limited is to be held at Room 811, 8/F, Tai Fung Bank Building, No. 296-361 Av. D. Almeida Ribeiro, Macau on Monday 12 October 2015 at 2:00 pm (Macau time), 4:00pm (AEST).

AGENDA

A. ORDINARY BUSINESS

As ordinary business, to consider and, if thought appropriate, pass with or without amendments the following resolutions as ordinary resolutions:

Resolution 1: Approval of Capital Reduction by cancellation of paid-up capital

“THAT in accordance with the requirements of Section 46 of the Companies Act of Bermuda, and for all other purposes, approval is given for:

- a) the reduction of the issued and paid-up share capital of the Company from A\$83,691,000 to A\$418,455 by canceling the paid-up capital of the Company to the extent of A\$0.0199 on each of the issued Existing Shares, such that the par value of each issued Existing Share be reduced from A\$0.02 to A\$0.0001; and
- b) the reduction of authorized share capital of the Company from A\$120,000,000 divided into 6,000,000,000 Existing Shares of par value A\$0.02 to A\$600,000 divided into 6,000,000,000 Existing Shares of par value A\$0.0001 each, (together the **Capital Reduction**)”.

Resolution 2: Capital Increase (Increasing the authorized share capital of the Company)

“THAT in accordance with the requirements of Section 45 of the Companies Act of Bermuda, the Company’s Bye-laws and for all other purposes and subsequent to the Capital Reduction becoming effective, approval is given for the authorized share capital of the Company to be increased from A\$600,000 divided into 6,000,000,000 Shares of par value of A\$0.0001 each, to A\$120,000,000 divided into 1,200,000,000,000 Shares of par value A\$0.0001 each, allowing for the issue of an additional 1,194,000,000,000 Shares of A\$0.0001 each (**Capital Increase**).”

Resolution 3: Credit to contributed surplus account

“THAT in accordance with the requirements of the Laws of Bermuda, the Company’s Bye-laws and for all other purposes and subsequent to the Capital Increase becoming effective, approval is given for:

- a) the credit amount of A\$83,272,545 arising from the Issued Share Capital Reduction to be credited to the contributed surplus account of the Company; and
- b) the Directors to be authorized to apply any credit balance in the contributed surplus account of the Company to be used at their discretion, including setting off such credit balance against the accumulated losses of the Company”.

Resolution 4: Approval of Consolidation of Shares

“THAT in accordance with the requirements of Section 45 of the Companies Act of Bermuda, the Company’s Bye-laws and for all other purposes and subsequent to the Capital Increase, approval is given for the issued capital in the company to be consolidated as follows:

- a) that every 10 Shares in the Company be consolidated into 1 Share;
- b) that in compliance with the requirements of Listing Rule 7.22 every 10 Options in the Company be consolidated into 1 Option, with the exercise price per Option being increased by a factor of 10; and

c) that where this consolidation results in a fraction of a Share or Option being held, the Directors be authorized to round that fraction up to the nearest whole security,

such that the new par value of Shares be increased from A\$0.0001 to A\$0.001 per Share and that the total issued Shares of 4,184,550,946 Shares be consolidated to 418,455,095 Shares and on the terms and conditions as detailed in the accompanying Explanatory Memorandum (the **Capital Consolidation**)”.

B. OTHER BUSINESS

To transact any other business that may be legally brought before the Meeting.

“SNAP-SHOT” TIME

For the purpose of the Meeting, shares in the Company will be taken to be held by the registered holders of those shares at 4:00 pm (Macau Time), 6:00pm (AEST) on Thursday 8 October 2015. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

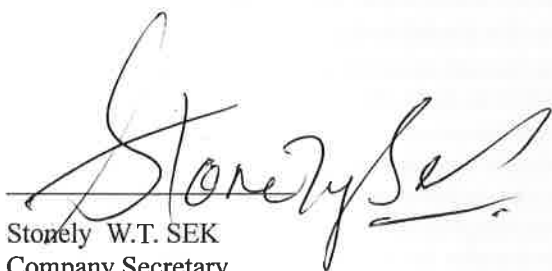
Please note that:

- a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- b) a proxy need not be a member of the Company; and
- c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

To be effective, the Proxy Form must be received by Australia China Holdings Limited office at 28 Bangalla Road, Rose Bay, N.S.W. 2029, Australia or successfully transmitted by facsimile to (02) 9262 3912, by e-mail to sec@aakch.com not later than 4:00 pm (Macau Time), 6:00pm (AEST) on Thursday 8 October 2015.

