Australia China Holdings Limited
ARBN 067 993 506
28 Bangalla Road, Rose Bay, NSW 2029, Australia
Email: sec@aakch.com

30 June 2016

Company Announcement Office
Australian Stock Exchange Limited

By e-Lodgement

Dear Shareholders,

Re: 2016 Audited Result & Annual Report of Australia China Holdings Limited ("AAK")

We are pleased to provide the audited result of Australia China Holdings Limited for the year ended 31 March 2016 as follows:

	31/03/2016 AU$'000	31/03/2015 AU$'000
Total revenue	2,299	499
Profit before income tax	1,286	5
Other comprehensive expenses	(172)	-
Total comprehensive income for this year	1,114	5
Basic earnings per share (Aust ¢)	0.1388¢	0.0001 ¢

In compliance with ASX Listing Rule Section 4.7, we have elected a copy of AAK's 2016 Annual Report with ASX for record purpose. A copy of 2016 Annual Report will also be lodged with the Australian Securities & Investment Commission.

To support and protect our green environment, we have elected not to post the hard copy of 2016 Annual Report to shareholders. In compliance with the new legislation, the full version of 2016 Annual Report can be downloaded from our website. Our official website is www.aakch.com.

If any shareholder wishes to receive a printed copy of the Annual Report mentioned above, please contact the Company Secretary by emailing to sec@aakch.com

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

Stonely Sek
Company Secretary

Australia China Holdings Limited

澳華控股有限公司

Listed in Australia 澳洲上市公司

ARBN 067 993506

2016 Annual Report

AUSTRALIA CHINA HOLDINGS LIMITED

ARBN 067 993506

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

MESSAGE FROM THE CHAIRMAN

To shareholders of Australia China Holdings Limited:

As the Deputy Chairman of Australia China Holdings Limited ("AAK"), I am pleased to present to you the 21st Annual Report of AAK for the financial year ended 31st March 2016.

Business Activities

AAK has reported a consolidated net profit after taxation of A$1,113,486 for the year ended 31st March, 2016, as compared to a consolidated net profit after taxation of A$5,248 in 2015.

There was no revenue derived from the Group's property holding in Inner Mongolia, China this year. Whereas there was a substantial increase in other revenue as the Group released the provision of A$2,280,000 made over previous financial years.

The Group's activities continue to be in investment holding, property, agriculture, financial and advisory services. For the financial year ended 31 March 2016, the Group's main activity is the holding of the large land near Baotou in Inner Mongolia. After the Share re-organisation and rights issue, the Group has been actively searching and negotiating with potential investors for possible expansion in property development and management, trading and e-commerce businesses in Asia.

Business Outlook

Management is striving to ensure that the Group will become more active in the coming year with development in hotel management, travel and e-commerce businesses. With China launching the "One Belt and One Road" project, the Group has positioned itself to be part of this golden business opportunity in Asia.

The Company has entered into active discussions with various potential partners in hotel operation, e-commerce and resources businesses in the region and will make announcements when appropriate milestones have been reached.

Future Prospects

China is launching the "One Belt and One Road" project, which strategically connects over 60 countries from east to west, and will as a result generate huge business opportunities along the way. Hong Kong being both China's financial hub and gateway city in the south, is strategically located to underpin this growth and as such reap the benefits.

For the past two decades, AAK had been cultivating its business relationship and paving its networks in the region, and is fully equipped and ready to ride on this wave. With the view to enhance our business, the Company has spent considerable time and effort in negotiations with several potential parties to expand our business, and have already achieved some progress. Your board is confident that AAK will be able to expand its business in various areas in the future, especially in hotel management, e-commerce and/or resources businesses, and we look forward to report encouraging results in the next Annual Report.

Mason MS Lam
Deputy Chairman
Date: 30th June 2016

DIRECTORS' REPORT

The Directors herein present their report and the audited financial statements of Australia China Holdings Limited (the "Parent Entity") and its Controlled entities (collectively known as the "Economic Entity") for the financial year ended 31st March 2016.

The Directors in office since the beginning of the financial year and at the date of this report are:

Mason MS LAM	Deputy Chairman
Sam HS CHEANG	Executive Director (Appointed on 29th April 2015, resigned from 13st July 2015)
Michael MF CHAI	Executive Director (resigned from 31st December 2015)
Manuel SIN	Independent Non-Executive Director

Information on Directors and Company Secretary

Mason MS LAM

M.B.A (Asia International Uni.)

Mr. Lam obtained his MBA from the Asia International Open University (Macau) and holds a Diploma in Chinese Law from the University of East Asia. He holds a number of important positions in Government and Multi-national companies, including the Chinese People's Political Consultative Conference in Guangdong, the Chairman of Royal Properties Ltd. His extensive experience with multi-international companies and contacts in China will enable AAK and its partners to expand its business and identify new opportunities.

Manuel SIN

Master of Engineering Management (Curtin Uni.)

Mr.Sin, a Chartered Engineer, obtained his Masters of Engineering Management from Curtin University of Technology, Western Australia. He has 15 years of experience in the oil and gas industry, mining and exploration, electromechanical engineering and information technology services.

His experience will be invaluable with helping AAK expand its business and identify new opportunities. His extensive contacts in Australia and international communities will also enable AAK to better diversify its business into the Australian and global markets.

Stonely SEK

Certified Public Accountants (Hong Kong)

Mr. Sek, a fellow of the Hong Kong Institute of Certified Public Accountants, was appointed the Company Secretary of Australia China Holdings Limited ("AAK") in 1995. He is responsible for AAK's secretarial and Corporate matters. He also monitors the various rules and regulations governing the Company.

DIRECTORS' REPORT (Continued)

Share Capital

During the financial year, the Parent Entity undertook a capital reorganization, and consolidated every 10 share/option into 1 share/option. Details of which are disclosed in note 20 to the financial statements.

Share Options

The share options of Australia China Holdings Limited at the date of this report are as follows. Details of which are disclosed in note 20 to the financial statements.

Date of Expiry	Exercise Price	Number of Share Options
30thDecember 2018	A$0.2	20,600,000
30thDecember 2019	A$0.2	130,000,000
30th December 2019	A$0.006	5,500,000

Principal Activities

The principal activity of the Parent Entity remains unchanged as a holding company for its investment in controlled entities.

All the businesses of the Group are undertaken by the controlled entities and the principal activities of the Economic Entity during the financial year are:

a) Investment b) Property Holdings c) Hotel management d)E-commerce
e) Health products f) Trading g) Nature resources
h) Environmental and energy saving related investment and business

Operating Result

The Group's profit after taxation is A$1,113,486 (2015: A$5,248), it being the result of (a) the reversal of provision of A$2,280,000 made in previous financial years, plus (b) the reduction of the financing cost after the loan repayment negotiation, less (c) the additional provision of A$171,000 for guarantee loss caused by the exchange loss, and (d) the increase in operating expenses.

In Nov 2015, the Parent Entity completed a renounceable 1 for 3 right issue to all existing shareholders at A$0.003 per share. 1,255,365,285 shares were issued and raising A$ 3,766,095.86 in cash.

Dividends

The Economic Entity did not pay any dividends during the financial year and does not recommend the payment of any final dividends for the financial year ended 31st March 2016.

Business Prospect

The Group continues to look for the appropriate business partners for the proper application and development of our land in Inner Mongolia.

With the view to enhance our business, The Board has spent considerable time and effort in negotiations with several potential parties to expand our business in various areas in the future, especially in hotel management, e-commerce and/or resources businesses.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors have adhered to the principle of corporate governance. The Parent Entity's corporate governance statement is contained on pages 41 to 45 of this annual report.

Australian Takeover Provisions

The Parent Entity is not subject to any takeover provisions of the Australian Corporation Law.

Controlled Entities

Particulars of the Parent Entity's controlled entities are set out in Note 16 to the financial statements.

Indemnification of Officer and Auditors

The Parent Entity has not during the financial year, in respect of any person who is or has been an officer or auditor of the Parent Entity or a related body corporate, indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer, incurring costs and expenses successfully defending legal proceedings. During the financial year, the Parent Entity did not pay a premium to insure the Directors and officers of the company for costs and expenses which may be incurred in defending civil or criminal proceedings that may be brought against the Directors and officers in their capacity as Directors and officers of the Parent Entity. However, the Parent Entity will reimburse the current Directors for any claimed payments awarded against them and for legal cost defending any claims against them while they are directors of the Company or the Economic Entities.

Directors' Meetings

During the financial year ended 31st March 2016, the number of meetings at which Directors attended is as follows:

	Number of meetings eligible to attend	Meetings attend
Mason MS LAM	17	17
Manual SIN	13	9
Michael MF CHAI	11	10
Sam HS CHEANG	3	3

Remunerations

As the Parent Entity is only a holding company for its investment in business ventures in China, Australia and elsewhere, all the Directors of the Parent Entity have always been paid a Director's fee and none of the Directors of the Parent Entity received any other remunerations from the parent entity. For the Directors who provide services to the controlled entities of the Parent Entity, they would receive remunerations in such entity based on the services rendered in those entities. This has been the policy of the Parent Entity since its incorporation.

