

Australia China Holdings Limited

ARBN 067 993 506 LISTED IN AUSTRALIA

(Formerly known as Suntech Environmental Group Limited)

10th June 2009

Mr. Darren Collins
Senior Adviser, Issuers and Accounting Policy
ASX Markets Supervision Pty Ltd
Lever 45, South Tower
525 Collins Street
Melbourne VIC 3001

Dear Mr. Collins,

RE: 2009 PRELIMINARY FINAL REPORT

We refer to your letter of 4th June 2009, with regard to points raised on the result for the year ended 31st March 2009. We like to offer some explanation on those issues

1. When the Company first became aware that the company's profit would increase ?

In the financial year ended 31 March 2008, the Auditors had ruled that the income from land rental of A\$1.9 million was to be deferred. Thus the said income was disclosed as "deferred income" in our 2008 Financial Report. It was also clearly stated in "Message from the Chairman" under Financial Overview in the 2008. Therefore the profit for the year ended 31st March 2008 was significantly lower than that of 2007 by A\$1.9 million. This was disclosed in our 2008 Financial Report which formed part of our announcement dated 30th May 2008.

2. Are there any earlier announcement from the Company to disclose such increase?

An early indication was provided by the Chairman as per point 3 below, the income for Y/E 31 March 2008 was lower by \$1.9 million because of deferment. The calculation of income for Y/E 31 March 2009 would need to be agreed with Auditors. It was not until the Auditors had finished their audit review, our position become clear on late Friday, 29 May 2009. An announcement was made immediately even after the market close which contains the result of the company. We expect that our Audited Result will be ready for circulation when the Auditors complete their audit in the next couple of weeks.

Australia China Holdings Limited

ARBN 067 993 506 LISTED IN AUSTRALIA

(Formerly known as Suntech Environmental Group Limited)

3. Did the company consider that the profit increase material to the Company?

Profit increase of A1.9 million, which represents a 318% improvement, is a significant figure, but this is in line with the statement by the Chairman disclosed to shareholders previously in the Report To Shareholders on 30th June 2008 which clearly stated that:

"It is expected profit will grow following the increased revenue from the land holdings..... and believes that SunTech will have a MUCH BETTER Performance in 2009 and 2010"

This is a forward looking statement based strictly on the financial results published in 2008.

4. When will the company consider the Profit Increase to be material to the company?

The Company is very much aware of its primary duty and responsibility and to report to shareholders when there are material changes. However, in this case we needed to have the Auditors' confirmation prior to making the information public or consensus on the timing of realization. .

We believed that to make any announcement without this confirmation could have given rise to misinformation if the Auditors did not agree with our view.

5. Is the Company in compliance with the listing rules and in particulars, listing rule 3.1?

In view of all the points outlined above, the Directors believe that they have acted prudently and followed Listing Rules 3.1 [Guidance Note 8] when we made the announcement.

We hope that the explanations given above would have clarified our stand and status in regard to the company's responsibility on disclosure.

Yours faithfully,

For Australia China Holdings Ltd



Michael Chai

Executive Director



ASX Markets Supervision Pty Ltd
ABN 26 087 780 489
Level 45
South Tower
525 Collins Street
Melbourne VIC 3000

GPO Box 1784
Melbourne VIC 3001

Telephone 61 3 9617 8658
Facsimile 61 3 9614 0303
www.asx.com.au

4 June 2009

Mr Stonley Sek
Company Secretary
SunTech Environmental Group Limited
Level 6
193 Clarence Street,
Sydney NSW 2000

By email only

Dear Stonley

Australia China Holdings Limited (formerly Suntech Environmental Group Limited) (the “Company”) – Preliminary Final Report (Appendix 4E)

We refer to the following.

- The Company’s announcement titled “Profit for Year Ended 31st March 2009 and Appendix 4E” dated 29 May 2009 (the “Preliminary Final Report”) released to the market on 1 June 2009 and which reports a 318% increase in Net Profit from Ordinary Activities After Tax Attributable to Members (“Profit”) from the previous corresponding period for the year ending 31 March 2009.
- The change in the price of the Company’s securities from 0.3 cents at the close of trade on Friday, 29 May 2009 to a high of 0.9 cents at on Tuesday, 2 June 2009.
- Paragraph 93 of ASX’s Guidance Note 8 “Continuous Disclosure: Listing Rule 3.1” that refers to the disclosure of material information relating to changes in an entity’s previously released financial forecasts or expectations.

As you are aware listing rule 3.1 requires an entity, once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities, to immediately tell ASX that information. The exceptions to this requirement are set out in listing rule 3.1A.

I would also like to draw your attention to the definition of “aware” in Chapter 19 of the listing rules. This definition states that:

“an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity.”

Furthermore, paragraph 18 of Guidance Note 8 states:

“Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example.”

Listing rule 3.1A sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret.”*

Paragraph 93 of ASX’s Guidance Note 8 “Continuous Disclosure: Listing Rule 3.1” states the following:

“Listing Rule 3.1 provides examples of information that, if material, would require disclosure. One of those examples is a change in the entity’s previously released financial forecast or expectation. As a general policy, a variation in excess of 10% to 15% may be considered material, and should be announced by the entity as soon as the entity becomes aware of the variation. If the entity has not made a forecast, a similar variation from the previous corresponding period will need to be disclosed. In certain circumstances a smaller variation will be disclosable.”

Having regard to the above definition, listing rule 3.1 and Paragraph 93 of ASX’s Guidance Note 8 “Continuous Disclosure: Listing Rule 3.1 (“Guidance Note 8”), we ask that you answer the following questions.

1. Please advise when the Company first became aware that the Company’s Profit would be 318% higher than the previous corresponding period for the year ended 31 March 2009 (“Profit Increase”).
2. If the Company became aware of the Profit Increase prior to the release of the Preliminary Final Report, please identify any earlier announcement from the Company which disclosed that the result for the year ended 31 March 2009 would be significantly different from the previous corresponding period.
3. At the time that the Company became aware of the Profit Increase did the Company consider that the Profit Increase was material to the Company?
4. If, at the time that the Company became aware of the Profit Increase the Company did not consider that it was material, please advise the basis on which the Company did not consider the Profit Increase to be material to the Company.
5. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by return e-mail. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, no later than 9.30am AEST on Tuesday 9 June 2009.

Please note that ASX reserves the right, under listing rule 18.7A, to release this letter and the Company's response to the market. Accordingly, it would be appreciated if you would prepare your response in a form suitable for release to the market and separately address each of the questions asked.

If you have any queries in relation to the above please let me know.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Darren Collins', written in a cursive style.

Darren Collins
Senior Adviser, Issuers and Accounting Policy