On behalf of the Board



Stonely W.T. SEK
Company Secretary

Date: 15 September 2015

AUSTRALIA CHINA HOLDINGS LIMITED

(ARBN 067 993 506)

Registered Office : Williams House, 4th Floor, 20 Reid Street, Hamilton HM 11, Bermuda

Australia Office : 28 Bangalla Road, Rose Bay, N.S.W. 2029, Australia
(email address: sec@aakch.com)

Australia Share : Advanced Share Registry Services Limited
Registry110 Stirling Highway, Nedlands, WA 6009, Australia

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders of Australia China Holdings Limited (the **Company**) with sufficient information to assess the merits of Resolutions 1 to 4 contained in the accompanying Notice of the Extraordinary General Meeting of the Company.

The Directors recommend that shareholders read the Notice of the Extraordinary General Meeting together with this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

A. Resolution 1 to 4 - Approval of Proposed Capital Reorganization

1. Introduction

The Company is proposing to undertake a four stage capital reorganization, consisting of the following steps:

- (a) a capital reduction by cancellation of paid-up capital (**Capital Reduction**);
- (b) a capital increase by increasing the authorized share capital of the Company (**Capital Increase**);
- (c) the crediting of the amount arising from the capital reduction to the Company's contributed surplus account; and
- (d) a consolidation of the Company's issued share capital on a 10:1 basis (**Capital Consolidation**),

(together, the **Proposed Capital Reorganization**)

Section 46 of the Companies Act of Bermuda permits the Company to conduct the Capital Reduction by an Ordinary Resolution passed by Shareholders at an Extraordinary General Meeting.

Section 45 of the Companies Act of Bermuda, and Bye-law 4.6 of the Company's Bye-laws permits the Company to conduct the Capital Increase by an Ordinary Resolution passed by Shareholders at an Extraordinary General Meeting.

The Company's Bye-Laws and Bermuda law permits the Company to credit the amount arising from the Capital Reduction to the Company's contributed surplus account by an Ordinary Resolution passed by Shareholders at an Extraordinary General Meeting.

Section 45 of the Companies Act of Bermuda, and Bye-law 12 of the Company's Bye-laws permits the Company to conduct the Capital Consolidation by an Ordinary Resolution passed by Shareholders at an Extraordinary General Meeting.

In addition, Chapter 7 of the Listing Rules also contains certain requirements that an issuer (in this case the Company) must comply with where it seeks to reorganize its issued share capital. These are set out below where appropriate.

The implementation of the Proposed Capital Reorganization is subject to, inter alia, the following:

- (a) approval of the Shareholders for the Proposed Capital Reorganization by way of an Extraordinary General Meeting (**EGM**), by a majority of the votes cast by the Shareholders, being entitled so to do, present and voting at the EGM of which not less than twenty-one (21) clear days' notice shall have been given;
- (b) compliance with relevant legal procedures and requirements under Bermuda laws and Australian laws (if any) to effect the Proposed Capital Reorganization, including but not limited to the publication of a notice in an appointed newspaper in Bermuda at a date not more than thirty (30) days and not less than fifteen (15) days before the date on which the reduction of the share capital is to have effected, as required under Section 46 of the Companies Act of Bermuda; and
- (c) the receipt of all necessary approvals (if any) from regulatory authorities, as may be required in respect of the Proposed Capital Reorganization. Shareholders may wish to note that Bermuda law does not require any application to the Bermuda courts for the purpose of the Proposed Capital Reorganization.

2. The reason for the Proposed Capital Reorganization

The Company requires the ability to price any future pro-rata entitlement offer to Shareholders at a price that is a discount to the price that the Shares are traded on the ASX, should that be the best funding alternative available for the Shareholders.

Indeed, the Company shall, following the Proposed Capital Reorganization proceed with a renounceable pro-rata Rights Issue as set out in further detail below at **section 7**.

Currently, the market price of the Shares is such that it will not be possible for the Company to undertake an appropriately priced offer until first conducting the Proposed Capital Reorganization.