The Polices for determining the nature and amount of remuneration for senior executives of the Controlled Entities are as follows:

1. The remuneration policy, setting the terms and conditions for the Executives and Directors and other senior executives, was approved by the Board of the controlled entities.
2. All executives receive a base salary and bonus, share options and performance incentives as determined by the Board of the controlled entities, such incentive to be awarded based on factors such as business generated and income contribution.
3. The remuneration of the executive will be reviewed annually by reference to the controlled entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industry.

DIRECTORS' REPORT (Continued)

Remunerations, including benefits from share options granted for the financial year ended 31st March 2016 paid by the Economic Entity are as below:

	Fees from Parent Entity *	Remuneration from Controlled Entities	Bonus from Controlled Entity	Total from Economic Entity
	A$'000	A$'000	A$'000	A$'000
Mason MS LAM	12	7	-	19
Manuel Sin	12	5		17
Sam HS CHEANG	4	-	-	4
Michael MF CHAI	9	-	-	9
Stonely SEK	-	5	-	5
Total Payments	**37**	**17**	-	**54**

* Paid by Parent Entity.

Directors' Interests in Contracts and Directors' shareholdings

No Director had a beneficial interest in any contract of the business of the Parent Entity to which the Parent Entity or any of its controlled entities was a party during the year.

At the statement of financial position date, the interests of the Directors in the share capital of the Parent Entity were as follows:

	No. of fully paid shares held	No. of share options held
Mason MS LAM	85,080,000	1,800,000
Manuel SIN	NIL	1,000,000

Shares and share options of the Parent Entity held by the Directors were as follow:

a) Mr. Mason MS Lam holds 85,080,000 fully paid ordinary shares and 1,800,000 share options of the Parent Entity as at 31st March 2016.

(b) Mr. Manuel Sin holds 1,000,000 share options of the Parent Entity as at 31st March 2016.

Directors 's service contracts

No Director of the Parent Entity has a service contract with the Parent Entity or any of the controlled entities. For Directors who are only Directors of the controlled entities, their contracts can all be terminated within one year and with only need to meet statutory compensations.

Directors' Rights to Acquire Shares

Apart from the share options detailed in "Directors' interests in contracts and Directors' shareholdings, at no time during the financial year was the Parent Entity a party to any arrangement to enable the Parent Entity's Directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Parent Entity or any other related body corporate.

DIRECTORS' REPORT (Continued)

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Parent Entity after the financial year.

After Statement of Financial Position Date Events

There were no significant events subsequent to the statement of financial position date.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.

Mason MS Lam
Director
Date: 30th June 2016

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 10 to 35:

(a) give a true and fair view of the Parent Entity's and the Economic Entity's statements of financial position as at 31st March 2016 and of their statements of comprehensive income, as represented by the result of their operations and their cash flows, for the financial year ended on that date; and

(b) have been prepared in accordance with International Financial Reporting Standards.

In the opinion of the Directors:

(a) The statements of comprehensive income are drawn up so as to give a true and fair view of the result of the Parent Entity for the financial year ended 31st March 2016.

(b) The statements of financial position are drawn up so as to give a true and fair view of the state of affairs of the Parent Entity as at 31st March 2016

(c) At the date of this declaration there are reasonable grounds to believe that the Parent Entity will be able to pay its debts as and when they fall due.

This declaration is made in accordance with a resolution of the Board of Directors.

Mason MS Lam
Director
Date: 30th June 2016

Kee Partners
certified practising accountants

ABN 71 607 436 537

Level 3, 377 Sussex Street, Sydney NSW 2000, Australia
Tel: (+612) 9261 0270 Fax: (+612) 9261 0287
Email: info@kee-partners.com.au

www.kee-partners.com.au

Postal Address: PO Box 20130, World Square NSW 2002

Auditor's Independence Declaration

To the Directors of Australia China Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as a lead auditor for the audit of Australia China Holdings Limited for the year ended 31 March 2016, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

wkee.

Wallace Kee
Registered Company Auditor

Date: 30 June 2016

Kee Partners
certified practising accountants

ABN 71 607 436 537

Level 3, 377 Sussex Street, Sydney NSW 2000, Australia
Tel: (+612) 9261 0270 Fax: (+612) 9261 0287
Email: info@kee-partners.com.au

www.kee-partners.com.au

Postal Address: PO Box 20130, World Square NSW 2002

Independent Auditor's Report

To the members of Australia China Holdings Limited

Report on the Financial Report
We have audited the accompanying financial report of Australia China Holdings Limited, which comprises the Consolidated Statement of Financial Position as at 31 March 2016, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and Director's Declaration.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation of the financial report that give a true and fair view in accordance with the International Financial Reporting Standards ("IFRS"), and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have compiled with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Australia China Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Opinion
The company's investments in JMC China Strategy Inc. and Pacific Resources Enterprises Limited, foreign companies in incorporated in China, are accounted for on a cost basis and are carried at $3,172,142 on the Consolidated Statement of Financial Position as at 31 March 2016. We are unable to obtain sufficient appropriate audit evidence about the carrying amount of the company's investment in these two companies. Consequently, we are unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion
In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial report of Australia China Holdings Limited is

(a) giving a true and fair view of the company and consolidated entity's financial position as at 31 March 2016 and of their performance for the year ended on that date; and

(b) complying with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of Matter
As disclosed in the note 14 to the financial statements, the company's wholly owned subsidiary signed a contract to acquire interest in a farm land located in the Inner Mongolia Autonomous Region of China in 2007. The title of the land will be transferred to a new incorporated joint venture company whereas the company's wholly owned subsidiary holds the majority of the issued share capital of this joint venture company. The total consideration equivalent to AUD $75,613,288 at that time were paid to the vendor and was recorded as deposits paid on the Consolidated Statement of Financial Position. This amounts represents over 95% of the company's net assets as at 31 March 2016. As at the date of this report, registration of the incorporated joint venture company is still not complete and title of the land is not yet transferred. Our opinion is not modified in respect of this matter.

wkee.

Wallace Kee
Registered Company Auditor

30 June 2016
Sydney, Australia

CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INOCME
FOR THE YEAR ENDED 31ST MARCH 2016

		Economic Entity		Parent Entity	
CONTINUING OPERATONS		**2016**	**2015**	**2016**	**2015**
	Note	**A$'000**	**A$'000**	**A$'000**	**A$'000**
Revenue	**5**	-	486	-	-
Cost of sales		-	-	-	-
Gross profit		-	486	-	-
Other revenue	**5**	2,299	13	4	304
Administrative expenses		(983)	(438)	(285)	(127)
Finance costs	**7**	(30)	(56)	(19)	(32)
Profit before income tax		1,286	5	(300)	-
Income tax expense	**8**	-	-	-	-
Profit/(Loss) for the financial year		**1,286**	**5**	**(300)**	**145**
Other comprehensive expenses		(172)	-	(172)	-
Total comprehensive income for the year		**1,114**	**5**	**(472)**	**145**
Profit for the financial year attributable to:					
Owners of the Parent Entity		1,114	5	(472)	145
Minority interest		-	-	-	-
Total		**1,114**	**5**	**(472)**	**145**
Total comprehensive income for the financial year attributable to:					
Owners of the Parent Entity		**1,114**	**5**	**(472)**	**145**
Minority interest		-	-	-	-
Total		**1,114**	**5**	**(472)**	**145**
Basic Earnings per share (cents per share)	**11**	**0.1388 ¢**	**0.0001 ¢**	**N/A**	**N/A**
Diluted Earnings per share (cents per share)	**11**	**0.1167 ¢**	**0.0001 ¢**	**N/A**	**N/A**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2016

	Note	Economic Entity 2016 A$'000	Economic Entity 2015 A$'000	Parent Entity 2016 A$'000	Parent Entity 2015 A$'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	12	1,203	12	813	6
Receivables	13	975	109	32	303
Financial assets	15	1	1	1	1
TOTAL CURRENT ASSETS		2,179	122	846	310
NON-CURRENT ASSETS					
Receivables	13	-	-	46,986	45,185
Deposits paid	14	75,613	75,613	-	-
Financial assets	15	3,172	3,172	32,000	32,000
Property, plant and equipment	21	17	-	-	-
TOTAL NON-CURRENT ASSETS		78,802	78,785	78,986	77,185
TOTAL ASSETS		**80,981**	**78,907**	**79,832**	**77,495**
LIABILITIES					
CURRENT LIABILITIES					
Payables and accruals	18	620	117	592	85
Financial liabilities	19	-	284	-	215
TOTAL CURRENT LIABILITIES		620	401	592	300
NON CURRENT LIABILITIES					
Payables and accruals	18	796	2,907	796	1,347
Financial liabilities	19	-	438	-	221
TOTAL NON CURRENT LIABILITIES		796	3,345	796	1,568
TOTAL LIABILITIES		**1,416**	**3,746**	**1,388**	**1,868**
NET ASSETS		**79,565**	**75,161**	**78,444**	**75,626**
Share capital	20	1,674	72,505	1,674	72,505
Reserves	22	74,464	343	74,464	343
Retained earnings		3,427	2,313	2,306	2,778
TOTAL EQUITY		**79,565**	**75,161**	**78,444**	**75,626**

The accompanying notes form part of these financial statements.

