

Australia China Holdings Limited

ARBN 067 993 506

(Incorporated in Bermuda)

(Company Registration Number: 20388)

RENOUNCEABLE PRO-RATA RIGHTS ISSUE PROSPECTUS

For Renounceable Pro-rata Rights Issue to Eligible Shareholders of 3 New Shares for every 1 Existing Share at an issue price of \$0.003, to raise up to \$3,766,000 before issue costs.

The issue is fully underwritten by: Blesswin Investments Limited

Important Notice

This document is important and should be read in its entirety.

If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other adviser.

The securities offered by this Prospectus should be considered as speculative.

Your Application Form must be received by the Share Registry or the Company's Hong Kong Regional Office with your payment no later than 5.00pm AEST on Tuesday 17 November 2015 (the day before the Closing Date).

Please refer to the timetable set out in this Prospectus for the Important Dates.

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I. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

OFFER STATISTICS

Number of New Shares to be issued	up to 1,255,365,285
Issue Price:	\$0.003

*Excludes any New Shares which may be issued in the event that any Options are exercised prior to the Record Date.

TIMETABLE AND IMPORTANT DATES*

Announcement of Issue	Tuesday 27 October 2015
Lodgement of Prospectus with ASIC	Tuesday 27 October 2015
Notice to Option Holders	Tuesday 27 October 2015
Notice to Shareholders containing Appendix 3B information	Wednesday 28 October 2015
Rights trading commences	Thursday 29 October 2015
Shares commence trading on an ex rights basis	Thursday 29 October 2015
Record Date for the Offer (5pm AEST)	Monday 2 November 2015
Prospectus and Application Form despatched to Shareholders and despatch announced to ASX	Friday 6 November 2015
Opening Date of Offer	Friday 6 November 2015
Rights trading ends	Wednesday 11 November 2015
Shares quoted on a deferred settlement basis	Thursday 12 November 2015
Application Forms and payment must be received by (5 pm AEST)	Tuesday 17 November 2015
Closing Date of Offer (5 pm AEST)	Wednesday 18 November 2015
Advise ASX of any Shortfall	Monday 23 November 2015
Issue date	Wednesday 25 November 2015
Commencement of trading of New Shares on ASX	Thursday 26 November 2015
Expected date of despatch of holding statements for New Shares	Friday 27 November 2015

* These dates are indicative only and subject to change without notice. The Company may extend the period of the Offer or bring forward the Closing Date at its discretion. Such action may have a consequential effect on the other dates.

All dates are subject to change and accordingly are indicative only. In particular, the Company has the right to vary the dates of the Offer, without prior notice. Investors are encouraged to submit their Application Forms and Application Money as soon as possible, but in any event by no later than **Tuesday 17 November 2015 (the day before the Closing Date)**.

IMPORTANT NOTES

Shareholders should read this document in its entirety, and if in doubt, should consult their professional advisors.

This Prospectus is dated Friday 6 November 2015 and a copy of this Prospectus was lodged with the ASIC on that date. Neither the ASIC nor the ASX take any responsibility for the content of this Prospectus. No securities will be issued on the basis of this Prospectus any later than 13 months after the date of issue of this Prospectus.

This Prospectus contains an offer to Eligible Shareholders of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

No person is authorized to give any information or to make any representation in connection with the Offer, which is not contained in this Prospectus. Any information or representation in connection with the Offer not contained in this Prospectus may not be relied on as having been authorized by the Company or its officers. This Prospectus does not provide investment advice or advice on the taxation consequences of accepting the Offer. The Offer and the information in this Prospectus, do not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor.

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

The Prospectus is also issued for the purposes of offering the Underwritten Securities to the Underwriter and any other investors identified by the Underwriter or the Company.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. If you have any questions you should seek professional advice before deciding to invest. An investment in New Shares that are offered under this Prospectus should be considered speculative.

Deciding to Accept the Offer

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the New Shares.

This Prospectus, including each of the documents attached to it and which form part of this Prospectus, is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

An investment in the Company has a number of specific risks that could affect the performance of the Company which you should consider before making a decision to invest. Some of these risks are summarized in **section 8** of this Prospectus. This Prospectus is an important document and you should read it in full before deciding whether to invest pursuant to the Offer. You should also have regard to other publicly available information about the Company, including ASX announcements, which can be found at the Company's website: www.aakch.com.

It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their acceptance of the Offer.

Forward Looking Statements

Some of the information contained in this Prospectus constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expects', 'plans' or similar expressions. These statements discuss future objectives or expectations concerning results of operations or financial conditions or provide other forward-looking information. The Company's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. This Prospectus details some important factors that could cause the Company's actual results to differ from the forward-looking statements made in this Prospectus.

How to accept your Entitlement to New Securities

Applications for Securities offered pursuant to this Prospectus can only be submitted on the original Application Form which accompanies this Prospectus.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Application Form which is accompanying this Prospectus in accordance with the instructions set out in this Prospectus and on the Application Form.

The Offer is renounceable, therefore you are able to trade on the ASX or otherwise transfer all or part of your Entitlements during the specified rights trading period.

Foreign shareholders

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries, outside Australia and New Zealand in which the Company's Shareholders may reside. It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance. The Offer may only be accepted by Eligible Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by Law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. No action has been taken to register or qualify the Shares the subject of this Prospectus or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to consult their professional advisors as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed and obtain all necessary approvals for the allotment and issue of the New Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

New Zealand

The New Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Hong Kong

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

This Prospectus does not constitute an offer or sale in Hong Kong of any New Shares and no person may offer or sell in Hong

Kong, by means of this Prospectus, any New Shares other than (a) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No person may issue or have in his possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Obtaining a prospectus

This Prospectus is available in electronic form on the internet at www.aakch.com. If you wish to obtain a free copy of this Prospectus, please contact the Company on sec@aakch.com.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

Enquiries

If you are an Eligible Shareholder and have any questions in relation to the Offer, please contact your stockbroker or professional adviser. If you have questions in relation to the Shares upon which your Entitlement has been calculated, or how to complete the Application Form, take up your Entitlement, or apply for additional securities please Ms. Yang of the Company on:

- (02) 8091 6718 for callers within Australia; or
- email to sec@aakch.com.

Terms used

A number of terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Definitions in **section 11**.

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

2. CORPORATE DIRECTORY

Directors

Mason MS LAM (Deputy Chairman)
Michael MF CHAI (Executive Director)
SIN Manuel (Independent Non-Executive Director)

Company Secretary

Stonely SEK

Registered office

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

Australian Office

Australia China Holdings Limited

28 Bangalla Road, Rose Bay,
NSW 2029
Australia
Telephone (02) 9262 2822
Facsimile (02) 9262 3912

Regional Office

Australia China Capital Group Limited

Room 919, 9/F, Shun Tak Centre
China Merchants Tower
168-200 Connaught Road Central
Hong Kong
Telephone (852) 3691 8280
Facsimile (852) 3544 2098

Underwriter

Blesswin Investments Limited
Sea Meadow House, P.O. Box 116
Blackburne Highway, Road Town
Tortola, British Virgin Islands

Solicitors**

Pasricha & Grove
Level 16, 390 St Kilda Road, Melbourne
Victoria 3004, Australia

Web Address www.aakch.com

ASX Code AAK, AAKAA, AAKAB.

Share Registry**

Advanced Share Registry Services Limited
110 Stirling Highway
Nedlands, WA 6009, Australia
Telephone (08) 9389 8033
Facsimile (08) 9389 7871

Auditors**

Messrs Kee & Co.
Suite 10, Level 14, 528 - 534
Kent Street, Sydney NSW 2000
Australia.

****These parties are included for information purposes only. They have not been involved in the preparation of this Prospectus.**

3 MESSAGE FROM THE CHAIRMAN

To our shareholders

Your Directors are pleased to offer you an opportunity to participate in the Company's Rights Issue. The Company is looking to raise approximately \$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 certain land in Inner Mongolia. Hence the success of this rights issue is very important to the Company.

China has presented huge business opportunities over the past decade with an annual growth of over 7% and its economy is currently transforming into a more sustainable environment for healthy growth and development. With the proposed "One Belt, One Road" development, China is connecting Asia to South-east Asia, the Middle East, Eastern Europe and the European Continent by road and by sea, with China as the hub. The establishment of the Asian Infrastructure Investment Bank with 57 founder nations will enhance both infrastructure development and economic growth in these regions with a resulting increase in jobs and business opportunities.

Since its establishment in 1994, the Company has operated in the greater China region and has enjoyed the fruits of growth and development in that area. Because of this, the Company has been fortunate to avoid a series of regional and global economic crises in the past two decades. As China connects itself to the world, the Company is strategically prepared to ride on this golden wave of opportunity and will endeavor to take advantage of suitable business opportunities that present themselves as the region develops and matures.

As mentioned above, the Company has purchased a major parcel of land in Inner Mongolia, China through a subsidiary. This land is unpolluted and is ideal for cultivation of grapes, roses, sophora, and for organic farming generally. It is very flat and is close to all major transport routes. Over the next few years, when the price of bio-diesel feed stocks improves, the land will be developed for the production of feed stocks.

The Company has made investments in various industries and businesses including companies producing building materials, resources, power and energy saving products. The Company and its subsidiaries continue to operate in various corporate areas bridging the west to the east, having made investments into environmentally friendly products such as energy saving lighting and power transformers.