The first three steps of the Proposed Capital Reorganization will reduce the par value per Share from A\$0.02 to par value of A\$0.0001 per Share. This will enable the Company to do the following:

- 1. provide the Company with greater flexibility to issue new shares in the future should fund raising opportunities or requirements arise and facilitate corporate actions which may require the issuance of new shares; and
- 2. increase the distributable reserves of the Company, thereby giving the Company greater flexibility in relation to its distributions.

The contributed surplus amount of A\$83,272,545 arising from the Issued Share Capital Reduction from A\$83,691,000 of a par value of A\$0.02 per Share to A\$418,455 of a par value of A\$0.0001 per Share, will be credited to the Company's reserve and/or surplus account and the Directors will be authorized to apply any credit balance in the contributed surplus account of the Company in accordance with the bye-laws of the Company and the applicable laws, which includes the ability to apply the credit balance to reduce accumulated losses.

However, following the first three steps of the Proposed Capital Reorganization the Company's market price per share should remain at A\$0.001. ASX Listing Rule 7.11.2 requires that the issue price of each security must not contain a fraction of a cent unless the minimum bid that may be made under the ASX Operating Rules in relation to securities of the same class may contain a fraction of cent, in which case the issue price may contain the same fraction. The effect of Listing Rule 7.11.2 is that the Company cannot offer shares with an issue price below A\$0.001.

Accordingly, on a pre-consolidation basis, the Company would be unable to price a pro-rata entitlement offer to Shareholders at an appropriate discount.

The Capital Consolidation is anticipated to increase the market price per Share in the Company. Accordingly, the Capital Consolidation will allow the Company to price any future capital raising at an appropriate discount, while still complying with the requirements of the Listing Rule 7.11.2 (by offering securities above A\$0.001).

Accordingly, the Company is seeking Shareholder approval for the Proposed Capital Reorganization in accordance with the Company's Bye-laws and Chapter 7 of the Listing Rules (in particular Listing Rules 7.20, 7.40 and Appendix 7A).

3. The effect of the Proposed Capital Reorganization

Upon the Proposed Capital Reorganization becoming effective, there will be no change in the percentage level of shareholding of each Shareholder as a result of the Proposed Capital Reorganization.

In accordance with Listing Rule 7.20, the Company states that the effect of each step of the Proposed Capital Reorganization as follows:

1. Capital Reduction by cancellation of paid-up capital.

This stage involves a reduction of the issued and paid-up share capital of the Company from A\$83,691,000 to A\$418,455 by canceling the paid-up capital of the Company to the extent of A\$0.0199 on each of the issued Existing Shares.

The effect of this step is to reduce the par value of the Company from its current level of A\$0.02 to A\$0.0001. It will also have the effect of reducing the authorized share capital of the Company from A\$120,000,000 (divided into 6,000,000,000 Existing Shares) to A\$600,000 (divided into 6,000,000,000 Existing Shares).

2. Capital Increase by increasing the authorized share capital of the Company.

This stage involves increasing the authorized share capital of the Company, allowing for the issue of additional new Shares.

The Company will authorize the creation of 1,194,000,000,000 shares of A\$0.0001 each, which will have the effect of increasing the authorized share capital of the Company from A\$600,000 (divided into 6,000,000,000 Existing Shares) to A\$120,000,000 (divided into 1,200,000,000,000 shares). This capital increase will have no effect on the par value of Shares, which will stay at A\$0.0001.

3. Crediting the amount arising from the Capital Reduction to the Company's contributed surplus account.

As a result of the Capital Reduction the Company will accrue a credit of A\$83,272,545.

The Company proposes to credit this amount to the contributed surplus account of the Company and the Directors be authorized to apply any credit balance in the contributed surplus account of the Company in accordance with the bye-laws of the Company and all applicable laws (including the application of such credit balance to be set off against the accumulated losses of the Company).

Following the Proposed Capital Reorganization, the Shares now of a par value of A\$0.0001 each, will rank *pari passu* in all respects with each other. Other than the expenses incurred in relation to the Proposed Capital Reorganization, the implementation of the Proposed Capital Reorganization will not alter the underlying assets, business operations, management or financial position of the Company.

