



Australia China Holdings Limited

ARBN 067 993 506

Level 10, Suite 1006, 50 Clarence Street, Sydney, Australia

Email: sec@aakch.com

19 September 2013

Mr. Anthony Ingegneri
Adviser, Listings
ASX Compliance Pty Limited
20 Bridge Street,
Sydney NSW 2000
Email: anthony.ingegneri@asx.com.au

Dear Anthony,

Re: Australia China Holdings Ltd (the Company)

We refer to your email of 13th September, inquiring about the audited account of the Company for the year ended 31 March 2013.

As requested we supply the following information:

1. Registration of the Title

The Company has been working in conjunction with the local government in Inner Mongolia, China on the appropriate structure to register the title of the Land. The title of the Land can be registered in different structures which will result in different financial and operating benefits which the Company needs to agree with the Inner-Mongolia Government. A decision is pending from the Government as to the manner of registering the land which will be majority control by our Company, a non-Chinese corporation. With the election of the new President in the People's Republic of China several months ago, serious attention has now been placed to this sector of economy so special grants can be made available for qualified enterprises. The Company is waiting for such determination to be announced by the Central Government before a decision is made on the appropriate structure to be adopted. It is expected a solution could be agreed within the next six months. The Company can then complete the registration of title.

2. Return of Deposit Paid

The Vendor, who received the deposit, is of substantial worth and owns many pieces of land and operations inside Mainland China. The Company has been working very closely with the Vendor to resolve the various issues concerning the land registration. The Company has received undertaking from the vendor that the registration of the title can definitely be completed and the Vendor has given assurance that he undertakes to refund all the amounts paid should the Local Government refuses to allow the registration of the title. However it is unlikely that registration will be denied.

3. Funding required for Title Registration

The Company has negotiated with an interested party to provide funding to support operation of the Company including registration of the title. Good progress has been achieved. The Company is hopeful that arrangement can be reached in the near future to enable announcement to be made to the ASX and the shareholders.

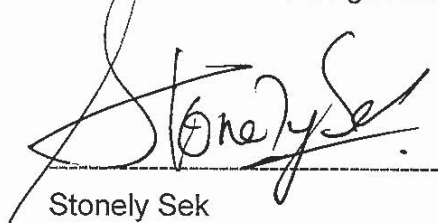
4. Compliance of listing rule 3.1

Listing rule 3.1 requires the Company to inform the ASX once it is aware of information of material effect affecting the Company. The Company is aware of this obligation and will inform shareholders and the ASX for significant matters affecting the Company. In relation to the matter of the Registration of Title, the Company will announce once there is new development that has a high probability of realisation.

The Company is committed to make full disclosure of all significant events on a timely basis. In the matter of registration of land title, the Company is confident a decision will soon be made and announcement be made accordingly.

Yours faithfully,

For and on behalf of
Australia China Holdings Limited

A handwritten signature in black ink, appearing to read 'Stonely Sek', is written over a horizontal dashed line.

Stonely Sek
Company Secretary



ASX Compliance Pty Limited
ABN 26 087 780 489
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square
NSW 1215

13 September 2013

Telephone 61 2 9227 0000
Facsimile 61 2 9241 7620
www.asx.com.au

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

Dear Stonely,

Australia China Holdings Limited (the "Company")

ASX refers to the following:

- The Company's Annual Report for the period ended 31 March 2013, released to ASX Limited ("ASX") on 26 June 2013 (the "Annual Report").
- The Independent Auditor's Report on pages 8 and 9 of the Annual Report (the "Auditor's Report") which contains the following qualification ("Qualification"):

"Qualification"

Basis for Qualified Opinion

The Economic Entity has made deposits amounting to A\$73,098,290 on a piece of farmland in Inner Mongolia where the title of the land can only be transferred to the Economic Entity when a China Incorporated Joint Venture Company is registered and incorporated. As at the date of this report, the new China Incorporated Joint Venture Company has not been registered and incorporated and as a result, the title of the land has not been transferred to the Economic Entity. A subsidiary of the Economic Entity, ECO-Agriculture Group Limited ("ECO") shall register the title of this farmland after the incorporation of a China Incorporated Joint Venture Company and on payment of registration and other charges of about USD\$1,000,000. However, given the significant delays experienced in the transfer of the land title to the Economic Entity, we have not been able to obtain sufficient appropriate evidence on the recoverability of the deposits paid on the land acquisition.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements have been properly drawn up in accordance with the IFRS so as to give a true and fair view of the financial position of the Economic Entity and of the Parent Entity as at 31st March 2012 and of their financial performance and cash flows for the financial year ended on that date.

- The Director's Declaration on page 7 of the Annual Report which states that:

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

- (a) *give a true and fair view of the Parent's Entity's and the Economic Entity's statements of financial position as at 31 March 2013 and of their statements of comprehensive income, as represented by the result of their operations and their cash flows, for the financial year 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 31 March 2013.*
- (b) *The statements of financial position are drawn up so as to give a true and fair view of the state of the affairs of the Parent Entity as at 31 March 2013.*
- (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.*

Relevant listing rules

We also refer to the following:

- Listing rule 3.1, which 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.
- Listing rule 19.11A, which requires accounts given to ASX under the requirements of the listing rules, to be prepared to Australian accounting standards and if the entity is a foreign entity, the accounts may be prepared to other standards agreed by ASX.
- 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 One or more of the following 5 situations 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; and

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”



Questions

In light of the Qualification, and having regard to the listing rules referred to above, we request that the Company respond to each of the following:

1. Please provide the reason for the significant delay in the transfer of land title to the Economic Entity (the "Transfer") and the likely timeframe for the Transfer. Further, outline the steps the Company has taken, or proposes to take, to expedite the Transfer.
2. In the event the Transfer (including registration and incorporation of the China Incorporated Joint Venture Company) does not occur, is the A\$73,098,290 deposit paid by the Economic Entity recoverable by the Company?
3. When does the Company anticipate making the payment of USD\$1,000,000 in order to register and incorporate the China Incorporated Joint Venture Company, and transfer title of the land to the Economic Entity?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rules 3.1.

Your response should be sent to me by email at anthony.ingegneri@asx.com.au or by facsimile on **facsimile number (02) 9241 7620**. It should **NOT** be sent to ASX Market Announcements.

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 than the close of business (**i.e. before 9:00 am AEST**) on **Friday, 20 September 2013**.

Under listing rule 18.7A, a copy of this query and your response may be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

If you are unable to respond by the time requested, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 - Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we may ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

[Sent electronically without signature]

Anthony Ingegneri

Senior Adviser, Listings Compliance (Sydney)