Through its subsidiary, the Company has acquired a small interest in a food and health products distribution and trading business. This company is the authorized distributor for many pharmaceutical companies in China. It has its own marketing and distribution networks and has successfully developed an e-commerce system for trading health products in China.

The Company will continue to look for good business opportunities and investment projects, particularly in line with the "One Belt, One Road" development in the region. It will also continue to make use of our experience and knowledge, our business contacts and networks, to contribute to the economic growth and development of the region and in return improve our revenue and profits for all of our shareholders.

Please refer to Section 6 of this Prospectus which shows the Company's operations in more detail.

On behalf of the Company, I would like to thank you for your continued support. We urge you to support this rights issue and rescue plan which is vital to the Company's continued success.

Yours faithfully


Mason MS LAM
Deputy Chairman

4. DETAILS OF THE OFFER

4.1 Offer

The Offer is for a renounceable entitlement offer of three (3) Shares for every one (1) Share held by Shareholders registered at the Record Date, at an issue price of A\$0.003 per share. The Offer is an offer to Eligible Shareholders only.

Based on the capital structure of the Company as at the Date of this Prospectus, and assuming that no Options are exercised prior to the Record Date, the maximum number of Shares to be issued pursuant to this Offer is approximately 1,255,365,285 shares. The Offer will raise a total of A\$3,766,000 before deducting the costs of the Offer.

As at the date of this Prospectus, the Company has 150,600,000 Options in issue and these Options may be exercised prior to the Record Date in order to participate in the Offer. If all the Options were exercised then an additional 451,800,000 New Shares may be issued pursuant to the Offer.

All the Shares offered under this Prospectus will rank equally with the Shares in issue at the date of this Prospectus. Please refer to **Section 7.1** for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the use of the funds raised are set out in **Section 5.1** of this Prospectus.

The Directors may at any time decide to withdraw this Prospectus and the offer of New Securities made under this Prospectus, in which case the Company will return all applications moneys (without interest) within 28 days of giving notice of such withdrawal.

4.2 Official Quotation of the New Shares

Application will be made within 7 days after the date of issue of this Prospectus for the New Shares to be granted Official Quotation on the ASX.

Official quotation of the New Securities is expected to occur on or about Wednesday 25 November 2015.

4.3 Underwritten Issue

The Offer is fully underwritten by Blesswin Investments Limited (Underwriter). Therefore, if any shareholder who has an Entitlement to acquire New Shares elects not to subscribe for their full Entitlement, the Underwriter will, subject to the provisions of the Underwriting Agreement, ensure that the Company receives subscription moneys for those New Shares. Full details of the Underwriting Agreement between the Company and the Underwriter are set out in **Section 9.3**.

4.4 Potential effects of underwriting on control

In the event of a Shortfall, the Underwriter has agreed to exercise any rights that the Underwriter has under the Underwriting Agreement, on a best effort basis, to take up the Shortfall. The Underwriter will then place or distribute these shares to various new investors. In doing so, the Underwriter will see to it that they will not place or distribute more than 20% of the shares in the company to any single investor.

For further information regarding the potential effect of the Offer on control of the Company, please refer to **Section 5.5**.

4.5 Risk Factors

The business of the Company is subject to risks, which might impact on its future performance. Many of these risks are outside the control of the Company and cannot be mitigated. There are also a number of risk factors that are specific to an investment in the Company. Details of the risk factors of which investors should be aware are described in more details in **Section 8** of this Prospectus.

4.6 Minimum Subscription

There is no minimum subscription to the Offer.

4.7 New Share terms

Upon issue, each New Share will rank equally with all existing Shares then on issue. A summary of the rights attaching to the New Shares is set out in **Section 7**.

4.8 Acceptance of Entitlement to New Shares

This Prospectus is for the information of Eligible Shareholders who are entitled and may wish to apply for the New Shares. Applications for Shares must be made using the Application Form accompanying this Prospectus.

As an Eligible Shareholder you may:

- take up all of your Entitlement;
- accept part of your Entitlement;
- do nothing;
- apply for Additional New Shares; and/or
- trade all or part of your Entitlements.

Important: Application Forms and Application Money must be received by no later than **5.00pm AEST on Tuesday 17 November**

2015 (the day before the Closing Date).

Take up your entitlement in full

If you are an Eligible Shareholder and wish to take up all of your Entitlement, please:

- (a) complete the Application Form, which accompanies this Prospectus, in accordance with the instructions contained on the Application Form; and
- (b) forward your completed Application Form, together with your cheque for the amount shown on your Application Form, to either:
 - a) reach the Company's Share Registry in Australia (if paying in AUD); or
 - b) reach the Company's Hong Kong Regional Office (if paying in HKD),

so that it is received by no later than **5.00pm AEST on Tuesday 17 November 2015 (the day before the Closing Date)**.

The Offer Price of AUD\$0.003 for each New Share is payable in full on acceptance of part or all of your Entitlement.

Payment will only be accepted in two ways, being:

- (a) cheque in Australian currency, attached to the Application Form sent to the Company's Share Registry in Australia; and
- (b) cheque in Hong Kong currency, attached to the Application Form sent to the Company's Hong Kong Regional Office.

When a Shareholder exercises its Entitlements and pays by cheque sent to the Company's Hong Kong Regional Office in HKD, the amount of the Application Money in AUD shall be determined using the average HKD/AUD exchange rate (averaged between selling and buying TT rates) quoted by the Hong Kong Association of Banks in Hong Kong, **on the day that the cheque is deposited into the relevant account**.

Australian cheques must be drawn on an Australian bank.

Hong Kong cheques must be drawn on a Hong Kong bank.

Cheques should be made payable to "Australia China Holdings Limited – Share Issue account" and crossed "Not Negotiable". Cash will not be accepted and no receipts will be issued.

Application Money should be rounded up to the nearest cent.

The Offer Price will not vary during the period of the Offer and no further amount is payable on allotment. Application Money will be held in trust in a subscription account until allotment of the relevant New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Application Money will be retained by the Company irrespective of whether any allotment takes place.

Completed Application Forms and accompanying cheques must be mailed or delivered to:

- (a) the Company's share registry, Advanced Share Registry Services Limited:

By Hand:	By Post
Advanced Share Registry Services Limited 110 Stirling Highway Nedlands, WA 6009	Advanced Share Registry Services Limited P.O. Box 1156 Nedlands, WA 6909

or

- (b) the Company's Hong Kong Regional Office, Australia China Capital Group Limited:

When mailing the Application Form and Application Monies to the Company's Hong Kong Regional Office, Applicants are reminded to address it to the company name, being **Australia China Capital Group Limited**. Failure to do so may result in a delay in mailing and a failure in the Application.

By Post
Australia China Capital Group Limited P.O. Box 33715 Sheung Wan Post Office Hong Kong

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Money for both the New Shares under your Entitlement and the Additional New Shares in excess of your Entitlement. If the amount of your cheque for Application Money is insufficient to pay in full for the number of whole New Shares you have applied for in your Application Form, you will be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have that number of New Shares on your Application Form). Alternatively, your Application will be rejected. If your cheque does not clear due to insufficient funds in your account, your Application will be rejected.

Application Forms and accompanying cheques must be received by no later than **5.00pm AEST on Tuesday 17 November 2015 (the day before the Closing Date)**.

Applications received after these dates may not be accepted. The Company will not be responsible for postal or delivery

delays.

Please refer to the timetable for the important dates of the Offer.

If you have any queries concerning your Entitlement, please contact the Share Registry on (02) 9262 2822 (within Australia) or email to sec@aakch.com (outside Australia) or contact your stockbroker or professional adviser.

Take up part of your Entitlement

If you are an Eligible Shareholder and wish to take up part of your Entitlement, please:

- (a) complete the Application Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept the Offer under this Prospectus (being less than your Entitlement as specified on the Application Form) in accordance with the instructions contained on the Application Form; and
- (b) forward your completed Application Form, together with your cheque for the amount shown on your Application Form, in an envelope so that it reaches the Company's Share Registry in Australia (if paying in AUD) or to the Company's Hong Kong Regional Office (if paying in HKD),

by no later than **5.00pm AEST on Tuesday 17 November 2015 (the day before the Closing Date)**.

Cheques should be made payable to "Australia China Holdings Limited – Share Issue Account" and crossed "Not Negotiable". Cash will not be accepted and no receipts will be issued.

Refer to the "**take up your entitlement in full**" section above for further details about how to apply and how to pay.

Any Entitlement not taken up may be issued to the Underwriter in accordance with the Underwriting Agreement (see **Section 9.3**) or other third parties in placing any Shortfall. Your Entitlements may have value. You are advised to deal with your Entitlements rather than allow them to lapse. Refer below in relation to the trading of your rights.

If you have any queries concerning your Entitlement, please contact the Share Registry on (02) 9262 2822 (within Australia) or email to sec@aakch.com (outside Australia) or contact your stockbroker or professional adviser.

Do nothing

You may do nothing, in which case the Offer will lapse and you will have no right to subscribe for New Shares and no New Shares will be issued to you. However, if you are an Eligible Shareholder and you do nothing, then New Shares representing your Entitlement may be:

- (a) issued to Eligible Shareholders by way of Additional New Shares;
- (b) issued to the Underwriter in accordance with the Underwriting Agreement (see **Section 9.3**); or
- (c) issued to other third parties.

You should also note that, if you do not take up your Entitlement, then although you will continue to own the same number of Shares, your percentage shareholding in the Company will decrease.