The Proposed Capital Reorganization will not involve the diminution of any liability in respect of the unpaid capital or the payment to any Shareholders of any fully paid-up share capital of the Company. On the basis of the unaudited balance sheet as at 30 June 2015, the net equity position of the Company before and after the Proposed Capital Reorganization is A\$86,078,000 and A\$89,618,000 respectively. The amount of credit arising from the Proposed Capital Reorganization will be transferred to the contributed surplus account of the Company, and this will have no impact on the net equity position of the Company. The Proposed Capital Reorganization will also not result in a return of capital or cash to Shareholders.

The initial three steps of the Proposed Capital Reorganization should not affect the market price per Share as there will be no change or reduction in the value per Share.

4. Consolidation of the Company's issued share capital on a 10:1 basis.

The effect of the Capital Consolidation (the last step of the Proposed Capital Reorganization) is that every 10 Shares in the Company be consolidated into 1 Share.

The Capital Consolidation will not result in any change to the substantive rights and obligations of Shareholders. As the Capital Consolidation applies equally to all of the Shareholders, individual shareholdings will be reduced in the same ratio as the total number of the Company's Shares are being reduced (subject only to the rounding of fractions). It follows that the Capital Consolidation will have no material effect on the percentage interest of each individual

Shareholder. However, the market price per Share can be expected to increase to reflect the reduced number of Shares on issue.

The purpose of the Capital Consolidation of the existing issued capital of the Company is to reduce the number of existing securities on issue in order to increase the par value of the Shares from A\$0.0001 to A\$0.001 per Share. This will enable the Company to issue Shares at a price of or above A\$0.001 per Share, in compliance with Listing Rule 7.11.2. The effect will also be to consolidate the total issued Shares from 4,184,550,946 Shares to 418,455,095 Shares.

The Capital Consolidation will not affect the Company's balance sheet or tax position.

Accordingly, for the purposes of Listing Rule 7.20 the Company states that:

1. The Proposed Capital Reorganization will effect the number of securities on issue, reducing the total shares on issued from 4,184,550,946 Shares to 418,455,095 Shares. The Proposed Capital Reorganization will not otherwise affect the amount unpaid on the securities.
2. Where the Proposed Capital Reorganization results in a Shareholder holding a fraction of a security, the Directors propose to round that fraction up to the nearest whole security.
3. The only convertible securities the Company has on issue are the Options. As a result of the Capital Consolidation:
 - 1.a.i. the number of Options will be consolidated in the same ratio as the Shares are consolidated, such that every 10 Options in the Company be consolidated into 1 Option; and
 - 1.a.ii. the exercise price per Option after the Capital Consolidation will be increased by a factor of 10.

4. Tax implications for Shareholders

Shareholders are encouraged to seek and rely only on their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising Shareholders about the tax consequences for them from the Proposed Capital Reorganization.

5. Impact of Creditors

The Directors of the Company consider that the Proposed Capital Reorganization will not prejudice the Company's ability to pay its creditors.

6. Rights Issue

Following the Proposed Capital Reorganization, the Company proposes to undertake a renounceable entitlement rights issue offer of three (3) shares for every one (1) share held by shareholders at the Record Date at an issue price of A\$0.003 per share (**Rights Issue**). The Rights Issue is conditional on the Proposed Capital Reorganization occurring.

The Company proposes to issue a maximum of 1,255,365,285 new shares and to raise A\$3,766,000.

These funds will be used to settle debts of the Company and to provide working capital for the Company. In particular, the Company is facing a law suit from the Bank of East Asia for a guaranty sum and interest of approximately A\$1.679 million and the Company will require A\$1.294 million to obtain title to the land in Inner Mongolia.

The proceeds of the offer are planned to be used in accordance with the table set out below:

Proceeds of the Issue	
Repayment of BEA loan and interest	A\$1,679,000
Payment for Inner Mongolia land title	A\$1,294,000
Expenses of offer (6% fee)*	A\$ 226,000
Legal fees	A\$ 50,000
Working capital	A\$ 517,000
Total Funds Raised	A\$3,766,000

ASX Listing Rule 7.1 provides that subject to certain exceptions, a listed company may not issue securities in any 12 month period where the total number of securities to be issued exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue. Two of these exceptions are where the prior approval of members of the company has been obtained in a general meeting of the terms and conditions of the proposed issue, and where the issue is a pro-rata offer to all shareholders in accordance with their existing shareholdings.