CONSOLIDATED
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2016

Economic Entity	**Share Capital**	**Contributed Surplus**	**Share Premium**	**Options Reserve**	**Retained Earnings**	**Total**
	A$'000	**A$'000**	**A$'000**	**A$'000**	**A$'000**	**A$'000**
Balance at 31st March 2014	72,105	-	-	302	2,308	74,715
Total comprehensive income for the financial year	-	-	-	-	5	5
Transactions with owners :						
Issues of shares	400	-	-	-	-	400
Share options:						
- fair value of share options granted under ESOS	-	-	-	43	-	43
-expense on expired option				(2)		(2)
	400	-	-	41	-	441
Balance at 31st March 2015	**72,505**	**-**	**-**	**343**	**2,313**	**75,161**
Total comprehensive income for the financial year	-	-	-	-	1,114	1,114
Transactions with owners :						
Issues of shares	1,580		1,972			3,552
Contribution surplus	(72,411)	72,411				-
Share options:						
- fair value of share options granted under ESOS				26		26
-expense on expired option				(288)		(288)
Balance at 31st March 2016	**1,674**	**72,411**	**1,972**	**81**	**3,427**	**79,565**

Parent Entity	**Share Capital**	**Contributed Surplus**	**Share Premium**	**Options Reserve**	**Retained Earnings**	**Total**
	A$'000	**A$'000**	**A$'000**	**A$'000**	**A$'000**	**A$'000**
Balance at 31st March 2014	72,105	-	-	302	2,633	75,040
Total comprehensive income for the financial year	-	-	-	-	145	145
Transactions with owners :						
Issues of shares	400	-	-	-	-	400
Share options:						
- fair value of share options granted under ESOS	-	-	-	43	-	43
'- expense on expired option				(2)		(2)
	400	-	-	41		441
Balance at 31st March 2015	72,505	-	-	343	2,778	75,626
Total comprehensive income for the financial year	-	-	-	-	(472)	(472)
Transactions with owners :						
Issues of shares	1,580		1,972	-	-	3,552
Contributed surplus	(72,411)	72,411				-
Share options:						
- fair value of share options granted under ESOS	-	-	-	26		26
-expense on expired option				(288)		(288)
Balance at 31st March 2016	**1,674**	**72,411**	**1,972**	**81**	**2,306**	**78,444**

CONSOLIDATED
STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2016

	Note	Economic Entity 2016	2015	Parent Entity 2016	2015
		A$'000	A$'000	A$'000	A$'000
CASH FLOWS USED IN OPERATING ACTIVITIES					
Payments to suppliers, directors and employees		(864)	(464)	(258)	(131)
Net cash used in operating activities	25	**(864)**	**(464)**	**(258)**	**(131)**
CASH FLOWS USED IN INVESTING ACTIVITIES					
Furniture and fixture		(21)	-	-	-
Net cash generated from investing activities		**(21)**	**-**	**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		3,930		3,930	-
Underwriting fee for right issue		(226)		(226)	
Loan principle repayment		(1,298)	(49)	(1,030)	-
Loan interest payment		(41)		(22)	
Loan to other companies		(800)	(82)	-	-
Loan to controlled entities		-	-	(2,130)	(200)
Loan from related parties		616	554	616	289
Net cash from financing activities		**2,181**	**423**	**1,138**	**89**
Net (decrease)/ increase in cash held		**1,296**	**(41)**	**880**	**42**
Exchange (loss)/gain (net)		(105)	1	(73)	-
		1,191	**(40)**	**807**	**(42)**
Cash and cash equivalents at the beginning of the financial year		**12**	**52**	**6**	**48**
Cash and cash equivalents at the end of the financial year	12	**1,203**	**12**	**813**	**6**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 1 : General Information

The Parent Entity is a public limited company incorporated in Bermuda with its shares listed on the Australian Stock Exchange Limited (the "ASX").

The principal activity of the Parent Entity remains unchanged as a holding company for its investment in controlled entities. Details of the principal activities of the Parent Entity and its controlled entities are set out in Note 16 to the financial statements.

Note 2 : Fundamental Accounting Concept

In the current financial year the Company has a net cash balance of 1.2M .And as at the balance date ,the Company has its current assets exceed current liabilities by 1.6M. Consequently, the Directors of the Economic Entity are of the view that the financial statements have been prepared on a going concern basis because it is assessed as sufficient cash to continue in the ordinary course of business for the period from this report.

Note 3 : Statement of Significant Accounting Policies

(a) Basis of Preparation

The financial report covers the Economic Entity of Australia China Holdings Limited and its controlled entities (the "Economic Entity"), and Australia China Holdings Limited as an individual parent entity (the "Parent Entity").

The financial report is a general purpose financial report that has been prepared in accordance with the International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Economic Entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4 to the financial statements.

The following is a summary of the material accounting policies adopted by the Economic Entity and Parent Entity in the preparation of this financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements are presented in Australian Dollars.

Except for the cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Application of new and revised International Financial Reporting Standards (IFRSs)

(i) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 - 2013 Cycle

The application of these amendments has had no material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 3 : Statement of Significant Accounting Policies (continued)

(b) Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(ii) **New and revised IFRSs in issue but not yet effective**

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

(c) Basis of Consolidation and Controlled Entities

The consolidated financial statements comprise of the financial statements of all the entities that comprise the controlling entity, being the Parent Entity, and its controlled entities.

A Controlled Entity is any entity controlled by the Parent Entity whereby the Parent Entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally accompanied

Control is presumed to exist where more than half of an entity's voting power is controlled by the Parent Entity, or the Parent Entity is able to govern the financial and operating policies of an entity, or control the removal or appointment of a majority of the entity's Board of Directors.

Non-controlling interests are that part of the net results of operations and of net assets of a controlled entity attributable to the interests which are not owned directly or indirectly by the equity holders of the Parent Entity. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a controlled entity, even if this results in the non-controlling interests having a deficit balance.

All Inter-company balances and transactions between entities in the Economic Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of Controlled Entities have been changed where necessary to ensure consistencies with those policies applied by the Parent Entity.

The purchase method of accounting is used to account for the acquisition of controlled entities by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Parent Entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the controlled entities. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Note 3 : Statement of Significant Accounting Policies (Continued)

©Basis of Consolidation and Controlled Entities (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition date fair value of any previous equity interest in the acquire over the fair value of the identifiable assets acquired is recorded as goodwill.

When a change in the Group ownership interest in a controlled entity results in a loss of control over the controlled entity, the assets and liabilities of the controlled entity including any goodwill are derecognise. Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Where Controlled Entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Transactions with non-controlling interests

Changes in the Group's ownership interest in a controlled entity that do not result in a loss of control over the controlled entity are accounted for as transactions with equity owners of the Parent Entity. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Parent Entity.

(d) Investments in Associates

Associates are those corporations, partnerships or other entities in which the Parent Entity exercises influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and that is neither a controlled entity nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of associates but not the power to exercise control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Economic Entity's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h) to the financial statements.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss. Gain and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is lost and its fair value Is recognised in profit or loss.

(e) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for the business or for an ownership interest in a Controlled Entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on acquisitions of Controlled Entities is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h) to the financial statements.

Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and accumulated impairment losses, if any.

The cost of purchased property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the property, plant or equipment to its working conditions and locations for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Economic Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Note 3 : Statement of Significant Accounting Policies (Continued)

(g) Depreciation

The depreciable amount of all property, plant and equipment is depreciated on the straight line basis over their useful lives commencing from the time the asset is held ready for use.

The depreciation rate used for furniture and fixtures is 20% (2015: 20%) per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that it's estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalue assets are sold, amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

(h) Financial Instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are initially measured at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivable
- Financial assets at Fair Value Through Profit or Loss
- Held-to-Maturity investments
- Available-For-Sale financial assets

The category determines subsequent measurement ad whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at Fair Value Through Profit or Loss are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial asserts are impaired. Difference criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit and loss are presented within finance costs or finance income, except for impairment of traded receivables which is presented within other expenses.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quote in an active market. After initial recognition, these are measured at amortised costs using the effective interest method, less provision for impairment. Discounting is omitted where the effective of discounting is immaterial. The Group's trade and most other receivables fall into this category of financial instruments

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 3 : Statement of Significant Accounting Policies (Continued)

(h) **Financial Instruments** (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit and loss upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets are in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity. The Group currently holds long term deposits designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit and loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include listed securities and equity investment in subsidiaries.

The equity investment is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment changes are recognised in profit and loss.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit and loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit and loss presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest rate method and dividends are recognised in profit and loss within "revenue".

Reversals of impairment losses for available-for-sale debt securities are recognised in profit and loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For available-for-sale equity investments impairment reversals are not recognised in profit or loss and any subsequent increase in fair value is recognised in other comprehensive income.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the end of the reporting period. (All other financial assets are classified as current assets.)

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payable and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit and loss, that are carried subsequently at fair value with gains or losses recognised in profit and loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit and loss are included within finance costs or finance income.

(i) Impairment of Assets

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired on a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognized in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 3 : Statement of Significant Accounting Policies (Continued)

(i) Impairment of Assets (continued)

An impairment loss is recognized in the statement of comprehensive income in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognized. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognized in the statement of comprehensive income.

(j) Provisions

Provisions are recognised when the Parent Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

(k) Revenue

Rental income

Rental income under operating lease on land is recognised on a straight line basis over the period of the lease.

Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(m) Income Tax

The Parent Entity was incorporated in Bermuda in 1994 as an Exempted Company. According to Bermuda Companies Act 1981, the Minister of Finance waived all Exempted Companies from any tax or duty on profits or income capital, gains or appreciations before the year 2016.