Apply for Additional New Shares from any Shortfall

New Shares that are not acquired by Eligible Shareholders under the Offer (**Shortfall**) will be placed in a pool of shares referred to as Additional New Shares.

Eligible Shareholders may, in addition to their Entitlements, apply for Additional New Shares over and above their Entitlement at the Offer Price regardless of the size of their present holding.

However, the Company will not be issuing any Shortfall to any Related Parties, in accordance with the Listing Rules. Issues of Shares to Related Parties require Shareholder Approval. An exception to this is where, an offer is made to Related Parties under a pro-rata issue (as that term is defined in the ASX Listing Rules). Whilst this covers the Related Parties Entitlement, it does not cover the issue of Additional New Shares from the Shortfall to Related Parties.

In the event that there is a Shortfall in subscriptions under the Offer, the Directors reserve the right, as contemplated within the Listing Rules and subject to the terms of the Underwriting Agreement, to allocate any Shortfall of New Shares in their discretion (which may include an allocation to Eligible Shareholders to subscribe for Additional New Shares) so as to ensure a maximum amount of funds is raised. They will do so in a manner which will ensure that no Shareholder will, as a consequence of taking up their Entitlement or being issued any Shares from the Shortfall, hold a relevant interest in more than 30% of all of the Shares in the Company after completion of the Offer (except as contemplated by the Underwriting Agreement).

The Directors also reserve the right to issue any New Shares not allocated under the Offer and Additional New Shares to third parties within three months following the Closing Date at a price not less than the Offer Price.

Applications for Additional New Shares can be made by completing the Additional New Shares section of the Application Form, in accordance with the instructions on the Application Form, and including the consideration for these Additional New Shares with the payment for your Entitlement.

There is no guarantee that Eligible Shareholders applying for Additional New Shares will be successful in being allotted any of the Additional New Shares that they may apply for. The Company may reject any application for Additional New Shares or allocate fewer New Shares than applied for by Eligible Shareholders for Additional New Shares in their absolute discretion. It is an express term of the offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for. If a lesser number is allocated to them, excess

application money to the relevant Shareholder will be refunded without interest.

Trade all or part of your Entitlements

As the Offer is renounceable you may sell or transfer all or any part of your Entitlement instead of paying the subscription price for the New Shares. There will be trading of Entitlements in respect of the Offer on ASX during the rights trading period between Thursday 29 October 2015 and Wednesday 11 November 2015.

If you decide not to take up your Entitlements under the Offer, you should consider whether to sell all or part of your Entitlement during the rights trading period. If you only sell part of your Entitlement, you may elect to take up this Offer with respect to the remainder of your Entitlement or allow those Entitlements to lapse.

This does not mean you have to sell your existing Shares. Your Entitlements to subscribe for New Shares may be sold or transferred without selling the Shares you presently hold.

You will have the following options in respect of trading your Entitlements:

- a) sale of your Entitlement in full by your stockbroker;
- b) sale of part of your Entitlement by your stockbroker;
- c) transfer your Entitlement other than on ASX; or
- d) not to sell your Entitlement.

If you wish to sell your Entitlement in full or in part by your stockbroker, complete the section marked “Instructions to Your Stockbroker” on the back of the Application Form in respect of your Entitlement you wish to sell and forward the form to your stockbroker.

Entitlements traded on the ASX may incur brokerage costs.

If you wish to transfer your Entitlements to another person other than on ASX, forward a completed and signed standard renunciation form(s) (obtainable from your stockbroker or the Share Registry) together with your Application Form to Advanced Share Registry Services Limited within the rights trading period.

Entitlement trading will commence on Thursday 29 October 2015 on a deferred settlement basis. Sale of your Entitlements must be completed by Wednesday 11 November 2015 when Entitlement trading is expected to cease.

Entitlements which are not taken up by Eligible Shareholders by the Closing Date will lapse and you will receive no benefit. You should contact your stockbroker or professional advisor with regards to whether or not you should deal with your Entitlements rather than allow them to lapse.

Prices obtainable for Entitlements during the rights trading period for the Offer may rise and fall and will depend upon many factors, including the demand for and supply of Entitlements on the ASX and the value of Shares relative to the Offer Price. There is no guarantee of a liquid market in traded Entitlements. If you sell your Entitlement on the ASX during the trading period you may receive a higher or lower price than a person who sells their Entitlement at a different time during the trading period.

You may only transfer your Entitlement to a party who would, if they held shares at the Record Date, have been an Eligible Shareholder. A transferee who would not be such an Eligible Shareholder will not be entitled to take up the Entitlements acquired. It is the responsibility of purchasers and transferees of Entitlements to determine whether or not they will be classified as an Eligible Shareholder at the end of the rights trading period.

If you sell or transfer your Entitlement, or if you allow your Entitlements to lapse, you will forgo exposure to increases or decreases in the value of New Shares issued if you had taken up the Entitlement and your percentage shareholding in the Company will be diluted.

Please refer to the Application Form for further information.

4.9 Binding effect of the Application Form

A completed and lodged Application Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged or paid, cannot be withdrawn. If the Application Form is not completed correctly it may still, at the Director’s discretion, be treated as a valid Application for New Shares. The Directors’ decision whether to treat an Application as valid and how to construe, amend or complete the Application Form is final.

By completing and returning your personalised Application Form with the requisite Application Money, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not otherwise a person to whom it would be illegal to make an offer or issue Shares under the Offer;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the laws of any other jurisdiction outside of Australia and New Zealand; and
- (c) you have not and will not send any materials relating to the Offer to any person (including nominees or custodians) acting for the account or benefit of a person who is not an Eligible Shareholder.

4.10 Option Holders

Option Holders will not be entitled to participate in the Offer unless they:

- (a) have become entitled to exercise their Existing Options under the terms of their issue and do so prior to the Record Date; and
- (b) participate in the Offer as a result of being an Eligible Shareholder at 5.00pm (AEST) on the Record Date.

If all holders of Existing Options elect to exercise their Existing Options prior to the Record Date, and are eligible to participate in the Offer, a further 451,800,000 New Shares may be issued under this Prospectus. Please refer to **Section 5.4** for further information regarding Existing Options. However, having regard to the exercise price of the Existing Options and the Offer Price, the Directors believe that it is unlikely that any Existing Options will be exercised prior to the Record Date.

4.11 ASX Listing

Application for official quotation by the ASX for the Shares offered pursuant to this Prospectus will be made within seven (7) days after the date of this Prospectus.

If granted, quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

If approval is not obtained from the ASX before the expiration of three (3) months after the date of the Prospectus, (or such other period as varied by the ASIC), the Company will cancel any Shares issued and will repay all Application Monies for these Shares within the time prescribed under the Corporations Act, without interest. The fact that the ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.12 Allotment of Shares

Shares issued pursuant to the Offer will be allocated as soon as practicable after the Closing Date and receiving ASX permission for official quotation of the New Shares. Where the number of Shares are less than the number applied for, or where no allotment is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Pending the allotment and the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain interest that accrues on the bank account and each Applicant by making an Application and paying the Application Monies waives the right to claim interest.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

Holding Statements for Securities issued under the Offer will be mailed as soon as possible after the Closing Date.

In the case that there is less than full subscription by Shareholders of their Entitlements under this Prospectus, the Directors in consultation with the Underwriter reserve the right, as contemplated within the ASX Listing Rules to issue any Shortfall at their discretion (see **Sections 4.8**). Any Shortfall will be issued within three months after the Closing Date at an issue price being not less than the Offer Price.

4.13 Market Prices of existing Shares on ASX

The highest and lowest market sale price of the Existing Shares which are on the same terms and conditions as the New Shares offered under this Prospectus during the three (3) months immediately preceding the lodgement of this Prospectus with the ASIC and the last market sale price before the lodgement date of this Prospectus is set out below.

	3 month high	3 month low	Last market sale price
Existing Shares	A\$0.01	A\$0.004	A\$0.005

4.14 Directors intentions in respect of Entitlements

As at the date of this Prospectus, some of the Directors of the Company have either a direct or indirect interest in Shares. Set out below is a table summarizing the Entitlement of each Director (based on their current holding) and how they intend to treat their Entitlement.

Director	Shares	New Share Entitlement	Intentions
Mr. Mason MS LAM	21,270,000	63,810,000	To fully subscribe
Mr. Michael MF CHAI	1,000,000	3,000,000	Not to subscribe

4.15 Overseas Shareholders

The Company has not made investigations as to the regulatory requirements that may prevail in the countries outside of

Australia and New Zealand, in which the Company's Shareholders reside.

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by Law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. No action has been taken to register or qualify these Shares the subject of this Prospectus or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by Ineligible Shareholders and no New Shares will be issued to Ineligible Shareholders.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

4.16 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Shares offered pursuant to this Prospectus.

4.17 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company participates in the Clearing House Electronic Sub-Register System (**CHES**). CHES is operated by the ASX Settlement and Transfer Corporation Pty. Limited (**ASTC**), a wholly owned subsidiary of the ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHES, the Company will not issue certificates to investors. Instead, subscribers will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHES statement to the investor.

