



Australia China Holdings Limited

ARBN 067 993 506

Level 10, Suite 1006, 50 Clarence Street, Sydney, Australia
Email: sec@ankch.com

29th November 2010

Company Announcement Office
Australian Stock Exchange Limited

By e-Lodgement

Dear Shareholders,

Re: 30th September 2010 Interim Financial Results

The Directors of Australia China Holdings Limited ('AAK') are pleased to report to the shareholders as below the interim financial results for the half year ended 30th September 2010.

Financial results for the half year ended:	30/09/2010	30/09/2009
	A\$'000	A\$'000
Revenue	3,800	3,586
Profit before taxation and extraordinary item	375	1,561
Extraordinary item	-	(344)
Profit after taxation and extraordinary item	375	1,217
Basic earnings per share (Cents per share)	0.010	0.090

Review of Operations

The Group has reported a net profit after taxation of A\$ 375,000 for the half year ended 30th September 2010 as compared to A\$ 1,217,000 for last half year ended 30th September 2009. The Group's revenue has increased by 6% however the net profit after taxation has declined by 69% as compared with last half year ended 30th September 2009. The decline in the net profit after taxation is mainly because of a provision of exchange loss made on land deposits paid due to appreciation of the Australian dollar against Renminbi.

Business Prospect

China's top leaders have been rolling out policies to help farmers to improve their living standards. The Government wants to close the gap between city and rural communities. The Government intends to consolidate land holdings and also provide housing similar to experienced in the cities. The Chinese President said that it is important to rebalance China's economy in the sense of bringing more growth to the countryside, so that the large income gap between rural and urban areas can be narrowed. The Chinese President said further that 30 years of reform on farmland was a great success, which brought about increasing farm output by 400%. He wanted to see China in developing its modern agriculture and public services in rural areas.



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The most recent innovation in Chinese agriculture is a push into organic agriculture, rapidly embracing organic farming provides a large number of benefits such as improving food safety, health benefits, export opportunities, and the price premium obtained by the rural communities. It is also hoped that the adoption of organic agriculture can help to slow down the migration of rural workers to the cities.

The major asset of the Group is the 2,133 hectares farmland in Inner Mongolia, China and the Group shall be able to benefit from the current Chinese agricultural policy. While the Group needs time to determine the best use of this land, the Group has arranged to lease this land up to 28 February 2011 so the Group will continue to receive rental income. The possible usages on the land are the plantation of Honeysuckles, Jatrophas, Sunflowers, Casters and Sophoras.

Dividend

The Group did not pay any dividend during the half year and the Directors do not recommend the payment of any dividend for the half year ended 30th September 2010.

Should you require further information, please send your enquiry to the Company Secretary by email to sec@aakch.com.

Yours faithfully,

For and on behalf of

Australia China Holdings Limited

Stonely Sek

Company Secretary

AUSTRALIA CHINA HOLDINGS LIMITED
 (An Australian Listed Company)
 (ARBN 067 993 506)

Appendix 4D

Financial Report For The Half Year Ended 30 September 2010

1) The reporting period is 30 September 2010 and the comparative period is 30 September 2009.

2) Results for announcement to the market:

	Increase/ Decrease	Half year ended 30 Sep.	
		2010	2009
2.1) Revenue from ordinary activities (AUD '000)	5.97%	3,800	3,586
2.2) Profit from ordinary activities after tax attributable to members (AUD '000)	-69.19%	375	1,217
2.3) Net profit for the period attributable to members (AUD '000)	-69.19%	375	1,217
		Half year ended 30 Sep.	
		2010	2009
Basic earnings per share (AUD cents)		0.010	0.090
Diluted earnings per share (AUD cents)		0.010	0.080

2.4) Interim dividend

	Half year ended 30 Sep.	
	2010	2009
Amount per security	Nil	Nil
Franked amount per security	Nil	Nil

2.5) Total amount

	Nil	Nil
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2.6) Decrease in profit after tax mainly represents an exchange loss on land deposits paid by a controlled entity of the Parent Entity due to appreciation of the Australian dollar against Renminbi.

	Half year ended 30 Sep.	
	2010	2009
3) Net tangible assets backing per share (AUD cents)	2.020	2.015

4) No acquisition or disposal of Controlled Entities for the half year ended 30 September 2010.