The Economic Entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Parent Entity intends to settle its current tax assets and liabilities on a net basis.

The amount of benefits brought to account or which may be realized in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Economic Entity will derive sufficient future assessable income to enable the benefit to be realized and comply with the conditions of deductibility imposed by the law.

(n) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 3 : Statement of Significant Accounting Policies (Continued)

(ii) Share Options Scheme

No expenses is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market of non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(o) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Economic Entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values where determined.

Exchange differences arising on the transaction of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is the statement of comprehensive income.

Economic Entity

The financial results and position of foreign operations whose functional currency is different from the Economic Entity's presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rate prevailing at the reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Parent Entity's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(p) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months of less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

(q) Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(r) Segment Reporting

In accordance with the Economic Entity's internal financial reporting, the Economic Entity has determined the business segment be presented as the primary reporting format and geographical segments as the secondary reporting format.

Unallocated costs represent corporate expenses less interest income. Segment assets consist primarily, plant and equipment, inventories, receivables and operating cash, and exclude corporate cash funds. Segment liabilities comprise operating liabilities and exclude items such as payables and accruals for corporate expenses. Capital expenditure comprises additions to property, plant and equipment.

In respect of geographical segment reporting, sales are based on the countries in which the controlled entity operates. Total assets and capital expenditure are where the assets are located.

Note 4: Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:

(a) Impairment of Receivables

The Group makes allowances for impairment based on an assessment of the recoverability of receivables. Allowances for impairment are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(b) Deposits Paid

Included in deposits paid are land deposits recognised under ECO-Agriculture Group Limited (ECO) amounting to A$75,613,290 as at 31st March 2016. ECO entered into contracts to acquire 95% interest in a 2,133 hectares farmland situated in Inner Mongolia Autonomous Region of China. There are no outstanding consideration to be paid except that an appropriate USD1,000,000 for expense to register the land title. ECO is in the in the process of registering the title of this farmland. The title registration of the said farmland into this new China Incorporated Joint Venture Company will be completed within 90 days after the formation of the joint venture company.

(c) Income Tax Expense

The Economic Entity is subject to income taxes in jurisdictions where it has taxable income. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Economic Entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Share Options

The Parent Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 9(d) to the financial statements.

(e) Business Combinations

Management uses valuation techniques in determining the fair value of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

(f) Fair Value of Financial Instruments

Management uses valuation techniques to determine the fair value of financial instruments (Where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 5 : Revenue

	Economic Entity		Parent Entity	
	2016	**2015**	**2016**	**2015**
	A$'000	**A$'000**	**A$'000**	**A$'000**
Operating activities				
- Rental Income	-	486	-	-
Revenue	**-**	**486**	**-**	**-**
Non-operating activities				
Interest income	-	-	-	304
Reversal of provision	2,295	13		-
Service provided	4	-	4	-
Total	**2,299**	**13**	**4**	**304**

Note 6 : Profit Before Income Tax

	Economic Entity		Parent Entity	
	2016	**2015**	**2016**	**2015**
	A$000	**A$000**	**A$000**	**A$000**
After charging:				
Listing related expense	93	45	93	45
Lease related expense	149	109	-	-
Audit fee	25	26	19	19
Finance cost	30	56	19	32
Director fee	37	22	37	22
Employee benefit expense	118	107	-	-
Share based payment	26	43	-	-
Foreign exchange difference on loan repayment	119	-	53	-
Depreciation	4	1	-	-

Note 7 : Finance Costs

Finance costs are interest expenses charged on a loan from a related party which bears interest at a rate of 8% (2015:8%) per annum.

Note 8 : Income Tax Expense

No provision for tax has been made for current and prior financial year as the Economic Entity did not generate any assessable profits arising in China or Hong Kong during the current and prior financial year.

Note 9 : Key Management Personnel Compensation

(a) Names and positions held by the Economic Entity key management personnel in office at any time during the financial year are:

Parent Entity:

Mason MS LAM	(Deputy Chairman)
Sam HS CHEANG	(Executive Director, ceased on13.7.2015)
Michael MF CHAI	(Executive Director, ceased on 31.12.2015)
Manuel SIN	(Independent Non-Executive Director)
Stonely SEK	(Company Secretary)

(b) Remuneration Practices

No remunerations were incurred by the Economic Entity as it only sets policies for the members of the Economic Entity. All activities have always been carried out by the subsidiaries, according to Economic Entity 's policies. Executive members of the subsidiaries are remunerated in accordance with the following criteria:

- Personal performance
- Result of the Group for the year
- Performance of the business entities being looked after by the Directors concerned
- The compensation package offered by other competitors in the similar business fields
- Overall economic environment

The Personnel Department would gather information based on the abovementioned factors and will submit a proposal of the remuneration to be paid to each executive Director for consideration at the Board Meeting of the subsidiaries. If approved, a resolution will be passed to authorise payments.

(c) Directors & Key Management Personnel Compensation paid by the Parent Entity and subsidiaries of the Parent Entity during the financial year:

Directors & Key Management Personnel

	Total Directors Fees, Remunerations & Bonuses			
	Economic Entity		Parent Entity	
	2016	**2015**	**2016**	**2015**
	A$'000	**A$'000**	**A$'000**	**A$'000**
Mason MS LAM	19	15	12	10
Sam HS CHEANG	4	5	4	-
Michael MF CHAI	9	28	9	12
Manuel SIN	17	-	12	-
Stonely SEK	5	16	-	-
Total Payments	**86**	**64**	**37**	**22**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 9 : Key Management Personnel Compensation (Continued)

(d) Compensation Options

	Balance 1.4.2015	Balance 1.4.2015After consolidation (10:1)	Granted during the year	Exercised duringthe year	Total Not exercisable 31.3.2016
	No.'000	No.'000	No.'000	No.'000	No.'000
Mason MS LAM	3,000	300	1,500	-	**1,800**
Manuel SIN	-	-	1,000	-	**1,000**
Sam HS CHEANG	3,000	300	-	-	**300**
Michael MF CHAI	10,000	1,000	-	-	**1,000**
Stonely SEK	10,000	1,000	1,000	-	**2,000**
Total	**26,000**	**2,600**	**3,500**	**-**	**6,100**

the Parent Entity undertook a capital reorganization, and consolidated every 10 share/option into 1 share/option.

The Parent Entity had issued share options for all the eligible key management personnel during the financial year, which was approved by the shareholders at the Annual General Meeting held on 31st December 2015, .

Certain salient terms and conditions of the Share Options Scheme are as follows:

(a) The exercise price of the share options is A$0.2 and A$0.006 separately.

(b) The share options will expire on 30th December of 2018 and 2019 respectively.

The fair value of the share options granted is estimated by the directors at the date of the grant using the Black Scholes Model, taking into account the terms and conditions upon which the instruments were granted. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the option is indicative of future trends, which may not necessarily be the actual outcomes.

(e) Directors' Service Contracts

No director of the Parent Entity has a service contract with the Parent Entity or any of the controlled entities. For Directors who are only Directors of the controlled entities, their contracts can all be terminated within one year and with only need to meet statutory compensations.

(f) Directors' Rights to Acquire Shares

Apart from the share options detailed in "Note 9(d) above", at no time during the financial year was the Parent Entity a party to any arrangement to enable the Parent Entity's Directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Parent Entity or any other related bodies corporate.

(g) Share Options Granted

Pursuant to the AGM held on 31st December 2015, 1,000,000 share options were granted to each person, Manuel SIN and Mr. Stonely SEK. And 1,500,000 share options were granted to Mr. Mason Lam.

Note 10 : Auditors' Remuneration

	Economic Entity		Parent Entity	
	2016 A$'000	**2015 A$'000**	**2016 A$'000**	**2015 A$'000**
Remuneration of the auditor of the Parent Entity for:				
auditing or reviewing the financial report				
- current year	19	19	19	19
Remuneration of other auditor of the Controlled Entity for:	-	-	-	-
auditing the financial report	6	7	-	-
Total	**25**	**26**	**19**	**19**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 11 : Earnings Per Share ("EPS")

		Economic Entity	
		2016	**2015**
		A$'000	**A$'000**
(a)	Profit attributable to shareholders	1,114	5
	Earnings used in the calculation of basic and dilutive EPS	**1,114**	**5**
		No.'000	No.'000
(b)	Weighted average number of ordinary shares outstanding during the financial year used in calculating basic EPS	802,243	360,897
	Weighted average number of share options outstanding	151,655	133,852
	Weighted average number of ordinary shares outstanding during the financial year used in calculating dilutive EPS	**953,898**	**494,749**

Note : In Oct 2015, the Company consolidated fully paid ordinary shares on a 1 for 10 basis (refer note 20) For comparative purposes, the numbers of shares on issue at 31.3.2015 has been adjusted to reflect the 10:1 consideration of shares .