4.18 Privacy

If you complete an Application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company collects, holds and will use that information to assess your application, service your needs as a shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The Company's register of members is maintained by the Company Advanced Share Registry Services Limited, an external service provider. The Company requires Advanced Share Registry Services Limited to comply with the National Privacy Principles with performing these services. The Company's register is required under the Corporations Act to contain certain personal information about you such as your name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (a) when you agree to the disclosure;
- (b) when used for the purposes for which it was collected;
- (c) when disclosure is required or authorized by law;
- (d) to other members in the Company's group of companies;
- (e) to your broker; and
- (f) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Advanced Share Registry Services Limited, except in limited circumstances. If you wish to access, update or correct your personal information held by Advanced Share Registry Services Limited or by the Company please contact our respective offices.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

If you have any questions concerning how the Company handles your personal information please contact the Company.

4.19 Enquiries

If you have any questions concerning the Offer, please contact Ms. Yang of the Company on (02) 8091 6718 or by email to sec@aakch.com.

4.20 Electronic prospectus

An electronic version of this Prospectus is available on the Internet at www.aakch.com.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Eligible Shareholder.

The Corporations act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company. The Company will not accept a completed Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company, the Share Registry or a financial adviser.

5 PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The Purpose of the Offer is to raise approximately A\$3,766,000. The Company plans to use the proceeds of the Offer 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

* Refer to **section 9.10** of this Prospectus for further details relating to the expenses of the offer.

5.2 Effect of the offer and Pro Forma Statement of Financial Position

The principal effect of the Offer will be to

- increase the cash reserves by approximately A\$3,766,000 immediately after completion of the Issue before deducting the estimated expenses of the Issue; and
- increase the number of shares in issue from 418,455,095 Shares to 1,673,820,380 on the basis that the Offer is fully subscribed and none of the Options currently in issue are exercised prior to the close of the offer –

Set out below are

- an unaudited Balance Sheet of the Company as at 30 June 2015; and
- an unaudited pro forma Balance Sheet of the Company as at 30 June 2015, incorporating the effect of the issue after allowance of respective subscription costs

To illustrate the effect of the issue on the Company, the pro forma consolidated balance sheet has been prepared based on the unaudited balance sheet as at 30 June 2015. The pro forma balance sheet shows the effect of the Offer as an underwritten offer and as if the Offer (under this Prospectus) had been made on 30 June 2015. The pro forma balance sheet assumes that the Offer is fully subscribed.

If an Eligible Shareholder does not take up their Entitlement in full it will result in their percentage holding in the Company being diluted by the Offer.

5.3 Balance Sheet

The Unaudited Balance Sheet as at 30 June 2015 and unaudited Pro Forma Balance Sheet as at 30 June 2015 shown in the table below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

Proforma Consolidated Statement of Financial Position	As at 30-June-2015 AS'000	Proforma 30-June- 2015 AS'000
Current Assets		
Cash & Bank balances	17	584
Prepayment, deposits & other	145	145
TOTAL current assets	162	729
Non-current assets		
Other investments	89,701	90,995
TOTAL non-current assets	89,701	90,995
TOTAL ASSETS	89,863	91,724
Current Liabilities		
Accrual & other payables	122	122
TOTAL current liabilities	122	122
Non-current liabilities		
Accrual & other payables	3,663	1,984
TOTAL non-current liabilities	3,663	1,984
TOTAL LIABILITIES	3,785	2,106
NET ASSETS	86,078	89,618
Equity		
Capital/contributed equity	83,691	1,673
Reserves	2,387	2,161
Share Premium	-	2,511
Contributed Surplus	-	83,273
TOTAL Equity	86,078	89,618

Assumptions for Unaudited Pro Forma Balance Sheet

The unaudited Pro Forma Balance Sheet disclosed above, has been prepared on the basis that there have been no material movements in the assets and liabilities of the entity between 30 June 2015 and the date of the Prospectus other than:

- the issue of 1,255,365,285 New Shares pursuant to the Prospectus to raise gross proceeds of A\$3,766,000 respectively; and
- the payment of additional share issue costs totaling an estimated A\$276,000 and expensed against issued capital.

5.4 Effect on Capital Structure

The following table identifies the share capital structure of the Company currently and the capital structure immediately following the Offer, on the basis that the Offer is fully subscribed (excluding rounding of Entitlements):

Shares

	Number
Shares in issue as at 31/3/2015 (pre-consolidation)	3,625,239,953
Shares issued on 27/4/2015 (pre-consolidation)	13,500,000
Shares issued on 17/6/2015 (pre-consolidation)	545,810,993
Shares issued as at the date of this Prospectus (after consolidation of 10 shares to 1 share on or about 26 October 2015)	418,455,095
Maximum Shares offered pursuant to the Offer*	1,255,365,285
Total Shares in issue after completion of the Offer	1,673,820,380

Options

As at the date of this Prospectus, the Company has the following Existing Options on issue:

	Number
Options Unlisted (exercise price A\$0.2 /Expiry Date 30/12/2018)	20,600,000
Options Unlisted (exercise price A\$0.2 /Expiry Date 30/12/2019)	130,000,000
Total Options in issue after completion of the Offer	150,600,000

*The holders of the Company's Existing Options may participate in the Issue by exercising any or all of their Options prior to the Record Date. If all the Existing Options which are capable of being exercised before the Record Date were exercised 150,600,000 Shares would be issued raising A\$30,120,000. Accordingly, an additional 451,800,000 New Shares would be offered under the issue and if taken up would raise an additional A\$1,355,400.

5.5 Potential effect of the Offer on control and Dilution of Shareholder's Interests

The Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements and none of the Option Holders

exercise their Existing Options and participate in the Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on the control of the Company.

Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and all or part of any Shortfall may be placed by the Company, in consultation with the Underwriter, or to other third parties in which case their interest in the Company may be significantly diluted (see **Section 4.8** as well).

The Underwriter has agreed that in the event of a Shortfall, they will exercise any rights that they have under the Underwriting Agreement in a manner that will ensure that no person will acquire more than 20% of the Shares in the Company.

Acceptance of Entitlements or the placement of any Shortfall may also result in existing Shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company.

However, the Shortfall will only be placed to the extent that that no Shareholder will, as a consequence of taking up their Entitlement or being placed with any Shortfall, hold a relevant interest in more than 30% of all of the Shares in the Company after completion of the Offer.

In the event of a Shortfall, the Directors reserve the right to place the Shortfall at their sole discretion subject to the provisions of the Underwriting Agreement, the Corporations Act and the Listing Rules.

6 COMPANY OVERVIEW

The Company originally listed on the ASX on 9 June 1995. Since its inception the Company has been operating in China and Hong Kong. The Company's core businesses include investment, property, trading, energy efficiency equipment and system, construction material, management and consultancy services.

One of the Company's latest major investments has involved the purchase of a large piece of land in Inner Mongolia.

6.1 Inner Mongolian Land

The Company has through a fully-owned subsidiary company, Eco-Agriculture Group Limited, acquired an area of 21.33 sq km of land in Inner Mongolia which is suitable for growing sunflowers, grapes, roses, sophora, and is ideal for organic farming as the place is not polluted. Over the next few years, when the price of bio-diesel feed stock improves, the land will be developed for the production of feed stock, as the weather and the climate in Inner Mongolia are ideal for the growing of castor oil plants, and other bio-diesel crops. The land is situated close to major highways, railways and the Yellow River.

6.2 Australia China Development Limited (ACD)

ACD is 100% wholly owned subsidiary of the Company and its main business is focusing on the investment, mining, property and hotel management. ACD has assisted Australian companies to enter the hospitality industries in China and will continue to assist international investors to develop resorts, securing networks and making investments in this fast growing area.

6.3 Eco-Agriculture Group Limited (ECO)

ECO is 100% wholly-owned subsidiary of the Company with its main business in eco-agriculture products and organic farming. The land owned by ECO is located in Baotou, one of the largest cities in Inner Mongolia, China. The land is ideal for organic farming since it is not polluted. Also, because the land is situated close to major highways, there is the possibility that the land can be put into other uses which may further enhance the value of this investment.

6.4 Australia China Capital Group Limited (ACCGL)

ACCGL is a wholly-owned subsidiary of the Company which has been set up to oversee the operations of several subsidiaries.

6.5 Australia China Business Limited (ACB)

ACB is a wholly-owned subsidiary of ACCGL. ACB had acquired a small interest in Supreme Star Limited which mainly focuses on the distribution and trading of food and health products. It is the authorized distributor for many pharmaceutical companies in China, has its own marketing and distribution networks and has successfully developed an e-commerce system on health products trading in China.

6.6 Australia China Capital Limited (ACC)

ACC is a wholly-owned subsidiary of ACD. ACC has been focusing on Corporate Services, such as Financial Advisory and Secretarial Services. ACC is specialized in providing tailor-made, one-stop-shop solutions for both Chinese companies seeking to establish businesses overseas and foreign companies entering China which are eager to participate in the growth of the Chinese Markets.

6.7 Sino (HK) International Corporate Investment Ltd (SIC)

SIC is a 48% owned subsidiary which specializes in working with foreign companies looking to set up subsidiaries or wish to form joint ventures with both Hong Kong and Chinese-based companies. It is also able to assist with executive

recruitment services, business consultancy and training services in both Hong Kong and China.

7 RIGHTS AND LIABILITIES ATTACHING TO THE SHARES

7.1 Rights Attaching to Shares

The rights attaching to Shares in the Company are set out in Bye-laws of the Company, a copy of which is available for inspection during normal business hours at the registered business office of the Company.

The following is a summary of the more significant rights and liabilities attaching to the Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a definitive statement, persons should seek independent legal advice.

General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with the Bye-laws of the Company.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held.

Dividend Rights

The Directors and the Company may declare and pay or credit a dividend in accordance with and subject to the laws of Bermuda, the Listing Rules and the Bye-laws of the Company.

