



# Australia China Holdings Limited

ARBN 067 993 506

Level 10, Suite 1006, 50 Clarence Street, Sydney, Australia  
Email: [sec@aacbh.com](mailto:sec@aacbh.com)

24 June 2011

Mr. Cameron Bill  
Adviser, Listing  
ASX Compliance Pty Ltd  
20 Bridge Street,  
Sydney NSW 2000

Dear Cameron,

Re: Your letter of 17 June 2011.

We refer to your letter of 17 June 2011. With respect to the queries you have, we furnish the following answers:

## 1. INCOME AND EXPENSES

The Chairman and senior management have been actively holding discussions and reviewing several operating plans with interested parties and operators in respect to the use of land. The investigations and studies covered leasing of the land to operators, the carrying out of plantation by the Company in joint venture with local and overseas companies and the undertaking of other environmental projects on the land including solar power and mining. The land is ideal for organic farming and the high temperature in that region this is idea for solar power with a view of injecting new funds and subscribing to new shares to meet the Company's on-going financial requirements. The Company is confident such agreement will be reached very soon, and shareholders will be informed without delay.

## 2. COMPANY'S CASH POSITION

The Company has in place arrangements with a shareholder to fund the daily operating cash requirements as evidenced in note 26 to the 2011 financial statement where \$465,000 was funded by that shareholder in 2011 and no securities were registered for such loan. For the current liabilities of \$1,724,000, \$486,000 is due to the same shareholder and no immediate repayment until such time new funding is with the Company. For the balance of \$1,238,000, most of which are accruals and only about \$100,000 are liabilities requiring immediate payment. Thus the Company has ability to meet its daily cash requirements.



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## 3. STEPS TAKEN TO ENSURE SUFFICIENT FUNDING

The Company is aware of its funding needs and the directors have had discussions with a number of investors to subscribe for new shares and for providing finance so funds can be in place to meet the operational requirements. This has been explained in the Message from the Chairman in the 2011 annual report.

## 4. REVENUES AND EXPENSES

The Company's actual revenues and expenses to date have been met with the anticipated revenues and expenses for the reporting period.

## 5. WHEN DID THE COMPANY BECOME AWARE OF ITS REVENUE AND EXPENSES POSITION

The Company announced in November 2010 that the lease had only been extended till February 2011. It also announced that it was examining other possible uses for the land.

## 6. COMPLIANCE WITH LISTING RULES 3.1 AND 12.2

The Company can state that it is in compliance of Listing Rules 12.2 and 3.1 as full disclosure of the Company's financial position has been made and shall continue to make further disclosures once new arrangements be in place. It is the Company's policy that shareholders be informed of transactions undertaken or to be undertaken when there is a reasonable prospect of success. Shareholders will also be advised of the likely impact on the Company's financial position.

## 7. GENERAL

The Company is negotiations to finalize the various arrangements and with the approval of ASX notices to shareholders will be issued and shareholders consensus will be sought where necessary. Announcements will be made on a timely manner. It is our policy to look after the interest of all shareholders and we undertake to keep all shareholders informed of new developments.

We thank you for your attention.

Yours faithfully,

For and on behalf of

Australia China Holdings Limited

  
Stonely Sek  
Company Secretary



ASX Compliance Pty Limited  
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17 June 2011

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Mr Stonely Sek  
Company Secretary  
Australia China Holdings Limited  
Level 10, Suite 1006  
50 Clarence Street  
SYDNEY NSW 2000

By e-mail: [sec@aakch.com](mailto:sec@aakch.com)

Dear Stonely,

**Australia China Holdings Limited (the "Company")**

I refer to the Company's Annual Report for the period ended 31 March 2011, released to ASX Limited ("ASX") yesterday (the "Annual Report").

ASX notes that the Company has reported the following as at 31 March 2011:

1. Profit after taxation and extraordinary items of \$953,285 derived from rental income from leasing which expired in February 2011 and which has not yet been replaced with a new lease.
2. With the absence of rental income at least for the first few months of the new financial year, this may result in short term decline of operating income for the financial year ending 31st March 2012.
3. Total current assets of approximately \$678,000.
4. Total current liabilities of approximately \$1,724,000.
5. The Company has not yet acquired title to the farmland in inner Mongolia being the source of its rental revenues and will need to spend US\$1,000,000 to indirectly acquire title to that land.

ASX listing rule 12.2 provides, that an entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

The note to the listing rule states the composition of the balance sheet, relative size of liabilities to assets and access to funds are some of the indicators of an entity's financial condition.

In light of the information contained in the Annual Report, please respond to each of the following questions:

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the financial year indicated by the Annual Report, the Company may not have sufficient cash to fund its activities in the near term? Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

2. Given the information described in the items above, what steps has the Company taken to ensure that it has sufficient funds in order to continue its operations?
3. To what extent have the Company's actual revenues and expenses in the financial year, as reported in the Annual Report, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.
5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately 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. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email to [cameron.bill@asx.com.au](mailto:cameron.bill@asx.com.au). 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, **not later 5:00pm EST on Wednesday, 22 June 2011**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities. If you have any queries, please contact me on (02) 9227 0656.



Yours sincerely,

A handwritten signature in black ink, appearing to read 'CBM'.

Cameron Bill

Adviser, Listings (Sydney)