Note 12 : Cash and Cash Equivalents

	Economic Entity		Parent Entity	
	2016	**2015**	**2016**	**2015**
	A$'000	**A$'000**	**A$'000**	**A$'000**
Cash at bank and on hand	**1,203**	**12**	**813**	**6**

Note 13 : Receivables

	Economic Entity		Parent Entity	
	2016	**2015**	**2016**	**2015**
	A$000	**A$000**	**A$000**	**A$000**
Current:				
Receivables from controlled entities	-	-	-	303
Receivables from other companies	948	82	32	-
Other receivables	27	27	-	-
*Allowance for impairment	-	-	-	-
	975	**109**	**32**	**303**
Non-Current:				
Receivables from controlled entities	-	-	46,986	45,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 14 : Deposits paid	**Economic Entity**		**Parent Entity**	
	2016	**2015**	**2016**	**2015**
	A$'000	**A$'000**	**A$000**	**A$000**
Deposits paid on farmland in Inner Mongolia, China	**75,613**	**75,613**	-	-
	75,613	**75,613**	-	-

Eco-Agriculture Group Limited (ECO), a wholly owned subsidiary of Australia China Development Limited, which is wholly owned by the Parent Entity entered into a contract to acquire 95% interest in a 2,133 hectares of farm land in Inner Mongolia with the total consideration of A$75,613,290 in 2007. The title of the land will transferred to a joint venture company incorporated in China whereas the Group will hold 95% of the issued share capital of the joint venture company. As at 31 March 2016, the joint venture company is not yet incorporated and the title of the land is not yet transferred to the Group. The Group engaged Blesswin Investments Limited, one of the major shareholders of the company to manage the registration process and the title transfer. A fee A$800,041 has been agreed and paid to Blesswin on the condition that if the title transfer process is unsuccessfully, Blesswin will refund the agreed fee to the Group. The amount paid was recorded as part of the Receivables from other companies (refer to Note 13).

The company is confident that the joint venture company will be incorporated soon and the title transfer will take place within the next 3 months. According to the contract with the vendor, the vendor will refund the whole amount of deposit paid to the Group if the title transfer is finally failed.

Note 15 : Financial Assets	**Note**	**Economic Entity**		**Parent Entity**	
		2016	**2015**	**2016**	**2015**
		A$'000	**A$'000**	**A$'000**	**A$'000**
At fair value through profit or loss	**(a)**	1	1	1	1
Available-for-sale financial assets	**(b)**	3,172	3,172	32,000	32,000
		3,173	3,173	32,001	32,001
Less : Non-Current Portion		**(3,172)**	**3,172)**	**(32,000)**	**(32,000)**
Current Portion		**1**	**1**	**1**	**1**
(a) At Fair Value Through Profit or Loss					
Listed investments, at fair value					
- shares in other listed company		**1**	**1**	**1**	**1**

(b) Available-for-Sale Financial Assets		**Economic Entity**		**Parent Entity**	
		2016	**2015**	**2016**	**2015**
Unlisted investments, at cost		**A$'000**	**A$'000**	**A$'000**	**A$'000**
- shares in controlled entities	**16**	-	-	32,000	32,000
- unquoted investments		3,172	3,172	-	-
		3,172	3,172	32,000	32,000

Available-for-sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity date to these investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 16 : Controlled Entities

(a) Details of Controlled Entities

	Country of Incorporation	Percentage Owned		Principal Activities
		2016	2015	
Parent Entity:				
Australia China Holdings Limited	Bermuda	N/A	N/A	Holding
Controlled Entities of Australia China Holdings Limited:				
*Australia China Development Limited	BVI	100%	100%	Investment Holding
# Australia China Capital Group Limited	Hong Kong	100%	100%	Investment
Controlled Entity of Australia China Development Limited:				
# ECO-Agriculture Group Limited	Hong Kong	100%	100%	Property Holding
*Australia China Capital Limited	BVI	100%	100%	Fund Management
Controlled Entity of Australia China Capital Group Limited				
*Australia China Business Limited	BVI	100%	100%	Investment Holding

Controlled Entities audited by another firm of Accountants

* These Controlled Entities have not been audited as they are not required to be audited in their corresponding jurisdictions. However, audit procedures on consolidations have been applied by the auditors on the financial statements of these Controlled Entities.

Note 17 : Associated Entity

	Country of Incorporation	Percentage Owned		Principal Activities
		2016	2015	
Associated Entity of Australia China Business Limited:				
Sino (HK) International Corporate Investment Limited	Hong Kong	48%	48%	Business consultancy

No equity accounting was applied in the consolidated financial statements since the investment and the loss in the associate entity during the half year were not material.

^ Held through Associated entities

Note 18 : Payables

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	A$'000	A$'000	A$'000	A$'000
Current:				
Other payables	620	117	592	85
Non-Current:				
Other payables	796	2,907	796	1,347

Note 19 : Financial Liabilities

	Economic Entity		Parent Entity	
	2016	2015	2016	2015
	A$'000	A$'000	A$'000	A$'000
Current:				
* Due to a related party	-	284	-	215
Non-Current:				
* Due to a related party	-	438	-	221

*The loan from a related party bears interest at a rate of 8% (2015: 8%) per annum.

Note 20 : Share Capital

	Economic and Parent Entity	
	2016	**2015**
	A$'000	A$'000
Authorised:		
120,000,000,000 at A$0.001 each (2015 : 6,000,000,000 at A$0.02 each)	120,000	120,000
Issued and fully paid ordinary shares :		
1,673,820,380 at A$0.001 each (2015: 3,625,239,953 at A$0.02 each)	1,674	72,505

	Economic and Parent Entity	
	2016	**2015**
Shares on Issue :	**No.**	**No.**
At the beginning of the reporting period	3,625,239,953	3,605,239,953
Shares issued during the financial year		20,000,000
27 April 2015	13,500,000	-
19 June 2015	545,810,993	-
Number of issued shares Before consolidated	4,184,550,946	3,625,239,953
Number of issued shares were consolidated (10:1) to : (from 26 October 2015)	418,455,095	-
Shares issued during the financial year		-
26 November 2015	939,098,924	-
27 November 2015	316,266,361	-
At the end of the financial year	**1,673,820,380**	3,625,239,953

Notes:

A) The Parent Entity's share capital has been restructured pursuant to shareholders' approval at an Extraordinary General Meeting on 12 October 2015 with the following amendments:

1. Capital reduction:

The Parent Entity reduced the issued and paid-up share capital of the company from its current level of A$0.02 to A$0.0001 for each share. The company credit the amount of A$72,410,924.83 arising from the issued share capital reduction to the contributed surplus account.

2. Capital consolidation :

The Parent Entity consolidated every 10 shares/options into 1share/option. The par value of the shares increased from

A$0.0001 to A$0.001 per share.

3. Capital increase :

The authorized share capital was increased from 6,000,000,000 shares (A$120,000,000 divided the par value at A$0.02) to 120,000,000,000 shares (A$120,000,000 divided the par value at A$0.001).

B) The Parent Entity issued ordinary share during the financial year :

1. On 27 April 2015, an issue of 13,500,000 ordinary shares at A$0.02 per share to Supreme Australasian Investments Ltd to satisfy fully the outstanding loan of A$270,000 advanced by them as per 31 December 2014 Annual General Meeting

2 On 19 June 2015, a total of 545,810,993 ordinary shares at A$0.02 per share to Jetwill Group Limited as the consideration for the acquisition of 7.28% shares in Supreme Star Limited as per Board meeting on 17 June 2015.*(The acquisition was terminated with reference to ASX announcement on 22.3.2016. The consideration was returned in A$163,743 in lieu of shares as at market price .)*

3 On 26 and 27 November 2015 , a totally 1,255,265,285 ordinary shares were issued arising from a right issue offer of 3 shares for every 1 share held by shareholders at an issue price of A$0.003 per share as per Board meeting on 8 September 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 20 : Share Capital (Continued)

Share Option:

The Parent Entity's share option outstanding as at 31 March 2016 were as follows:

Expired Date	Exercise Price	No. of shares issuable under the share options
	A$	
30 December 2018	0.2	20,600,000
30 December 2019	0.2	130,000,000
30 December 2019	0.006	5,500,000
		156,100,000

Share option holders	Number of share options
2 Directors	2,800,000
1 Company Secretary	2,000,000
1 Adviser	1,000,000
3 Senior employees	2,000,000
2 Creditors	148,300,000
	156,100,000

Share option reserve:

	Economic and Parent Entity	
	2016	**2015**
	A$'000	A$'000
At the beginning of the financial year	**343**	**302**
Share option granted during the year	**26**	**43**
Expense on expired Share option	**(288)**	**(2)**
At the end of the financial year	**81**	**343**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 21 : Property, Plant and Equipment	**Furniture and fixtures**	**Total**
	A$'000	**A$'000**
Economic Entity		
2016		
At cost		
At 1st April 2015	-	-
Exchange (loss)/gain	-	-
Addition	21	21
At 31st March 2016	**21**	**21**
Accumulated depreciation		
At 1st April 2015	-	-
Depreciation for the financial year	(4)	(4)
Disposal/ transfer	-	-
At 31st March 2016	**(4)**	**(4)**
Carrying Amount at 31st March 2016	**17**	**17**
Economic Entity		
2015		
At cost		
At 1st April 2014	21	21
Exchange (loss)/gain	-	-
Addition /Disposal/ transfer	-	-
At 31st March 2015	**21**	**21**
Accumulated depreciation		
At 1st April 2014	(20)	(20)
Depreciation for the financial year	(1)	(1)
Disposal/ transfer	-	-
At 31st March 2015	**(21)**	**(21)**
Carrying Amount at 31st March 2015	-	-

Note 22 : Reserves

Reserves consist of the Option Reserve which records items recognised as remuneration expenses on valuation of employee share options.