Subject to any special right as to dividends attaching to a share, all dividends will be apportioned and paid pro-rata according to the amounts paid or credited as paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid (any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Bye-Laws. The Directors may set aside out of profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors for any purpose for which the profits of the Company may be properly applied.

Winding-Up

If the Company is wound up, the liquidator may, with the authority of the Company passing a special resolution at a meeting of Shareholders, and subject to the Bye-Laws divide among the Shareholders (in proportion to the capital paid up on the shares held by them respectively) in specie or in kind the whole or part of the assets of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the Shareholders as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other assets in respect of which there is any liability.

Transfer of Shares

Generally, Shares in the Company are freely transferable subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of Bermuda Law and the Listing Rules.

Future Increase in Capital

Subject to the Listing Rules, the Corporations Act the Bye-Laws and under the laws of Bermuda, the Company may increase its share capital.

Variation of Rights

Subject to the Bye-Laws and the laws of Bermuda the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

8 RISK FACTORS

8.1 Overview

There are risks which may impact on the operating and financial performance of the Group and, therefore, on the value of the New Shares offered under this Prospectus. Investors should consider that an investment in the Company involves risks that may be higher than risks associated with an investment in some other companies. Careful consideration should be given to all matters raised in this Prospectus and the relative risk factors prior to applying for New Shares offered for subscription under this Prospectus. Some of these risks can be mitigated by the use of appropriate safeguards and actions, but some are outside the control of the Company and cannot be mitigated.

There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements will eventuate. There are also general risks associated with any investment in shares.

More specifically, the risks are that:

- (a) the price at which the Applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- (b) the Applicant is unable to sell the New Shares;
- (c) the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment; and
- (d) the Company fails to generate sufficient profit in order to pay dividends

In the event of insolvency, the holders of fully paid ordinary shares would not normally be liable to pay money to any person. An exception may be where a distribution, such as a dividend, has been made to Shareholders in circumstances where the Company was unable at that time to meet the relevant solvency test. In that case, a liquidator may call for a return of such distributions.

As at the date of this Prospectus, 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. A portion of the funds raised by this offer of New Shares will be used to settle this debt. Other than the above, However there is no guarantee that the legal proceeding with the Bank can be resolved in a peaceful manner. If not, the future solvency of the Company may be in doubt.

There is a possibility that the Company will be unable to meet its debt obligations. A firm can fail financially because of cash flow problems resulting from inadequate income generation and high operating expenses. To address the cash flow problems, the firm might increase its short-term borrowings. If the situation does not improve, the firm is at risk of insolvency or bankruptcy. In this regard, investors are referred to the statement above regarding the litigation with the Bank of East Asia.

Potential investors should therefore carefully consider all associated risks before applying for New Shares under this Prospectus and should consider their personal circumstances (including financial and taxation issues) and seek advice from their stockbroker, accountant, solicitor or other professional advisers before deciding whether to invest.

A number of material risk factors which may adversely affect the Group and the value of the New Shares offered under this Prospectus are set out in this section. This is not an exhaustive list and there may be other factors which have an adverse effect on the Group and the value of the Shares offered under this Prospectus

8.2 General Risks

Factors such as inflation, interest rates, levels of tax, taxation law and accounting practices, government legislation or intervention, natural disasters, social upheaval and war may have an impact on process, operating costs and market conditions generally. Accordingly, the Company's future possible revenue and operations can be affected by these factors which are beyond the control of the Company.

The New Shares that are to be issued pursuant to this Prospectus are speculative because of the nature of the business of the Company and no assurances can be made that the Company's particular interests or projects will be successful.

A summary of the major general risks are described below:

(a) Dilution

Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and all or part of any Shortfall may be placed by the Company, in consultation with the Underwriter, to other parties in which case their interest in the Company may be significantly diluted (see **section 5.5** for further details). Further the Offer is not being extended to Ineligible Shareholders and the holdings of those Shareholders in the Company will be diluted by the Offer. Given the terms of the Offer, the interests of a Shareholder in the Company may be diluted by up to 400 % in the event that they are not eligible to participate or elect not to accept their Entitlement in full if the Offer is fully subscribed or alternatively, any Shortfall is fully placed.

Acceptance of Entitlements or the placement of any Shortfall may also result in existing Shareholders or new

investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company.

The Company intends to actively work with the Underwriter during, and after, the Offer in order to secure commitments to place, and subsequently to place, any Shortfall of New Shares not subscribed for by Eligible Shareholders. However, there is no guarantee that the offer will be fully subscribed.

(b) Share Market Risk

The market price of listed securities can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular. The New Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

(c) General Economic Conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation, supply and demand, industrial disruption and other economic factors. The price of commodities will also be of particular relevance to the Company. The Company's future possible revenues and security price can be affected by these factors and these factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company.

(d) Government Policies Changes

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of the Company and may affect industry profitability.

At present the Company is not aware of any reviews or changes that would affect its business. However, changes in community attitudes in matters such as taxation and competitive policy may bring about reviews and possibly changes in Government policies. There is a risk that such changes may affect the Company's business plans or its rights and obligations in respect of its technology. Any such government action may also require increased capital or operating expenditures and could impact on the Company's business.

(e) Share price fluctuations

The market price of the Company's securities will be subject to varied and often unpredictable influences in the share market. Both domestic and world economic conditions may affect the performance of the Company. Factors such as the level of industrial production, inflation and interest rates impact all commodity prices.

(f) Legislative change

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company.

(g) Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(h) Exchange Rate and Repatriation Risks

A large proportion of the Company's revenue is derived from overseas markets and thus will expose potential income of the Company to exchange rate risks. Also repatriation of funds out of China are governed by law in China which may adversely affect the Company's cash position. At this time, the Company is not aware of any changes that will affect it.

8.3 Specific Risks

In addition to the general risks outlined above, there is a range of specific risks associated with the Company's business operations and potential investors should be aware of the following risks prior to investing.

(a) Technology

Competition from alternate sources and future technologies in regards to the Company's current technology has the potential to negatively impact market share, product prices, profit margins and the financial value of products. Furthermore, it may render the Company's research projects and the costs associated with such research obsolete.

(b) Land holding in China

The Company land holding in Inner Mongolia, through it's a controlled entity, is subject to the current land holding laws applicable to China. The title of the land can only be transferred to the Company's controlled entity when an incorporated joint venture company in China has been registered. However there is no guarantee that the joint venture company can be duly registered and the land title can be obtained. The ownership and transfer of land may be restricted by new laws introduced and restricting ownership and transfer, which may subsequently affect its value. The Company is currently unaware of any such action being considered now or in the future.

(c) Key Personnel

The Company relies on a number of key employees and consultants. There is a risk that the Company may fail to

attract, retain or develop key employees or consultants and this would have a negative effect upon the development of the Company. The loss of any of these individuals could have an adverse impact on the Company's business.

(d) Expansion

The Company will be actively seeking opportunities for growth in its core business areas. While the efforts of the Company have the potential to generate substantial returns in the longer term, there can be no certainty that these returns will be forthcoming. Should the anticipated sales not reach the levels anticipated, then this could materially impact upon the Company's profitability.

(e) Future Capital Requirements

The Company may be required to raise further working capital. While the Company has no reason to believe that it is going to be required to raise any further working capital in the longer term, there can be no assurance on the timing or the amount of any future working capital requirements nor indeed whether the Company will be able to raise any required amount and if so, at what price.

(f) Certainty of Agreement

The Company has distribution agreements with a number of distributors. Even though these agreements have been in place for a long period, the Company may not be able to enforce their rights against the distributor to meet their obligations. The Company has no reason to believe that this is likely.

(g) Current Competition

The Company operates in a market where a number of its products are produced by other manufacturers. Although the Board believes that the Company's products have a number of significant advantages over their current competitors, other competitive products unknown to the Company may emerge from time to time. The introduction of new competitors may affect the operating performance of the Company.

(h) Bank of East Asia Litigation

As at the date of this Prospectus, 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. A portion of the funds raised by this offer of New Shares will be used to settle this debt. However, there is no guarantee that the legal proceeding with the Bank can be resolved in a peaceful manner. If not, the future solvency of the Company may be in doubt.

(i) Insolvency Risks

The possibility that the Company will be unable to meet its debt obligations. A firm can fail financially because of cash flow problems resulting from inadequate income generation and high operating expenses. To address the cash flow problems, the firm might increase its short-term borrowings. If the situation does not improve, the firm is at risk of insolvency or bankruptcy. In this regard, investors are referred to section (h) above regarding the litigation with the Bank of East Asia.

(j) No Market for Entitlements Trading

As the Offer is renounceable Eligible Shareholders may sell or transfer all or any part of his Entitlements instead of paying the subscription price for the New Shares. There will be trading of Entitlements in respect of the Offer on ASX during the rights trading period between Thursday 29 October 2015 and Wednesday 11 November 2015. However there is no guarantee that there will be any market for the Entitlements and the Entitlements would lapse in time.

8.4 Other risks

The future and profitability of the Company is also dependent on a number of other factors that affect the performance of the businesses in all industries including but not limited to the following:

- strength of the equity and share markets in Australia and throughout the world;
- competition for future business opportunities from other companies; and
- acts of terrorism or an outbreak of international hostilities may impact the operations of the Company or more generally the operation of global markets, including the share market.

Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the New Shares.