5) No dividend payment or payable.

6) No dividend or distribution reinvestment plans in operation.

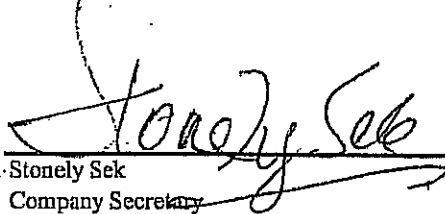
7) Name and equity of Controlled Entity in Associated Entity:

Associated Entity of Australia China Business Limited:
 Sino (HK) International Corporate Investment Limited

	Half year ended 30 Sep.	
	2010	2009
Percentage Owned	48%	48%

8) The audited half year financial report has been prepared in accordance with International Financial Reporting Standards.

9) The half year financial report has been reviewed and the independent review report is attached.


 Stonely Sek
 Company Secretary
 29 November 2010

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 (the "Economic Entity") for the half year ended 30th September 2010.

Directors

The names of Directors in office as at the date of this report are:

Nelson CHIU	Chairman
Meen Foh CHAI	Director
Xiao Bin Henry QIN	Independent Non Executive Director

Statement of Comprehensive Income

The result of the Economic Entity for the half year ended 30th September 2010 is summarized as follows:

	30/09/2010	30/09/2009
	\$000	\$000
Revenue	3,800	3,586
Profit after taxation and minority interest	375	1,217
Basic earnings per share (cents per share)	0.010	0.090

Review of Operation

The consolidated profit after income tax amounted to \$375,000 (2009: \$1,217,000). The result is arrived at after an exchange loss on land deposits paid by a controlled entity of the Parent Entity due to appreciation of the Australian dollar against Renminbi.

Dividend

The Economic Entity did not pay any dividend during the half year and does not recommend the payment of any final dividend for the half year ended 30th September 2010.

Directors' Service Contracts

No director has a service contract with the Parent Entity.

For subsidiaries of the Parent Entity, there are no service contracts with directors who are also directors of the Parent Entity. For other directors of the subsidiaries, there are no contracts with any director which is not terminable within one year with only payment required under the statutory requirements of where the entity operates.

AUSTRALIA CHINA HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

Contingent Liabilities

A former director of the Parent Entity made a claim against the Parent Entity for unpaid salaries and had default judgements made against the Parent Entity in both the Hong Kong High Court and the New South Wales Supreme Court. The Parent Entity applied for the judgements be set aside and a hearing date will most likely be around early 2011. In the opinion of the directors, there are no grounds for such a claim and the directors and the Parent Entity's legal advisers are confident that the claim will be dismissed. No provision for such possible payment is made for the half year ended 30th September 2010.

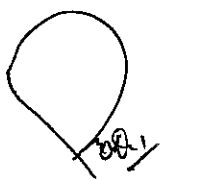
Events after the reporting date

There were no significant events subsequent to the reporting 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.

A handwritten signature in black ink, appearing to read 'Meen Foh CHAI', is written over a horizontal line. The signature is stylized and somewhat cursive.

Meen Foh CHAI

Director

Date: 29th November 2010

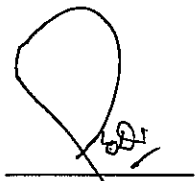
DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 4 to 16:

- (a) Comply with International Accounting Standards (IAS 34) Interim Financial Reporting and
- (b) Give a true and fair view of the Economic Entity's statement of financial position as at 30th September 2010 and of its statement of comprehensive income for the half year ended 30th September 2010.

In the Directors' opinion, there are reasonable grounds that the Parent Entity will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Meen Foh CHAI', is written over a horizontal line. The signature is somewhat stylized and includes a large loop at the top.