Note 23 : Segment Reporting

Primary Reporting— Business Segments

(a) Statement of profit or loss and comprehensive income

	Property		Trading and others		Group	
	2016	2015	2016	2015	2016	2015
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
Revenue	-	4	-	-		486
Other revenue	2,293	13	6	-	2,299	13
Total Revenue	**2,293**	**499**	**6**	-	**2,299**	**499**
Administrative expenses	(61)	(79)	(1,094	(359)	(1,15)	(438)
Finance costs	(4)	(16)	(26)	(40)	(30)	(56)
Profit/(loss) before income tax	**2,228**	**404**	**(1,1 4)**	**(399)**	**1,114**	**5**
Income tax expense	-	-	-	-	-	-
Profit /(loss)for the financial year	**2,228**	**404**	**(1,114)**	**(399)**	**1,114**	**5**

(b) Statement f financial position

	Property		Trading and others		Group	
	2016	2015	2016	2015	2016	2015
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
Current Assets	1,126	112	1,053	10	2,179	122
Non-current Assets	75,613	75,613	3,18	3,172	78, 02	78,785
Total Assets	**76,739**	**75,725**	**4,242**	**3,182**	**80,981**	**78,907**
Current Liabilit s	(4)	(59)	(616)	(342)	(620)	(401)
Non- current Liabilities	-	**(350)**	(796)	(2,995)	(796)	(3,345)
Total Liabilities	**(4)**	**(409)**	**(1,412)**	**3,337)**	**(1,41)**	**(3,746)**
Net Segment Assets	**76,735**	**75,316**	**2,830**	**(155)**	**79,565**	**75,161**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 23 : Segment Reporting (Continued)

Secondary Reporting— Geographical Segments

	Segment Revenue		Segment Assets	
	2016 A$'000	2015 A$'000	2016 A$'000	2015 A$'000
Geographical location:				
The People's Republic of China	-	486	76,739	75,725
Australia	-	-	-	-
Total	**-**	**486**	**76,739**	**75,725**

Business and Geographical Segments

Business Segments:
Trading and Others– Investments in businesses and trading.
Property Investment– Property holdings.

Geographical Segments:
The People's Republic of China– Property Investment.
Australia and British Virgin Islands– Trading and Others.

Note 24 : Commitments

	Economic Entity	
	2016 A$'000	2015 A$000
Eco-Agriculture Group Limited , a controlled entity of Australia China Development Limited, which is wholly owned by Australia China Holdings Limited has entered into contracts to acquire 95% interest in farmland situated in Inner Mongolia,		
- Amount of 95% of USD1 million for the title registration of the farmland .	1,238	1,236
Total appropriate payment	**1,238**	**1,236**

Note 25 : Cash Flows Information

	Economic Entity		Parent Entity	
	2016 A$'000	2015 A$'000	2016 A$'000	2015 A$'000
(a) Reconciliation of Cash Flows used in operating activities				
Profit from ordinary activities after income tax	**1,114**	**5**	**(472)**	**145**
Non-cash flows in profit from ordinary activities				
Depreciation	4	1	-	-
Interest expense	-	56	-	32
Share base option payment	26	43	-	-
Provision for losses (net)	(477)	-	172	-
Exchange loss/(gain) (net)	100	(1)	72	-
Changes in assets and liabilities, net of the effects of acquisitions and disposals of controlled entities				
(Increase)/Decrease in receivables	(67)	(476)	(30)	(263)
Increase /(Decrease) in payables	(1,564)	(92)	-	(45)
Cash flows used in operating activities	**(864)**	**(464)**	**(258)**	**(131)**

Note 25 : Cash Flows Information (Continued)

(b) Non-cash flow items

On 27 April 2015, 13,500,000 ordinary shares at A$0.02 per share were issued to Supreme Australasian Investments Ltd to satisfy fully the outstanding loan of A$270,000 advanced by them

Note 26 : Related Parties

(a) Identification of Related Parties

Related parties:	Relationship:
Sam HS Cheang	Director of the Parent Entity (ceased on 13.7.2015)
Mason Lam	Director of the Parent Entity.

The Parent Entity has controlling related party relationship with its direct and indirect subsidiaries.

(b) Related Parties Transaction

Related parties:	Economic Entity		Parent Entity	
	2016	**2015**	**2016**	**2015**
	A$'000	**A$'000**	**A$'000**	**A$'000**
Supreme Australasian Investments Limited				
— net advances for expense incurred		(46)	-	(3)
— interest expense charged		(20)	-	(16)
Harvard Business Management & Consultancy Limited				
— net advances for expenses incurred		(81)	-	(68)
— interest expense charged		(25)	-	(13)
Sam HS Cheang				
— net advances for expenses incurred	(293)	(427)	(293)	(218)
— interest expense charged	(30)	(11)	(19)	(3)
Mason Lam				
— net advances for expenses incurred	(323)	-	(323)	-
Australia China Development Limited				
—net advances for expenses incurred	-	-	994	19
ECO-Agriculture Group Limited				
—net advances for expenses incurred	-	-	53	3
Australia China Capital Group Limited				
—net advances for expenses incurred	-	-	796	178

***Supreme Australian Investments Limited and Harvard Business Management & Consultancy Limited are not related parties of the Parent Entity for the financial period ending 31 March 2016 since the controlling person of the two companies ceased to be a director of the Parent Entity on 30 October 2014.**

Note 27 : Financial Instruments

(a) Financial Risk Management

The overall risk management strategy adopted by the Economic Entity's Finance Committee seeks to assist the Economic Entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis.

The Economic Entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, advances to and from controlled entities and related parties, term loan to a related party and a convertible note.

(i) Treasury Risk Management

Senior executives of the Economic Entity assess currency and interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risks the Economic Entity is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factor (other price risk).

Regulatory and compliance risk

The Group is exposed to and subject to extensive government policies and regulations of mainland China. Any non-compliance with or change in these policies and regulations may cause damage to the Group, delay its project development and affect its liability to deliver its primary objectives.

-Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At the statement of financial position date all of Economic Entity debts are at floating rates. However, interest rate risk is small as the debt is expected to be fully settled within 3 months from the statement of financial position date. The Economic Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is disclosed in Note 27(b) to the financial statements. The risk exposure is considered small.

The exposure to interest rate risk of the Group is not material and hence, sensitivity analysis is not presented.

-Foreign currency risk

The Economic Entity is exposed to fluctuations in foreign currencies arising from intercompany treasury activities and translation of foreign controlled entities financial results from currencies other than the Economic Entity's measurement currency.

The exposure to foreign currency risk of the Group is not material and hence, sensitivity analysis is not presented.

-Price risk

There is no price risk in respect from the Inner Mongolia land since the land cost was dominated in the agreement in Australian Dollars.

Liquidity risk

The Economic Entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The maturity analysis summarises the maturity profile of the Economic Entity's and Parent Entity's liabilities at the reporting date based on contractual undiscounted repayment obligation is disclosed in Note 27(b) to the financial statements.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

(b) Net Fair Values

The net fair values of:

- listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred.
- other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial assets where the carrying amount exceeds net fair values have not been written down as the Economic Entity intends to hold these assets to maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 27 : Financial Instruments (Continued)

(b) Net Fair Values (Continued)

	Effective Interest rate %	Interest Bearing Maturing Within 1 year A$'000	1 to 5 Years A$'000	Over 5 years A$'000	Non-interest Bearing A$'000	Total A$'000
Economic Entity						
2016						
Financial Assets:						
Cash		-	-	-	1,203	1,203
Receivables		-	-	-	975	975
Financial assets		-	-	-	3,173	3,173
Deposits paid		-	-	-	75,613	75,613
Property, plant and equipment		-	-	-	-	-
Total Financial Assets		-	-	-	**80,981**	**80,981**
Financial Liabilities:						
Payables		-	-	-	1,416	1,416
Financial liabilities	8%	-	-	-	-	-
Total Financial Liabilities		-			**1,416**	**1,416**
2015						
Financial Assets:						
Cash		-	-	-	12	12
Receivables		-	-	-	109	109
Financial assets		-	-	-	3,173	3,173
Deposits paid		-	-	-	75,613	75,613
Property,plantand equipment		-	-	-	-	-
Total Financial Assets		**-**	**-**	**-**	**78,907**	**78,907**
Financial Liabilities:						
Payables		-	-	-	3,024	3,024
Financial liabilities	8%	-	722	-	-	722
Total Financial Liabilities		**-**	**722**	**-**	**3,024**	**3,746**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

Note 27 : Financial Instruments (Continued)

(b) Net Fair Values (Continued)

	Effective Interest rate %	Interest Bearing Maturing Within 1 year A$'000	1 to 5 Years A$'000	Over 5 Years A$'000	Non-interest Bearing A$'000	Total A$'000
Parent Entity						
2016						
Financial Assets:						
Cash					813	813
Receivables			46,987		32	47,019
Financial assets					32,000	32,000
Total Financial Assets			**46,987**		**32,845**	**79,832**
Financial Liabilities:						
Payables					1,388	1,388
Financial liabilities	8%					
Total Financial Liabilities					**1,388**	**1,388**
2015						
Financial Assets:						
Cash		-	-	-	6	6
Receivables	*	304	45,142	-	43	45,489
Financial assets		-	-	-	32,000	32,000
Total Financial Assets		**304**	**45,142**	**-**	**32,049**	**77,495**
Financial Liabilities:						
Payables		-	-	-	1,432	1,432
Financial liabilities	8%	-	436	-	-	436
Total Financial Liabilities		**-**	**436**	**-**	**1,432**	**1,868**

* Charges based on a share of the gross income of the Controlled entities as stated below:

(i) Australia China Development Limited: 50% of the revenue from the land of the Economic Entity
(ii) ECO-Agriculture Group Limited ("ECO"): 45% of the income generated from the land held by ECO.