9 ADDITIONAL INFORMATION

9.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the ASX Listing Rules. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is issued under section 713 of the *Corporations Act*. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by ASX at all times during the three months before the date of the Prospectus or options to acquire such securities. The Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 3 months prior to the issue of this Prospectus. The Options when exercised shall be in the same class of shares that have been quoted on the Official List of the ASX during the 3 months prior to the issue of this Prospectus.

This Prospectus is a “transaction specific prospectus”. In general terms, “transaction specific prospectuses” are only required to contain information in relation to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the New Shares. It is not necessary to include general information in relation to all the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all the information that would be included in a Prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify the ASX of information about specific events or matters as they arise for the purpose of the ASX making that information available to the stock market conducted by the ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents, referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 31 March 2015 being the last statements for a financial year of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of the annual financial report and before the lodgement of a copy of this Prospectus with ASIC; and
 - (iii) any other financial statements lodged in relation to the Company with ASIC and any continuous disclosure notices given by the Company to ASX, in the period starting immediately after lodgement of the annual financial report for the Company for the period ended 31 March 2015 and ending on the date of lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

9.2 ASX Information and Share information

For details of documents lodged with the ASX since the date of lodgement of the Company’s latest annual financial report refer to the table set out below.

Date	Details
23/06/2015	Share Issue
25/06/2015	Notice of change of interest of substantial holder
29/06/2015	Notice of change of interest of substantial holder
30/06/2015	2015 Audited Result & Annual Report of AAK
06/07/2015	Change of Australian Office
22/07/2015	Resignation of Director
17/08/2015	Final Director’s Interest Notice – Appendix 3Z
18/08/2015	Amended Final Director’s Interest Notice Appendix 3Z
31/08/2015	Response to ASX Appendix 3Z Query
01/09/2015	Response to ASX Query
17/09/2015	Extraordinary General Meeting of 2015
23/09/2015	Consolidation/Split – AAK
12/10/2015	2015 EGM Addresses by Chairman
13/10/2015	Results of EGM held on 12 October 2015
20/10/2015	Appendix 3B - Capital Consolidation
20/10/2015	Appendix 3Y-Change of Director’s Interest Notice
20/10/2015	Appendix 3Y-Change of Director’s Interest Notice

The ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at the ASX during normal office hours.

9.3 Material Contracts

The following are summaries of significant terms of the material contracts which relate to the business of the Company

Underwriting Agreement

On 10 September 2015, the Company entered into an underwriting agreement (**Underwriting Agreement**) with Blesswin Investments Limited (**Underwriter**) whereby the Underwriter has agreed to underwrite the offer.

Pursuant to the Underwriting Agreement, the Company will pay the Underwriter an underwriting fee equal to 6% of the underwritten amount to be taken in the form of shares at the Offer Price or at the election of the Company, in cash or a combination of cash and shares.

The Underwriter may, by notice to the Company, terminate the Underwriting Agreement at any time prior to the allotment of the Issue Shares, if the Underwriter becomes aware of the happening of, or in the reasonable opinion of the Underwriter, the threat of the happening of any one or more of the following events:

1. **(ASX Indices Fall)** The S&P All Ordinaries Index is, at the close of trading on three consecutive Business Days or on the Closing Date, at a level which is 90% or less than the level at the close of trading on the date of this deed.
2. **(Change in Law)** Any of the following occurs which does or is likely to prohibit, restrict or materially adversely regulate the issue or materially reduces the level or the likely level of Valid Applications:
 - (a) the introduction of legislation into the parliament of the Commonwealth of Australia or of any State or Territory of Australia;
 - (b) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory; or
 - (c) the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy.
3. **(Breach of Significant Contracts)** A significant or material contract referred to in the Prospectus is, without the prior written consent of the Underwriter:
 - (a) Breached by the Company or a related Body Corporate and in respect of which breach, the counterparty has given or would be likely to give, a notice of termination or a notice to remedy the breach;
 - (b) Terminated (whether by breach or otherwise);
 - (c) Altered or amended in any way; or
 - (d) Found to be void or voidable.
4. **(Listing)**
 - (a) The ASX makes any official statement to any person, or indicates to the Company or the Underwriter that:
 - (i) the shares in the Company will not be admitted to the Official List; or
 - (ii) an ASX Approval will not be given (or will be given but subject to non-customary conditions); or
 - (b) an ASX Approval has not been given before the Closing Date; or
 - (c) the notification given by the Registrar on the day before the Closing Date under clause 7(c) indicates that the condition in paragraph (ii) of the defined term of the ASX Approval will not be satisfied; or
 - (d) a condition of ASX Approval is not satisfied to enable the Offer Shares to be admitted to quotation by the ASX on the date set out in the Prospectus or such later date as the Underwriter approves in writing and before the expiry of the period set out in section 723(3)(b) of the Corporations Act.
5. **(Default)** The Company or the Vendor is in default of any of the terms and conditions of this deed or breaches any warranty or covenant given or made by it under this deed and that default or Breach is either incapable of remedy or is not remedied within 5 Business Days after the Underwriter gives a written notice requiring it to be remedied.
6. **(Fails to Comply)** The Company or any of its Related Body Corporate fails materially to comply with any of the following:
 - (a) a clause of its constitution;
 - (b) a statute;
 - (c) any policy or guideline of ASIC or any other requirement, order or request made by or on behalf of ASIC or any government agency; or
 - (d) any agreement entered into by it.
7. **(Capital Structure)** The Company or Related Body Corporate alters its capital structure without the prior written consent of the Underwriter.
8. **(Constitution Altered)** The constitution or any other constituent document of the Company or a Related Body Corporate is amended without the prior written consent of the Underwriter.
9. **(Financial Assistance)** The Company or a related Body Corporate seeks the approval of shareholders under section 260b of the Corporations Act without the prior written consent of the Underwriter.
10. **(Business)** The Company or a related Body Corporate:
 - (a) disposes or agrees to dispose, of whole, or a substantial part of its business or property; or
 - (b) ceases or threatens to cease to carry on business,

in either case without the prior written consent of the Underwriter.

11. **(Hostilities)** There is an outbreak of hostilities (whether or not war has been declared), involving any one or more of the following:
 - (a) Australia;
 - (b) The United Kingdom;
 - (c) The United States of America;
 - (d) Any member of the State of European Union;
 - (e) The People's Republic of China;
 - (f) Any of the republics formerly comprising the Union of Soviet Socialist Republics;
 - (g) Japan;
 - (h) North Korea;
 - (i) South Korea;
 - (j) Israel;
 - (k) Indonesia; or
 - (l) Any member of the Organisation of Petroleum Exporting Countries.
12. **(Act of Terrorism)** There is an act of terrorism in Australia, the United Kingdom or the United States of America or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world which causes loss of life or significant loss or damage to property, or a national emergency is declared in any of those countries.
13. **(Disruption In Financial Markets)** Either of the following occurs:
 - (a) an unscheduled general moratorium on commercial banking activities in Australia, the United Kingdom or the United States of America is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - (b) trading in all securities quoted or listed on the ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for two consecutive business days on which the exchange is scheduled to open for trading,the effect of which is such as to make it in the responsible judgment of the Underwriter impractical to promote the Issue or to enforce contracts to issue Underwritten Shares.
14. **(Market Conditions)** Any change or disruption in the national or international political, financial or economic conditions which has or is likely to have an adverse effect on the offer including, without limitation, any outbreak of avian influenza, SARS or other significant epidemic or pandemic.
15. **(Financial Position)** A materially adverse change, or development involving a prospective materially adverse change, occurs in the financial or trading position of the Company or a related Body Corporate.
16. **(Prospectus)** Without limiting any other paragraph of this schedule:
 - (a) there is a material omission from the Prospectus;
 - (b) the Prospectus contains a misleading or deceptive statement that is materially adverse from the point of view of an investor;
 - (c) a statement in the Prospectus becomes misleading or deceptive and is materially adverse from the point of view of an investor;
 - (d) a forecast in the Prospectus becomes incapable of being met or unlikely to be met in the projected time;
 - (e) the Prospectus does not comply with section 710(l) of the Corporations Act; or
 - (f) a matter referred to in section 719 of the Corporations Act occurs in respect of the Prospectus.
17. **(Corporations Act)** without limiting any other paragraph of this schedule:
 - (a) ASIC applies for an order under sections 1324B or 1325 of the Corporations Act in relation to the Prospectus and the application is not dismissed, withdrawn or permanently stayed before the earlier of 5 Business Days after the application is made or the Closing Date;
 - (b) a person gives notice under section 730 of the Corporations Act in relation to the Prospectus;
 - (c) ASIC gives notice of intention to hold a hearing in relation to the Prospectus under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act that is not dismissed, withdrawn or permanently stayed before the earlier of 5 Business Days after the application is made or the Closing Date; or
 - (d) ASIC commences any investigation, examination or hearing under part 3 of the Australian Securities and Investigations Commission Act 2001 in relation to the issue, or the Company; or
 - (e) ASIC gives an infringement notice to the Company under section 1317DAC of the Corporations Act.
18. **(Supplementary Prospectus)** The Underwriter reasonably forms the view that a supplementary or replacement document must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary or replacement document in the form, with the content and within the time reasonably required by the Underwriter.
19. **(Consent)** Any person whose consent to the issue of the Prospectus is required by section 720 of the Corporations Act who has previously consented to the issue of the Prospectus withdraws such consent or any person otherwise named

in the Prospectus with their consent (other than the Underwriter) withdraws such consent.