Listing Rule 7.11.3 further provides that the ratio of securities offered must not be greater than one security for each security held. This rule does not apply if the following conditions are met:

- a) the offer is renounceable; and
- b) the issue price is not more than the volume weighted average market price for securities in that class, calculated over the last 5 days on which sales in the securities were recorded before the day on which the issue was announced.

The Rights Issue complies with the requirements of both Listing Rule 7.1 and 7.11.3 and therefore the Company does not need to seek Shareholder approval for the Rights Issue.

7. Indicative Timetable of Proposed Capital Reorganization and Rights Issue

If Resolutions 1 to 4 are passed, the Proposed Capital Reorganization and Rights Issue will take effect in accordance with the following timetable (based on the timetable and time frames prescribed by Appendix 7A in the Listing Rules).

Event	Indicative Date
Date of Extraordinary General Meeting Lodge Chairman address with ASX before meeting. Immediately after EGM: Lodge proxies/resolutions passed at EGM; and Lodge Appendix 3B, and 3Y (If applicable) with ASX	12 October 2015

	Event	Indicative Date
Proposed Capital Reorganization	The Company tells ASX that security holders have approved Reorganization.	13 October 2015
	Last day for trading in pre-reorganization securities.	14 October 2015
	Trading in the reorganized securities on a deferred settlement basis starts.	15 October 2015
	Last day for AAK to register transfers on a pre-Reorganization basis.	19 October 2015
	<ul style="list-style-type: none"> • First day for AAK to send notice to each security holder. • In the case of uncertificated holdings, first day for AAK to register securities on a post-Reorganization basis and first day for issue of holding statements. • In the case of certificated holdings, first day for issue of new certificates. From now on, AAK rejects transfers accompanied by a certificate that was issued before the Reorganization. 	20 October 2015
	<ul style="list-style-type: none"> • Issue date. Deferred settlement market ends. • Last day for securities to be entered into the holders' security holdings. If securities are certificated, last day for AAK to issue them and send the certificates to the holders. • Last day for AAK to send notice to each security holder. 	26 October 2015
Rights Issue	Entity announces pro-rata issue and applies for quotation (Appendix 3B). Note: Securities quoted on a "cum" basis.	27 October 2015 (prior to the commencement of trading)
	Latest of: <ul style="list-style-type: none"> • Lodging Appendix 3B with ASX; • Lodging disclosure document with ASIC and giving copies to ASX; and • Security holders' approval (if required). 	27 October 2015
	Company sends notice to security holders containing the information required by Appendix 3B.	28 October 2015
	"Ex" date Shares are quoted on an ex basis and rights trading starts on a deferred settlement basis.	29 October 2015
	Record date to identify security holders entitled to participate in the issue.	2 November 2015
	Entity sends offer documents and personalized entitlement and acceptance forms to persons entitled and announces that this has occurred.	4 November – 6 November 2015
	Rights trading ends.	11 November 2015
	Last day to extend the offer closing date.	13 November 2015
	Offer closes at 5 pm. At least 3 business days' notice must be given to extend the date.	18 November 2015
	Entity notifies ASX of under subscriptions.	23 November 2015
	Issue date. Deferred settlement trading ends.	25 November 2015
	Last day for entity to confirm to ASX all information required by Appendix 3B.	

Please note that the above timetable is indicative only and subject to compliance with ASX Listing Rules, may be changed by the Company. The Directors of the Company reserve the right to amend the timetable without notice. Any such change will be announced to ASX.

8. Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Ordinary Resolution 1 to 4.

B. REQUIRED MAJORITY

All the Resolutions 1 to 4 are Ordinary Resolutions and will be passed if at least 50% of the votes casted by members entitled to vote attending in person or in proxy at the Extraordinary General Meeting of the Company convened by this Notice of Meeting are in favour.

C. INTERPRETATION

AEST means Australia Eastern Standard Time.

ASIC means the Australian Securities & Investments Commission.

Associated Entity has the meaning given to that term in the Corporations Act.

ASX means the ASX Limited.

ASX Operating Rules mean the marketing operating rules of the ASX as amended from time to time.

Board means the board of Directors of the Company from time to time.

Business Day means has the meaning given in the ASX Listing Rules.

Bye-laws mean the Bye-laws of the Company from time to time.