(c) **Fair value hierarchy**

The following are classes of financial instruments that are carried at fair value, by valuation method. The different levels have been defined as follows:

(iii) Level 1 – Unadjusted quoted prices in active market for identical financial instruments

(iv) Level 2 – Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

(v) Level 3 – Inputs that are not based on observable market data

Note 27 : Financial Instruments (Continued)

(c) **Fair value hierarchy (Continued)**

Economic and Parent Entity	**Level 1 A$'000**
2016	
Financial assets at fair value through profit or loss	1
2015	
Financial assets at fair value through profit or loss	1

The Group does not have any financial assets or financial liabilities measured at Level 2 and Level 3 hierarchy.

Note 28 : Contingencies

There is no any contingent liabilities existing at the reporting date.

Note 29 : Events after the Statement of Financial Position date

There are no matters or circumstances that have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in future financial years.

Note 30 : Capital Management

The Group actively and regularly reviews and manages its capital structure with the objectives of ensuring that the Group will be able to continue as a going concern while maximizing the return to stakeholders. These reviews take into consideration future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and strategic investment opportunities.

There were no changes in the Group's approach to capital management during the year.

SHAREHOLDERS' INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

The information is prepared based on share registry information as at 27 June 2016.

(A) Top 20 largest shareholders

Rank	Shareholders	Number of fully paid shares	Percentage of issue capital
1	JIN TEONG KHONG	23.93%	400,609,456
2	BLESSWIN INVESTMENTS LIMITED	22.16%	370,847,460
3	NOBLE WISER LIMITED	16.84%	281,900,283
4	METROPOLIS ENTERPRISES GROUP LIMITED	11.72%	196,198,810
5	BOSS VENTURE INTERNATIONAL LIMITED	6.79%	113,730,124
6	MUI SANG LAM	4.01%	67,090,400
7	WELL VISION HOLDINGS LIMITED	1.22%	20,500,000
8	MS NADA SAADE	1.17%	19,585,528
9	LAM MUI SANG	1.07%	17,989,600
10	MR PETER SHEN	0.82%	13,707,002
11	ACN 137837613 PTY LTD	0.81%	13,500,000
12	MR ANDREW MARK DUNCAN	0.78%	13,008,000
13	MR JACK YUEJIN LI	0.66%	11,000,000
14	GUOHUA SHANGJIU JIAO LING INVESTMENT LIMITED	0.59%	9,940,000
15	CHINA DEVELOPMENT HOLDINGS LIMITED	0.58%	9,730,000
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	0.47%	7,784,649
17	JACKVIE SUPER PTY LTD	0.46%	7,734,342
18	EDISON INTERNATIONAL SALES LIMITED	0.43%	7,280,000
19	DRAGON WIN INVESTMENTS LIMITED	0.38%	6,400,000
20	MS LAI CHUN ADA CHIU	0.25%	4,183,000
		95.15%	1,592,718,654

(B) Substantial shareholders

Rank	Shareholders	Percentage of issued capital	Number of fully paid shares
1	JIN TEONG KHONG	23.93%	400,609,456
2	BLESSWIN INVESTMENTS LIMITED	22.16%	370,847,460
3	NOBLE WISER LIMITED	16.84%	281,900,283
		62.93%	1,053,357,199

(C) Distribution of shareholders

Range of fully paid share held	Number of shareholders	Percentage of issued capital	Number of fully paid shares
1 to 1,000	183	0.005%	87,287
1,001 to 5,000	291	0.048%	807,032
5,001 to 10,000	125	0.058%	969,095
10,001 to 100,000	263	0.576%	9,639,956
100,001 to 999,999,999	135	99.313%	1,662,317,010
	997	100.00%	1,673,820,380

The number of shareholders held less than 100,001 shares was 862.

Voting rights

Subject to the Bye-Laws of the Parent Entity, and to any rights or restrictions attaching to any class of shares, every member is entitled to be present at a meeting in person, by proxy, representative or attorney. On a show of hands, every member has one vote and on a poll, every member has (i) one vote for each fully paid share held by the member or (ii) for each partly paid share held by the member, a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price of the share.

CORPORATE GOVERNANCE STATEMENT

On 27 March 2014, the ASX Corporate Governance Council published a third edition of its Corporate Governance Principles and Recommendations for listed companies to adhere. In this respect, the Directors have evaluated with due care the situation of the Company and have strived to comply, with the best possible extent, the guidelines laid down.
Without doubt, the Directors recognize the need for a high standard of behavior and accountability and accordingly support good corporate governance practices. In general, the Board considers that adequate measures have been taken in the areas of board structure and responsibility definition, timely and adequate disclosure for the best interest of the shareholders, minimizing risk by reinforcing internal control as well as the overall compliance with the ASX listing rules.
On self-evaluating the extent to which the Company has followed the best practice recommendations and principles, the Board is of the opinion that, subject to certain departures which are not justified for adoption due to the particular circumstances of the Company, our policies and practices are basically in compliance with the ASX requirements.
A description of the Company's corporate governance practices are set out below:

Principle 1: Lay solid foundations for management and oversight
Recommendation 1.1
A listed entity should disclose:
(a) the respective roles and responsibilities of its board and management; and
(b) those matters expressly reserved to the board and those delegated to management.

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed. The implementation of the corporate strategy and policy initiatives are undertaken by the Board of the Parent Company and day to day management of the Group's affairs are handled by the controlled entities concerned. All the controlled entities have their own CEO.

Recommendation 1.2
A listed entity should:
(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company conducts background and reference checks on a candidate's education, character, experience and criminal record prior to the appointment of the candidate as a director. The Company ensures that all material information which is relevant to the shareholder's decision whether to elect or re-elect a director is provided in the notice of the General Meeting holding the resolution to elect or re-elect the Director.

Recommendation 1.3
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company filed an agreement to all directors and senior executive that set out the description of their position, duties and responsibilities, the circumstance in which their service may be terminated.

Recommendation 1.4
The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company appointed a Company Secretary advising the board on governance matters. The Company Secretary is accountable directly to the board and is responsible for the Group's secretarial and corporate matter and monitors the various rules.

Recommendation 1.5
A listed entity should:
a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
(b) disclose that policy or a summary of it; and
(c) disclosure as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organiz ation (including how the entity has defined "senior executive" for these purposes); or
(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company is a standalone company with no employees and no associated entities in Australia, it is not covered under Equal Opportunity for Women in the Workplace Act. The Company adopted the policy in workplace but not required to lodge to ASX.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 1.6:
A listed entity should:
(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Chairman is responsible for evaluation of performance of the member of the Board. The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his performance.

Recommendation 1.7
A listed entity should:
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board of each of the controlled entity is responsible for evaluating the performance of the senior executives. Induction procedures are in place and senior executives have formal job descriptions which the process for evaluating their performance are being prepared and adopted by the Board of the Companies concerned.

Principle 2: Structure the board to add value
Recommendation 2.1
The board of a listed entity should:
(a) have a nomination committee which:
(1) has at least three members, a majority of whom are independent directors; and
(2) is shared by an independent director, and disclose:
(3) the charter of the committee;
(4) the members of the committee; and
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(6) if it does not have a nomination committee, disclose that fact and the processes it employees to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

A Nomination Committee has not been established. The role of the Nomination Committee has been assumed by the Board because of the size of the Company. The Board devotes time at board meetings to discuss board succession issues, and members of the Board are involved in the Company's nomination process. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 2.2
A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company does not maintain a formal board skill matrix. The current Board members represent individuals that have extensive industry experience as well as professionals that bring to the Board their specific skills in order for the company to achieve its objectives. A profile of each Director containing their skills, experience and expertise is set out in the Director's report.

Recommendation 2.3
A listed entity should disclose:
(a) the names of the directors considered by the board to be independent directors;
(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
(c) the length of service of each director.

The only Independent Director of the Company is Mr. Manuel SIN. Mr. Manuel SIN does not have any interest, position, association or relationship of the type described in 2.3 of Corporate Governance Principles and Recommendations.

Recommendation 2.4
A majority of the board of a listed entity should be independent directors.

It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 2.5
The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chair of the Board is Mr. Lam Mui Sang, who is not independent. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure. No CEO is appointed in the Company, but independent CEO is appointed for each controlled entity.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 2.6
A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Company has a program for inducting new directors. The Chair or the Board will provide information covering all aspects of the Company's activities and operations to a new director. The new director may access the Company's record and directly communicate with the management. All directors are encouraged to have continual professional development. Directors are provided with access to resources and training regarding their roles and skills gaps that are identified.

Principle 3: Act ethically and responsibly
Recommendation 3.1
A listed entity should:
(a) have a code of conduct for its directors, senior executives and employees; and
(b) disclose that code or a summary of it.

The Company is in the process of finding a Code of Conduct that applies to all Directors, senior executives and employees of the Group.