20. **(Prosecution)** Any of the following occur:

- (a) a Director (or the Chief Executive Officer, the Chief Financial Officer or the Chief Operating Officer) of the Company or any Related Body Corporate is charged with an indictable offense relating to a financial or corporate matter;
- (b) any government agency commences any public proceedings against the Company or any of the directors or senior management of the Company or announces that it intends to take such action and such proceedings are not dismissed, withdrawn or permanently stayed before the earlier of 5 Business Days after the application is made or the Closing Date; or
- (c) any director of the Company is disqualified from managing a corporation under part 2D.6 of the Corporations Act.

21. **(Change in Management)** A change in the board of directors of the Company occurs without the prior written consent of the Underwriter.

22. **(Insolvency Event)** An Insolvency Event occurs with respect to the Company, or any Related Body Corporate.

23. **(Charge)** The Company or any Related Body Corporate charges or agrees to charge the whole, or a substantial part of its business or property (other than by operation of a charge in existence at the date of this deed) without the prior written consent of the Underwriter.

9.4 Corporate Governance

The Company has adopted a Corporate Governance Charter which can be obtained, at no cost, from the Company's registered office and is also available on the Company's website, www.aakch.com. The Company has not established any Board committees to assist the Board in exercising its authority.

The Company reports on its compliance with the recommendations made by the Corporate Governance Principles and Recommendations in its annual report. Where the Company's corporate governance practices do not correlate with the practices recommended by the ASX Corporate Governance Council, the Company is working towards compliance however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company operations.

9.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director, nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC had any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of Securities pursuant to this Prospectus;

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or proposed director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer.

Set out below are details of the interest of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with the ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the directors may acquire under the Offer

Name	Class of Security	Number
Mr. Mason MS LAM	Ordinary Shares	21,270,000
	Unlisted Options exercisable at A\$0.2 (expiry 30/12/2018)	300,000
Mr. Michael MF CHAI	Ordinary Shares	1,000,000
	Unlisted Options exercisable at A\$0.2 (expiry 30/12/2018)	1,000,000

The Directors may participate in the Offer to the extent that they are Eligible Shareholders as at the Record Date.

9.6 Directors Remuneration

The Directors are remunerated based on policy set down and approved by the Company's Board. All executives are paid a base salary (which is based on factors such as business generated, income contribution and experience) plus superannuation, fringe benefits, options and performance incentives. The remuneration is reviewed annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries operating in Asia.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, traveling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

Set out below is the remuneration paid to the current Directors of the Company and their associated entities for the past two years.

For the Financial year ended	31 March 2014	31 March 2015	2014/2015
	Director's fee	Director's fee	Share Option
	AUD	AUD	UNIT
Mr. Mason MS Lam	-	10,000*	3,000,000**
Mr Michael MF Chai	12,000	12,000	10,000,000**
*Director's fee started from June 2014 to March 2015			
**Number of Options that were initially issued prior to the consolidation on or about 26 October 2015 (Options were exercisable at A\$0.02 on a pre-consolidation basis)			

Details of the intention of Directors to participate in the Offer is set out in **section 4.14**.

9.7 Substantial Holders

The following are details of those Shareholders who hold more than 5% of the Shares prior to the date of this Prospectus:

Substantial Holder	Number of Shares	%
International Investments Enterprises Limited	100,152,364	23.93%
Noble Wiser Limited	64,427,617	15.40%
Jetwill Group Limited	54,581,099	13.04%
Supreme Australasian Investments Ltd	28,432,531	6.79%
Lam Mui Sang	21,270,000	5.08%

9.8 Litigation

As at the date of this Prospectus, 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. A portion of the funds raised by this offer of New Shares will be used to settle this debt. Other than the above, the Directors are not aware of any other legal proceedings pending or threatened against the Company.

9.9 Subsequent Events

Other than as provided for in this Prospectus, there has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- the operations of the Company;
- the results of those operations; or
- the state of affairs of the Company.

9.10 Consents of Experts and Advisers

(a) Blesswin Investments Limited

Has given and has not before lodgement of this Prospectus with the ASIC, withdrawn its consent to be named in this Prospectus as Underwriter to the Offer in the form and context in which it is named in the Prospectus.

(b) Messrs. Kee & Co

Have given and have not before lodgement of this Prospectus with the ASIC, withdrawn their consent to be named in this Prospectus as Auditors to the Company in the form and context in which they are named in the Prospectus.

(c) Advanced Share Registry Services Limited

Has not been involved in the preparation of this Prospectus and references to Advanced Share Registry Services Limited are for information purposes only.

Each of Blesswin Investments Limited, Messrs. Kee & Co and Advanced Share Registry Services Limited:

- did not authorize or cause the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than specified in this section; and
- to the maximum extent permitted by law, expressly disclaim any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified in this section.

9.11 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, the Underwriter and all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

- the formation of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer of New Shares pursuant to this Prospectus; or
- the Offer of New Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer of New Shares pursuant to this Prospectus.

Blesswin Investments Limited is acting as Underwriter to the Offer and for this is being paid the fees detailed in **section 9.3** of this Prospectus.

9.12 Estimated Expenses of the Issue

The expenses of the Issue are expected to be \$276,000 for the underwriting and legal fees.


9.13 Governing Law

This Prospectus and the contracts formed on acceptance of the Applications are governed by the laws applicable to New South Wales, Australia. Each applicant for New Ordinary Shares submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

10 DIRECTORS' CONSENT

Each Director has consented to the lodgement of this Prospectus with the ASIC.

Signed on behalf of the Directors pursuant to a resolution of the Board


A handwritten signature in dark ink, appearing to read 'Michael MF Chai', is written over a horizontal line.

Michael MF Chai
Executive Director

11 DEFINITIONS

AEST means Australian Eastern Standard Time.

AUD, A\$, \$ and dollars means Australian dollars, unless otherwise stated.

Acceptance means an acceptance of Entitlements.

Additional New Shares means New Shares in addition to an Eligible Shareholder's Entitlement for which an Eligible Shareholder makes an Application.

Application means an application for New Shares made pursuant to an Application Form.

Applicant means a Shareholder or Underwriter who applies for Shares pursuant to the Offer.

Application Form means the Share Application Form attached to or accompanying this Prospectus.

Application Money means the Offer Price multiplied by the number of New Shares accepted for received from Eligible Shareholders in respect of their Applications.

ASIC means the Australian Securities and Investment Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

ASTC Settlement Rules means the settlement rules of ASTC.

ASX means ASX Limited and the Australian Securities Exchange.

ASX Settlement means ASX Settlement Pty Ltd.

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

Board means the board of Directors of the Company unless the context indicates otherwise.

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

Bye-Laws means the Company's Bye-Laws as at the date of this Prospectus.

Chess means the ASX Clearing House Electronic Sub-register System.

Closing Date means the closing date of the offer being 5pm (AEST) on Wednesday 18 November 2015 (unless extended).

Company means Australia China Holdings Limited ARBN 067 993 506

Corporations Act means the Australian Corporations Act 2001(Cth)

Directors mean the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder as at the Record Date not being a Shareholder residing in any jurisdiction in which it would be illegal for the Company to make the Offer to pursuant to this Prospectus.

Entitlement or Right means a Shareholder's entitlement (or right) to subscribe for New Shares under this Prospectus.

Existing Share means a Share issued before the Record Date.

Existing Option means all existing options to subscribe for Shares currently on issue as at the date of this Prospectus

Fractional Entitlement means where an Eligible Shareholder is entitled to a fraction of a New Share following the Proposed Capital Reorganization and Capital Consolidation.

HKD means Hong Kong dollar.

Ineligible Shareholder means a Shareholder other than an Eligible Shareholder.

Listing Rules or ASX Listing Rules means the Listing Rules of the ASX.

Issue means the issue of Shares offered by this Prospectus.

New Share means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus.

Offer means the offer of New Shares under this Prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Offer Price means \$0.003 for each New Share applied for.

Official List means the official list of the ASX.

Opening Date means Friday 6 November 2015.

Option means an option to acquire a Share.

Option Holder means those parties holding options to acquire shares.

Prospectus means this Prospectus dated Friday 6 November 2015 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus.

Record Date means 5 pm AEST on Monday 2 November 2015.

Related Party means the meaning in section 228 of the Corporations Act being:

- (a) An entity that controls a public company is a related party of the public company;

- (b) The following persons are related parties of a public company:
 - a. directors of the public company;
 - b. directors (if any) of an entity that controls the public company;
 - c. if the public company is controlled by an entity that is not a body corporate – each of the persons making up the controlling entity;
 - d. spouses and de facto spouses of the persons referred to in paragraphs (a), (b) and (c);
- (c) The following relatives of persons referred to in subsection (2) are related parties of the public company:
 - a. parents; and
 - b. children;
- (d) An entity controlled by a related party referred to in subsection (1),(2) or (3) is a related party of the public company unless the entity is also controlled by the public company;
- (e) An entity is a related party of a public company at a particular time if the entity was a related party of the public company of a kind referred to in subsection (1), (2), (3) or (4) at any time within the previous 6 months;
- (f) An entity is a related party of a public company at a particular time if the entity believes or has reasonable grounds to believe that it is likely to become a related party of the public company of a kind referred to in subsection (1), (2), (3) or (4) at any time in the future; and
- (g) An entity is a related party of a public company if the entity acts in concert with a related party on the understanding that related party will receive a financial benefit if the public company gives the entity a financial benefit.