Meen Foh CHAI

Director

Date: 29th November 2010

AUSTRALIA CHINA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

	Note	Economic Entity	
		30.09.2010	30.09.2009
CONTINUING OPERATIONS		\$000	\$000
Revenue	2	3,800	3,586
Cost of sales		-	-
Gross profit		3,800	3,586
Other revenue		-	-
Administrative expenses		(3,418)	(1,717)
Other operating expenses		-	(344)
Finance costs	4	(7)	(308)
Profit before income tax	3	375	1,217
Income tax expense	5	-	-
Profit for the half year		375	1,217
Other comprehensive (expense)/income:			
Foreign currency translation loss for foreign operation		-	(7,584)
Total comprehensive (expense)/income for the half year		-	(7,584)
Profit for the half year attributable to:			
Owners of the Parent Entity		375	1,217
Minority interest		-	-
Total		375	1,217
Total comprehensive (expense)/income for the profit attributable to:			
Owners of the Parent Entity		-	(7,584)
Minority interest		-	-
Total		-	(7,584)
Basis earnings per share (cents per share)		0.010	0.090
Diluted earnings per share (cents per share)		0.010	0.080

The accompanying notes form part of these financial statements.

AUSTRALIA CHINA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER 2010

	Note	Economic Entity	
		30.09.2010	31.03.2010
		\$000	\$000
CURRENT ASSETS			
Cash and cash equivalents	6	35	48
Receivables	7	1,139	1,137
Financial assets		1	1
TOTAL CURRENT ASSETS		1,175	1,186
NON-CURRENT ASSETS			
Deposits paid	8	73,098	71,613
Property, plant and equipment		16	18
TOTAL NON-CURRENT ASSETS		73,114	71,631
TOTAL ASSETS		74,289	72,817
CURRENT LIABILITIES			
Deferred income	11	2,127	2,926
Payables and accruals	12	2,497	779
Financial liabilities	13	251	73
TOTAL CURRENT LIABILITIES		4,875	3,778
TOTAL LIABILITIES		4,875	3,778
NET ASSETS		69,414	69,039
EQUITY			
Share capital	14	68,731	68,731
Reserves		302	302
Retained earnings		381	6
TOTAL EQUITY		69,414	69,039

The accompanying notes form part of these financial statements.

AUSTRALIA CHINA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

Economic Entity	Share	Share	Options	Foreign	Retained	Minority	Total
	Capital	Premium	Reserve	Currency	Earnings	Interest	
				Reserve			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 31st March 2009	18,960	1,459	220	7,584	26,911	-	55,134
Total comprehensive (expense)/income for the half year	-	-	-	(7,584)	700	-	(6,884)
<i>Transactions with owners :</i>							
Issues of shares	49,551	(1,459)	-	-	(28,623)	-	19,469
Share options:							
- fair value of share options granted under ESOS	-	-	302	-	-	-	302
- reserve realised upon the exercise of ESOS	220	-	(220)	-	-	-	-
Disposal of controlled entities	-	-	-	-	1,018	-	1,018
	49,771	(1,459)	82	-	(27,605)	-	20,789
Balance at 31st March 2010	68,731	-	302	-	6	-	69,039
Total comprehensive (expense)/income for the half year	-	-	-	-	375	-	375
Balance at 30th September 2010	68,731	-	302	-	381	-	69,414

The accompanying notes form part of these financial statements.

AUSTRALIA CHINA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

Economic Entity

		30.09.2010	30.09.2009
	Note	\$000	\$000
CASH FLOWS USED IN OPERATING ACTIVITIES			
Payments to suppliers and employees		(200)	(317)
Net cash used in operating activities		(200)	(317)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	5,331
Repayment to former controlled entities		-	(3,905)
Advances from/(to) related parties		146	(190)
Advances from creditors		45	-
Advances to debtors		(6)	-
Net cash from financing activities		185	1,236
Net (decrease)/increase in cash held		(15)	919
Effect of exchange rates		2	(774)
		(13)	145
Cash at the beginning of the period		48	97
Cash at the end of the period		35	242

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31ST MARCH 2010

Note 1 : Basis of Preparation

The half year financial report is a general purpose financial report that has been prepared in accordance with International Accounting Standards Interim Financial Reporting (IAS 34).

The half year financial report is presented in Australian Dollars.

The half year financial report does not include full disclosures of the type normally included in an annual financial report. As such, it is recommended that this financial report be read in conjunction with the annual financial report for the financial year ended 31st March 2010 and any public announcements made by Australia China Holdings Limited during the half year ended 30th September 2010 in accordance with continuous disclosure requirements.

(a) Reporting Basis and Conventions

The half year financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

The half year financial report has been prepared using the same accounting policies as used in the audited annual report for the year ended 31st March 2010.