Principle 4: Safeguard integrity in corporate reporting
Recommendation 4.1
The board of a listed entity should:
(a) have an audit committee which:
(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
(2) is chaired by an independent director, who is not the chair of the board,
(3) the charter of the committee;
(4) the relevant qualifications and experience of the members of the committee; and
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(6) if it does not have an audit committee, disclose that fact and the processes it employees that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Due to the size of the Company, an Audit Committee has not been established. The role of Audit Committee has been assumed by the Board. The Board devote time at board meetings to fulfill the roles and responsibilities in relation to the maintaining of the Company's internal audit function and the appointment and removal of the external auditor and the rotation of the audit engagement partner. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 4.2
The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company receives from the Board/Company Secretary/Financial Controller/those who collectively fulfil the functions of chief executive officer and chief financial officer the appropriate declaration that in their opinion that the financial records have been properly maintained and comply with the appropriate accounting standards.

Recommendation 4.3
A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company's external auditor does not attend the Company's annual general meeting to answer shareholder questions; however the Company will facilitate any questions from shareholders in the annual general meeting.

Principle 5: Make timely and balanced disclosure
Recommendation 5.1
A listed entity should:
(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
(b) disclose that policy or a summary of it.

The Group's Company Secretary and the Company's lawyer are delegated with the responsibility to monitor closely the various rules and regulations governing the Company to ensure timely submission and disclosure of all material matters, financially or otherwise, in compliance with ASX Listing Rules. Regular meetings are held with auditors to assume control over the fairness, independence and adequacy of disclosures of the financial statements of the Economic Entity. The Company will inform the shareholders the financial result and all business outlook timely by means of lodgment to ASX as well as the AAK's website.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 6: Respect the rights of security holders

Recommendation 6.1
A listed entity should provide information about itself and its governance to investors via its website.

The Company's website is www.aakch.com. Information about the Company and its operation can be found on the website.

Recommendation 6.2
A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company does not have a formal investor relations program. However, The Board aims to ensure that the shareholders, on behalf of whom it acts, are informed of all information necessary to assess the performance of the Directors through annual report, general meeting, continuous disclosure releases and company website. Also, shareholders are able to contact the company secretary or board directly should they have any queries or comments.

Recommendation 6.3
A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company has no formal process in place to facilitate and encourage participation at meeting of security holders.
However, the Company encourages shareholders to participate in the Company's general meeting and other meetings.

Recommendation 6.4
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company does not currently have the facilities to send and receive correspondence electronically with shareholders.
However, shareholders can email or otherwise contact the Company by visiting the Company's website if they have any quires or comments.

Principle 7: Recognize and manage risk

Recommendation 7.1
The board of a listed entity should:
(a) have a committee or committees to oversee risk, each of which:
(1) has at least three members, a majority of whom are independent directors; and
(2) is chaired by an independent director, and disclose:
(3) the charter of the committee;
(4) the members of the committee; and
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(6) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Due to the size and nature of the operations of the Company, the Board does not have a separate risk management committee. The role of the risk management committee is undertaken by the Board. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 7.2
The board or a committee of the board should:
(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
(b) disclose, in relation to each reporting period, whether such a review has taken place.

Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. The board and management continuously assess the risks facing and consult among themselves to establish a consensus on acceptable levels of risk and measures for managing risks. In view of the informal and continuous nature of the company's risk management processes, there is no periodic review of the risk management framework.

Recommendation 7.3
A listed entity should disclose:
(a) if it has an internal audit function, how the function is structured and what role it performs; or
(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Due to the size and nature of the operations of the Company, no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by management.
As part of the monthly reporting procedure, management report to the Board confirming that those risks are being managed effectively.
The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 7.4
A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The overall basis for risk management is to provide recommendations about: Assessing the internal processes for determining and managing key risk areas, particularly: · Non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws; and · Litigations and claims · Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board. · Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1
The board of a listed entity should:
(a) have a remuneration committee which:
(1) has at least three members, a majority of whom are independent directors; and
(2) is chaired by an independent director, and disclose:
(3) the charter of the committee;
(4) the members of the committee; and
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have a remuneration committee, disclose that fact and the processes it employees for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Due to the size of the Company, a Remuneration Committee has not been established. The role of the Remuneration Committee is undertaken by the Board. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 8.2
A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Non-executive Directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive Directors is not linked to the performance of the Company. Executive Directors and senior executives of the controlled entities are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Remuneration paid to executives and staffs is reviewed periodically by management of the controlled entities concerned, in accordance with the performance evaluation result in the individual case. No separate review is conducted for the Company as it has no executives at Parent Company level.

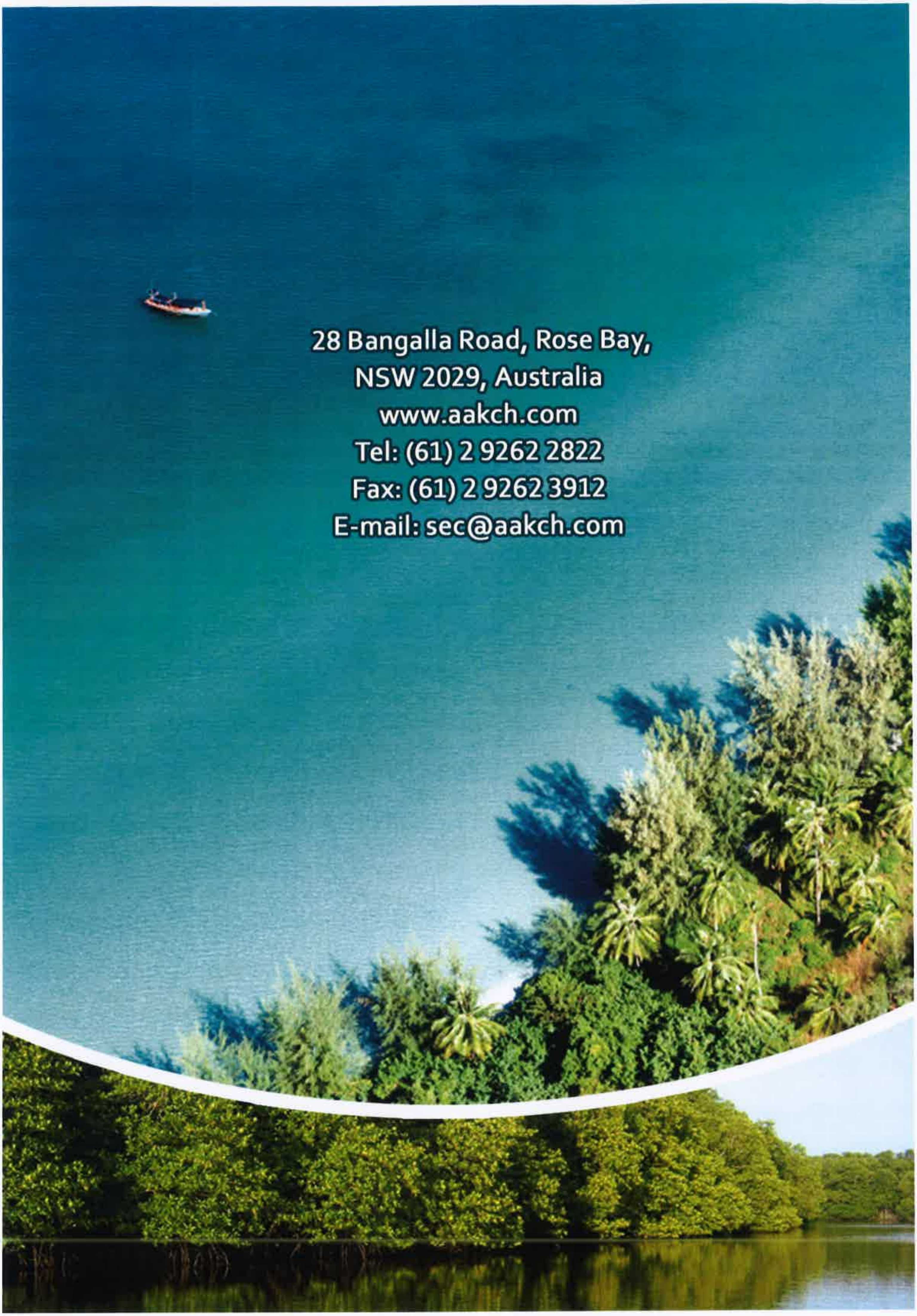
Recommendation 8.3
A listed entity which has an equity-based remuneration scheme should:
(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
(b) disclose that policy or a summary of it.

The Company's Trading Policy is for all Directors, senior executives and employees of the Group to notify the Group's Company Secretary of all transactions involving buying or selling of the Company's share for a value of over A$100,000 and they are all prohibited from making any purchase or sale 30 days before and the day after reporting or announcing the Group's result.

COMPANIES' DETAILS
Registered Office:
5th Floor, Andrew's Place,51 Church Street, Hamilton, HM12, Bermuda

Principal Australia Office:
Australia China Holdings Limited
28 Bangalla Road, Rose Bay, NSW 2029, Australia

Tel: (612) 9262 2822
Fax: (612) 9262 3912
E-mail: sec@aakch.com
Web site: www.aakch.com



28 Bangalla Road, Rose Bay,
NSW 2029, Australia
www.aakch.com
Tel: (61) 2 9262 2822
Fax: (61) 2 9262 3912
E-mail: sec@aakch.com