Chair means the person chairing the Meeting.

Company means Australia China Holdings ARBN 067 993 506.

Companies Act of Bermuda means the Companies Act 1981 of Bermuda, as amended, modified, and supplemented from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company from time to time.

Explanatory Memorandum means the explanatory statement accompanying this Notice.

Existing Shares mean the Shares currently held by Shareholders in the Company.

Listing Rules mean the official listing rules of the ASX as amended from time to time.

Meeting or Extraordinary General Meeting or EGM means the extraordinary general meeting to be held on Monday 12 October 2015 as convened by the accompanying Notice of Meeting.

Notice of the Extraordinary General Meeting or Notice means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum.

Options mean an option to subscribe for ordinary Shares in the capital of the Company.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of shareholders.

Record Date means 2 November 2015.

Resolutions mean the resolutions set out in the Notice of Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder or Member means a person who holds a Share.

D. INSTRUCTIONS FOR THE APPOINTMENT OF PROXIES

Your details

Please insert your name and address in full.

Appointment of a proxy

Shareholders are entitled to appoint a proxy to attend and vote on their behalf.

If you wish to appoint the Chairman of the Meeting as your proxy, please indicate this in the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your nominated proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy may, but need not be a Shareholder of the Company.

Voting Direction of your proxy

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage of the number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

Appointment of a second proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by photocopying the Proxy Form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Signing Instructions

You must sign the proxy form as follows in the spaces provided:

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate may be obtained from the Company's share registry.

The proxy form must be signed by the shareholder or his/her attorney duly authorized in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

Lodgement of Proxy

Shareholders unable to attend the EGM are urged to complete the attached Proxy Form and Return it as soon as possible and, in any event the proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at **Australia China Holdings Limited office, 28 Bangalla Road, Rose Bay, N.S.W. 2029, Australia or successfully transmitted by facsimile to (02) 9262 3912 or by email to sec@aakch.com**, not later than 4:00pm (Macau Time), 6:00pm (AEST), on Thursday 8 October 2015.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 4:00 pm (Macau Time), 6:00pm (AEST), on Thursday 8 October 2015. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

AUSTRALIA CHINA HOLDINGS LIMITED

(ARBN 067 993 506)

Registered Office : Williams House, 4th Floor, 20 Reid Street, Hamilton HM 11, Bermuda
Australia Office : 28 Bangalla Road, Rose Bay, NSW 2029, Australia
E-mail address: sec@aakch.com Fax Number: (02) 9262 3912
Australia Share : Advanced Share Registry Services Limited
Registry : 110 Stirling Highway, Nedlands, WA 6009, Australia
Place of Meeting: Room 811, 8/F, Tai Fung Bank Building, No. 296-361 Av. D. Almeida Ribeiro, Macau

PROXY FORM

The Company Secretary

28 Bangalla Road, Rose Bay,

N.S.W. 2029, Australia

Facsimile : (02) 9262 3912

Email : sec@aakch.com

I/We (full name) _____

of (address) _____

being the registered holder of _____ fully paid ordinary shares in

Australia China Holdings Limited hereby appoint _____

of (address) _____

in respect of all the above number of shares held or, failing him/her the Chairperson of the Meeting as my/our Proxy to attend and vote on my/our behalf at the Extraordinary General Meeting of the Company to be held on Monday 12 October 2015 at 2:00 pm (Macau Time) and 4:00 pm (Australia Eastern Standard Time) and at any adjournment hereof.

Instructions as to Voting

If you wish to direct your proxy how to vote with respect to any or all of the proposed resolutions, please indicate the manner in which your proxy is to vote by placing a mark in the appropriate **FOR**, **AGAINST** or **ABSTAIN** boxes adjacent to the resolutions as listed below.

If you do not wish to direct your proxy how to vote with respect to any or all of the resolutions, please place a mark in this box.



By marking this box, you acknowledge that, in relation to the resolutions in which no voting direction has been given below, your proxy may vote as he/she thinks fit or abstain from voting and, if your proxy is the Chairperson of the meeting, the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. Please note that the Chairperson intends to vote **FOR** the resolutions in relation to undirected proxies.