Note 2 : Revenue

	Economic Entity	
	30.09.2010	30.09.2009
	\$000	\$000
Revenue		
Rental Income	3,800	3,586

Note 3 : Profit Before Income Tax

	Economic Entity	
	30.09.2010	30.09.2009
	\$000	\$000
Depreciation	(2)	-
Net exchange loss	(2,514)	(883)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

Note 4 : Finance Costs

Finance costs are interest expenses at 8% per annum charged on loans from related parties (2009: 8%).

Note 5 : Income Tax Expense

No provision for tax has been made as the Economic Entity did not generate any assessable profits arising in Australia, China and Hong Kong during the half year ended 30th September 2010 (2009: Nil).

Note 6 : Cash and Cash Equivalents

	Economic Entity	
	30.09.2010	31.03.2010
	\$000	\$000
Cash at bank and on hand	35	48

Note 7 : Receivables

	Economic Entity	
	30.09.2010	31.03.2010
	\$000	\$000
Receivables from related parties	4	8
Other receivables	4,135	4,129
Allowance for doubtful debts*	(3,000)	(3,000)
Total receivables	1,139	1,137

*As at 31st March 2010, the Parent Entity made an allowance for doubtful debts of \$3,000,000 for possible losses from the loan advanced by a controlled entity of the Parent Entity to an Australian Company. Based on information available, there is doubt that the full amount can be repaid.

Note 8 : Deposits paid

	Economic Entity	
	30.09.2010	31.03.2010
	\$000	\$000
Deposits paid on farmland in Inner Mongolia, China	73,098	71,613

On 29th March 2007, the group had entered into a contract to acquire 90% interest in a 2,133 hectares farmland situated in Inner Mongolia, China.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

Note 8 : Deposits paid (Continued)

Pursuant to the supplementary agreement entered on 5th June 2007, 21st March 2009, 25th June 2009 and 27th January 2010, the total consideration for the acquisition is \$71,613,000 as at 31st March 2010.

	\$000
Amount paid on behalf by the Parent Entity	42,321
Acceptance of rental income for the period from June 2007 – June 2010	19,645
455.9 million Parent Entity's shares issued	9,647
As at 31st March 2010	<u>71,613</u>

During the half year financial period, Eco Agriculture Group Limited [EAG] (formerly known as Australia China Land Holdings Limited) acquired an additional 5% interest in the Inner Mongolia land which included a further consideration of \$4 million which brought the total deposits paid as at 30th September 2010 to \$73,098,000 which is represented as follows:

	\$000
As at 1st April 2010	71,613
Acceptance of rental income for the period from July 2010 – September 2010	873
Advanced rental income for the period from October 2010 – February 2011	2,127
50 million Parent Entity's shares issued	1,000
	<u>75,613</u>
Less : Foreign exchange losses	(2,515)
As at 30th September 2010	<u>73,098</u>

EAG is in the process of registering the title of this farmland. It has been agreed that the title of the farmland is to be registered into a China Incorporated Joint Venture Company, which EAG would have 95% interest, while the Chinese partner will have 5% interest. It is estimated that the incorporation of this new China Incorporated Joint Venture Company will be completed in 31st January 2011 and 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. The farmland was valued by an independent and qualified valuer who handles numerous valuations of properties in China for listed companies in Hong Kong. The valuation company is Asset Appraisal Limited and the value of the farmland as at 22nd May 2008 was RMB 500 million, which is higher than the purchase price. Since the acquisition of the farmland, the land was leased back to the vendor for the period up to 28th February 2011.

Given there are conditions yet to be met for the registration of the China Incorporated Joint Venture Company, there will be a delay in the transfer of the land title to the Joint Venture Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

Note 9 : Controlled Entities	Country of Incorporation	Percentage Owned		Principal Activities
		30.09.2010	31.03.2010	
Parent Entity:				
Australia China Holdings Limited	Bermuda	Parent	Parent	Holding
Controlled Entities of Australia China Holdings Limited:				
Australia China Business Limited	British Virgin Islands	100%	100%	Investment Holding
Australia China Development Limited	British Virgin Islands	100%	100%	Investment Holding
Success Link Limited	Hong Kong	100%	100%	Investment
Controlled Entity of Australia China Development Limited:				
Eco Agriculture Group Limited (Formerly known as Australia China Land Holdings Limited)	Hong Kong	100%	100%	Property Holding
Controlled Entities of Australia China Business Limited:				
China Product and Services Promotion Limited	Hong Kong	100%	100%	Trading
#Full Estate Holdings Limited (FEH)	British Virgin Islands	100%	100%	Investment Holding
Controlled Entity of Full Estate Holdings Limited:				
^Pacific Asian Pty Limited (PAL)	Australia	100%	100%	Property Holding