Register means Company Register of the Company.

Rights Issue or **Issue** means the renounceable pro-rata issue pursuant to this Prospectus by the Company of 3 New Shares for every 1 Existing Share held at an issue price of \$0.003 per New Share, a fully paid ordinary share in the Company.

Quotation and **Official Quotation** means official quotation on the ASX.

Related Corporation has the meaning given to that term in the Corporations Act.

Securities mean each of the Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry and **Company Registry** means Advanced Share Registry Services Limited.

Shareholder means a shareholder of the Company from time to time.

Shortfall means those New Shares which are not applied for by Eligible Shareholders on the basis of their respective Entitlements.

Underwriter means Blesswin Investments Limited of Sea Meadow House. P.O. Box 116, Blackburne Highway, Road Town, Tortola, British Virgin Islands.

Underwriting Agreement means the underwriting agreement entered into by the Directors.

(Incorporated in Bermuda)

[illegible]

Declaration and Statements

By lodging this application form:

I/We declare that all details and statements made by me/us are complete and accurate.

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company.

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and a Supplementary Prospectus (if applicable) free of charge if I/We request so during the currency of the Prospectus.

I/We authorize the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us.

I/We have received personally a copy of the Prospectus accompanied by or attached to this Application Form or a copy of the Application Form or a direct derivative of the Application Form before applying for Shares.

I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Australia China Holdings Limited and that no notice of acceptance of the application will be provided.

I/We declare that we are Eligible Shareholders as that term is defined in the Prospectus and are not otherwise a person to whom it would be illegal to make an offer or issue Shares under the Offer.

I/We acknowledge that as from the day that the Application Money is paid into the Company's account and the date of allotment of New Shares to which that the Application Money relates, interest may be earned on that Application Money, and waive any right to it.

I/We acknowledge that the New Shares have not been, and will not be, registered under the laws of any other jurisdiction outside of Australia and New Zealand.

I/We have not and will not send any materials relating to the Offer to any person (including nominees or custodians) acting for the account or benefit of a person who is not an Eligible Shareholder.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED FRIDAY 6 NOVEMBER 2015 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

METHOD OF ACCEPTANCE

You can apply for New Shares and Additional New Shares and make payment utilising one of the payment options detailed overleaf, however please indicate which payment option you have chosen by marking the relevant box below.

☐

Cheque in AUD

☐

Cheque in HKD

CHEQUE DETAILS

Drawer

Bank

BSB

Amount of cheque

Note:

- 1) Cheques should be made payable to Australia China Holdings Limited – Share Issue account, and crossed "**Not Negotiable**" and forwarded to one of the following:
 - a) cheque in Australian currency, attached to the Application Form sent to the Company's Share Registry in Australia; or
 - b) cheque in Hong Kong currency, attached to the Application Form sent to the Company's Hong Kong Regional Office to arrive no later than **5.00pm AEST on Tuesday 17 November 2015 (the day before the Closing Date)**.
- 2) When a Shareholder exercises its Entitlements and pays by cheque sent to the Company's Hong Kong Regional Office in HKD, the amount of the Application Money in AUD shall be determined **using** the average HKD/AUD exchange rate (**average** between selling and buying TT rates) quoted by the Hong Kong Association of Banks in Hong Kong, **on the day that the cheque is deposited into the relevant account**.

INSTRUCTIONS TO YOUR STOCKBROKER

I/We have accepted

New Shares

I/We wish to sell

Entitlements to New Shares

This instruction *has/*has not previously been notified to you (* Delete whichever is not applicable)

EXPLANATION OF ENTITLEMENT

- 1) This Application Form relates to the offer of 1,255,365,285 Shares, (assuming no Options are exercised before the Record Date) at an issue price of \$0.003 per New Share on the basis of 3 New Shares for every 1 Share held at the Record Date pursuant to the Prospectus Dated **Friday 6 November 2015**.
- 2) Eligible Shareholders are Entitled to 3 Shares for every 1 Share held.
- 3) Your Entitlement may be accepted in full or in part. There is no minimum acceptance.
- 4) The price payable on acceptance of each Share is AUD\$0.003.
- 5) Please complete the Application Form overleaf.

INFORMATION ON APPLICATION FORMS

Applications must be made on the Application Form attached to this Prospectus. Please complete all parts of the Application Form using BLOCK LETTERS.

Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESSE participants should complete their name and address in the same format as they are presently registered in the CHESSE system.

Insert the number of Shares you wish to apply for. The Applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is an irregularity in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

APPLICATION INSTRUCTIONS

You can apply for Shares by utilising one of the payment options provided overleaf.

Applications for Shares must be accompanied by the Application Money of AUD\$0.003 per share. When a Shareholder exercises its Entitlements and pays by cheque sent to the Company's Hong Kong Regional Office in HKD, the amount of the Application Money in AUD shall be determined using the average HKD/AUD exchange rate (average between selling and buying TT rates) quoted by the Hong Kong Association of Banks in Hong Kong, **on the day that the cheque is deposited into the relevant account.**

Your cheque, bank draft or money order should be made payable to Australia China Holdings Limited – Share Issue account, and crossed "**Not Negotiable**".

Australian cheques must be drawn on an Australian bank.

Hong Kong cheques must be drawn on a Hong Kong bank.

Please ensure you submit the correct amount, in the current currency to the correct location. Incorrect payments may result in your Application being rejected. Complete cheque details in the boxes provided. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of New Shares you apply for, you will be taken to have applied for such lower number of New Shares as that amount will pay for, or your application will be rejected.

If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for Additional New Shares, if there is a Shortfall.

If you are paying by cheque, your Application must be received by Advanced Share Registry Ltd or the Company's Hong Kong Regional Office by no later than **5.00pm AEST on Tuesday 17 November 2015 (the day before the Closing Date).**

You should allow sufficient time for this to occur. Return your Application with cheque, bank draft or money order attached. Neither Advanced Share Registry Ltd nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means than is set out above.

BROKER SPONSORED APPLICANTS

The Company is an Issuer Sponsored participant in the ASX CHESSE system. This enables a holder to receive a statement of holding rather than a certificate. If you are already a Broker Sponsored participant in this system, you may complete this section or forward a signed Application Form to your sponsoring broker for completion prior to lodgement. Otherwise, leave this box blank and your shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorized and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation advisor or any Taxation office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Australia China Holdings Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation it completed exactly as described in the example of the correct forms of registrable names below:

Type of investor	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TILE
Individual <i>Use given names not initials</i> Company <i>Use Company Tile, not abbreviations</i>	John Alfred Brown ABC Pty Ltd.	JA Brown ABC P/L ABC Co
Trusts <i>Use trustee(s) personal names, do</i> <i>Use the name of the trust</i>	Sue Brown <Sue Brown Family A/C>	Sue Brown Family Trust
Deceased Estates <i>Use executor(s) personal name(s)</i>	Jane Brown <Est John Brown A/C>	Estate of late John Brown
Partnerships <i>Use partners' personal names, do not use the name of</i> <i>the partnership</i>	John Brown and Michael Brown <John Brown and Son A/C>	John Brown and Son
Clubs/Incorporated Bodies/Business Names <i>Use office bearer(s) personal name(s), do not use the</i> <i>names of the clubs etc.</i>	Michael Brown <ABC Cricket Association A/C>	ABC Cricket Association
Superannuation Funds <i>Use the name of the trustee of the fund, do not use the</i> <i>name of the fund.</i>	Jane Brown Pty Ltd <Super Fund A/C>	Jane Brown Pty Ltd Superannuation Fund

SALE OF YOUR ENTITLEMENTS/RIGHTS

Sale of your entitlement in full by your stockbroker: Contact your stockbroker and verbally provide details as requested which appear overleaf or complete the "Instructions to your stockbroker" section above and forward this Application Form to your Stockbroker.

Sale of part of your entitlements: Complete the front of this Application Form where indicated in respect of the New Shares for which you want to subscribe. Complete the section above marked "Instructions to your Stockbroker" in respect of that part of your entitlement which you wish to sell. Lodge your completed Application Form, together with your cheque for the amount due in respect of the New Shares you have accepted, with your stockbroker.

Transfer of entitlements other than on ASX: If you wish to transfer your entitlements to another person other than on ASX, forward a completed and signed standard renunciation form(s) (obtainable from your Stockbroker or the Share Registry) together with your Application Form to Advanced Share Registry Ltd prior to 5:00 pm AEST on Wednesday 11 November 2015

Entitlements Not Taken Up: The part of the entitlement not accepted or deal with will lapse and you will receive no benefit. It is therefore important that you take action either to accept or renounce (sell) your entitlement in accordance with the above instructions. If you decide not to accept all or part of your entitlement, you are advised to deal with the Rights rather than allowing them to lapse.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

The Company's share registry, Advanced Share Registry Services Limited:

By Delivery	By Post
Advanced Share Registry Services Limited 110 Stirling Highway Nedlands, WA 6009	Advanced Share Registry Services Limited P.O. Box 1156 Nedlands, WA 6909

The Company's Hong Kong Regional Office, Australia China Capital Group Limited:

When mailing the Application Form and Application Monies to the Company's Hong Kong Regional Office, Applicants are reminded to address it to the company name, being **Australia China Capital Group Limited**. Failure to do so may result in a delay in mailing and a failure in the Application.

By Post
Australia China Capital Group Limited P.O. Box 33715 Sheung Wan Post Office Hong Kong