RESOLUTIONS		FOR	AGAINST	ABSTAIN
1.	"THAT in accordance with the requirements of Section 46 of the Companies Act of Bermuda, and for all other purposes, approval is given for: a) the reduction of the issued and paid-up share capital of the Company from A\$83,691,000 to A\$418,455 by canceling the paid-up capital of the Company to the extent of A\$0.0199 on each of the issued Existing Shares, such that the par value of each issued Existing Share be reduced from A\$0.02 to A\$0.0001; and b) the reduction of authorized share capital of the Company from A\$120,000,000 divided into 6,000,000,000 Existing Shares of par value A\$0.02 to A\$600,000 divided into 6,000,000,000 Existing Shares of par value A\$0.0001 each, (together the Capital Reduction)"	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	"THAT in accordance with the requirements of Section 45 of the Companies Act of Bermuda, the Company's Bye-laws and for all other purposes and subsequent to the Capital Reduction becoming effective, approval is given for the authorized share capital of the Company to be increased from A\$600,000 divided into 6,000,000,000 Shares of par value of A\$0.0001 each, to A\$120,000,000 divided into 1,200,000,000,000 Shares of par value A\$0.0001 each, allowing for the issue of an additional 1,194,000,000,000 Shares of A\$0.0001 each (Capital Increase)."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3.	<p>"THAT in accordance with the requirements of the Laws of Bermuda, the Company's Bye-laws and for all other purposes and subsequent to the Capital Increase becoming effective, approval is given for:</p> <p>a) the credit amount of A\$83,272,545 arising from the Issued Share Capital Reduction to be credited to the contributed surplus account of the Company; and</p> <p>b) the Directors to be authorized to apply any credit balance in the contributed surplus account of the Company to be used at their discretion, including setting off such credit balance against the accumulated losses of the Company".</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	<p>"THAT in accordance with the requirements of Section 45 of the Companies Act of Bermuda, the Company's Bye-laws and for all other purposes and subsequent to the Capital Increase, approval is given for the issued capital in the company to be consolidated as follows:</p> <p>a) that every 10 Shares in the Company be consolidated into 1 Share;</p> <p>b) that in compliance with the requirements of Listing Rule 7.22 every 10 Options in the Company be consolidated into 1 Option, with the exercise price per Option being increased by a factor of 10; and</p> <p>c) that where this consolidation results in a fraction of a Share or Option being held, the Directors be authorized to round that fraction up to the nearest whole security,</p> <p>such that the new par value of Shares be increased from A\$0.0001 to A\$0.001 per Share and that the total issued Shares of 4,184,550,946 Shares be consolidated to 418,455,095 Shares and on the terms and conditions as detailed in the accompanying Explanatory Memorandum (the Capital Consolidation)".</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: If you mark the "abstain" box for any particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointment of second Proxy (See Instructions)

If you wish to appoint a second proxy, state the percentage of your voting rights applicable to the proxy appointed by this form.

PLEASE SIGN HERE

This section must be signed in accordance with the instructions attached to enable your directors to be implemented.

If the member is an individual or joint holder:

If the member is a Company:

Executed by the Company in accordance with section 127 of the Corporations Act or otherwise in accordance with its constitution:

Signed:

Director:

Signed:

Director/Secretary*:

Dated:

2015

Dated:

2015

*Delete as appropriate

NOTES

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed, each proxy may be appointed to represent a specified number of the member's voting shares (as indicated on the form). If no number is specified each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. A proxy is not entitled to vote unless the instrument appointing a proxy and power of attorney or other authority (if any) under which it is signed or a certified copy of that authority is deposited at Australia China Holdings Limited office, 28 Bangalla Road, Rose Bay, N.S.W. 2029, Australia or successfully transmitted by facsimile to (02) 9262 3912 or by email to sec@aakch.com, not later than 4:00 pm (Macau Time), 6:00pm (AEST), on Thursday 8 October 2015.
5. If the member is a company it may appoint a proxy by executing the proxy form in accordance with its Constitution and the proxy form must be properly executed.
6. In event that the member does not name a proxy, the Chairperson of the meeting will be appointed as the proxy. Please note that the Chairperson intends to vote **FOR** the resolutions if no voting directions are given. The proxy votes will count despite any interest the Chairperson may have in the outcome that would normally result in his votes being disregarded.
7. In the event that the member does not indicate the number of shares to be voted by the proxy, all of the member's shares shall be voted by the proxy.