As per the 31st March 2010 audited financial statements of the Entity, it was confirmed, through an opinion provided by the Company's solicitor that the Parent Entity had no board or management control of FEH. Therefore the Parent Entity did not consolidate the financial position and results of FEH in its consolidated financial statements. However as at 13th July 2010, the Parent Entity assumed board and management control of FEH through the appointment of new directors on to the board of FEH. The financial position and results of FEH have therefore been consolidated into the financial statements for the half year ended 30th September 2010.

^ The Parent Entity has been unable to take control of Pacific Asian Pty Limited ("PAL") as the Parent Entity has not been able to appoint any director for PAL with no Board or Management control of PAL, despite being 100% owned by a Controlled Entity of the Parent Entity. The Parent Entity is not aware of transactions undertaken by PAL. The cost of investment in PAL of A\$ 100 has been fully written off. As a result, the Parent Entity had not consolidated the financial positions and results of PAL in its consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

Note 10 : Associated Entity	Country of Incorporation	Percentage Owned		Principal Activities
		30.09.2010	31.03.2010	
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 during the half year were not material.

Note 11 : Deferred Income

Economic Entity

30.09.2010 31.03.2010

\$000 \$000

Rental income received in advance

2,127 2,926

Note 12 : Payables and Accruals

Economic Entity

30.09.2010 31.03.2010

\$000 \$000

Payables and accruals

2,497 779

Note 13 : Financial Liabilities

Economic Entity

30.09.2010 31.03.2010

\$000 \$000

Loans from related parties

251 73

Loans from related parties bear interest at 8% per annum (2009: 8%) and a fixed charge imposed on the assets of the Parent Entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

Note 14 : Share Capital

	Economic Entity	
	30.09.2010	31.03.2010
	\$000	\$000
Authorised:		
6,000,000,000 authorised ordinary shares at \$0.02 each	120,000	120,000
Issued And Fully Paid:		
3,436,524,833 fully paid ordinary shares at \$0.02 each	68,731	68,731

Note 15 : Segment Reporting

Primary Reporting — Business Segments

	Property Investment		Trading and Others	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	\$000	\$000	\$000	\$000
REVENUE				
External revenue	3,800	3,586	-	-
Other revenue	-	-	-	-
Total Revenue	3,800	3,586	-	-
OPERATING RESULTS				
Segment results	507	3,146	(125)	(1,621)
Finance costs	-	-	(7)	(308)
Profit before income tax	507	3,146	(132)	(1,929)
Income tax expense	-	-	-	-
Profit for the half year	507	3,146	(132)	(1,929)
	30.09.2010	31.03.2010	30.09.2010	31.03.2010
	\$000	\$000	\$000	\$000
Segment Assets	73,156	71,676	1,133	1,141
Segment Liabilities	4,360	2,934	515	844

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

Note 15 : Segment Reporting (Continued)

Secondary Reporting— Geographical Segments

	Segment Revenue		Segment Assets	
	30.09.2010	30.09.2009	30.09.2010	31.03.2010
	\$000	\$000	\$000	\$000
The People's Republic of China	3,800	3,586	73,189	71,717
Australia	-	-	1,100	1,100
Total	3,800	3,586	74,289	72,817

Primary Reporting— Business Segments:

Property Investment— Property holding.

Trading and Others— Investments in businesses and trading.

Secondary Reporting— Geographical Segments:

The People's Republic of China— Property Investment.

Australia— Trading and Others.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

Note 16 : Related Parties

(a) Identification of Related Parties

Related party	Relationship with the Parent Entity
JMC China Strategy Inc.	Common directors with the Parent Entity
Supreme Australasian Investments Limited	Shareholder of the Parent Entity
Harvard Business Management & Consultancy Limited	Shareholder of the Parent Entity

(b) Related Parties Transactions

Related party	Economic Entity	
	30.09.2010	30.09.2009
	\$000	\$000
JMC China Strategy Inc.		
Net advances for expenses incurred	4	-
Supreme Australasian Investments Limited		
Advances for expenses incurred	-	120
Interest expense charged	3	308
Harvard Business Management & Consultancy Limited		
Advisory fee charged	-	150
Advances for expenses incurred	167	-
Interest expense charged	4	-

Other than above transactions, there were no related party transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2010

Note 17 : Contingent Liabilities

Lender	Borrower	Relationship with the Parent Entity	30.09.2010 \$000
(1) Bank of East Asia	Edison Electrical Holdings Limited	Former controlled entity	991
Potential Claim			
(2) Potential Claim By A Former Director			2,278
Total Contingent Liabilities			<u><u>3,269</u></u>

A former director of the Parent Entity made a claim against the Parent Entity for unpaid salaries and had default judgements made against the Parent Entity in both the Hong Kong High Court and the New South Wales Supreme Court. The Parent Entity applied for the judgements be set aside and a hearing date will most likely be around early 2011. In the opinion of the directors, there are no grounds for such a claim and the directors and the Parent Entity's legal advisers are confident that the claim will be dismissed. No provision for such possible payment is made for the half year ended 30th September 2010.

Note 18 : Events after the reporting date

There are no matters or circumstances that have arisen since the end of the half year and the date of the report 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.



BAKER TILLY MONTEIRO HENG

Chartered Accountants (AF 0117)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUSTRALIA CHINA HOLDINGS LIMITED

(Incorporated in Bermuda)

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of AUSTRALIA CHINA HOLDINGS LIMITED and its Controlled Entities (the Consolidated Entity), which comprise the statement of financial position as at 30th September 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months period ended on that date, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Half Year Financial Report

The Directors of the Parent Entity are responsible for the preparation and fair presentation of the half year financial report in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of half year financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

It is our responsibility to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with International Standards on Review Engagements ISRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the International Financial Reporting Standards including giving a true and fair view of the Consolidated Entity's financial position as at 30th September 2010 and its performance for the six months period ended on that date.

A review of the half year report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on the review, nothing has come to our attention that causes us to believe that the accompanying interim financial report does not give a true and fair view of the financial position of the Consolidated Entity as at 30th September 2010, and of its financial performance and its cash flows for the six months period then ended in accordance with the International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our conclusion, we draw your attention to the following matters:

(a) Deposits on Land in Inner Mongolia

We draw your attention to Note 8 to the financial statements which states that the title of the land will only be transferred to the Economic Entity when a China Incorporated Joint Venture Company is registered and incorporated. Given there are conditions yet to be met for the registration of the China Incorporated Joint Venture Company, there will be a delay in the transfer of the land title to the Joint Venture Company. However, the directors are of the view that the incorporation of the China Incorporated Joint Venture Company will be completed by 31st January 2011 and the title registration of this land into the China Incorporated Joint Venture Company will be completed within 90 days after incorporation.


(b) Investment in Controlled Entities

We draw your attention to Note 9 to the financial statements which states that during the financial period ended 30th September 2010, the Parent Entity, are of the opinion that it has no Board or Management control of Pacific Asian Pty Limited ("PAL"), despite being 100% owned by a Controlled Entity of the Parent Entity. As a result, the Parent Entity had not consolidated the financial positions and results of PAL in its consolidated financial statements.

We also draw your attention to Note 9 to the financial statements, which further states that as per the 31st March 2010 audited financial statements of the Entity, it was confirmed, through an opinion provided by the Company's solicitor that the Parent Entity had no board or management control of FEH. Therefore the Parent Entity did not consolidate the financial position and results of FEH in its consolidated financial statements. However as at 13th July 2010, the Parent Entity assumed board and management control of FEH through the appointment of new directors on to the board of FEH. The financial position and results of FEH have therefore been consolidated into the financial statements for the half year ended 30th September 2010.

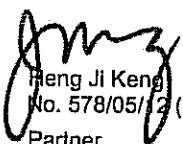
Other Matters

This report is made solely to the members of the Parent Entity and for no other purpose. We do not assume responsibility to any other person for the content of this report.


Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Kuala Lumpur, Malaysia

Date: 29th November 2010


Heng Ji Keng
No. 578/05/12 (J/PH)
Partner