Australia China Holdings Limited
ARBN 067 993 506
Level 11, 32 Martin Place, Sydney, NSW 2000, Australia
Email: sec@aakch.com

26 June 2013

Company Announcement Office
Australian Stock Exchange Limited

By e-Lodgement

Dear Shareholders,

Re: 2013 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 2013 as follows:

	31/03/2013 AU$'000	**31/03/2012** AU$'000
Revenue	1,203	1,272
Profit before taxation and extraordinary items	320	612
Extraordinary Items	-	-
Profit after taxation and extraordinary items	320	612
Basic earnings per share (Aust ¢)	0.01¢	0.02 ¢

In compliance with ASX Listing Rule Section 4.7, we have elected a copy of AAK's 2013 Annual Report with ASX for record purpose. A copy of 2013 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 2013 Annual Report to shareholders. In compliance with the new legislation, the full version of 2013 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

Stonely Sek
Company Secretary

Australia China Holdings Limited

澳華集團控股有限公司

Listed in Australia澳洲上市公司

ARBN 067 993506

2013 Annual Report 年報

AUSTRALIA CHINA HOLDINGS LIMITED

ARBN 067 993506

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

MESSAGE FROM THE CHAIRMAN

To Shareholders of Australia China Holdings Limited:

As the Chairman of Australia China Holdings Limited ("AAK") I am pleased to present to you the 18th Annual Report of AAK for the financial year ended 31st March 2013.

Business Activities

AAK has reported a consolidated net profit after taxation of A$320,155 for the year, as compared to A$611,567 for the previous financial year, this represents a drop of A$291,412 or 47.7%. While the Group's revenue for the current financial year was A$1,202,773 as compared to A$1,271,772 for the previous financial year, represented primarily by a decrease in rental income.

The Group's activities continue to be in investment holding, agriculture, environmental, manufacturing, advisory and trading businesses. For the financial year ended 31st March, 2013, the Group's main activity was the holding of the large piece of rural land situated in Inner Mongolia, near Baotou, a city close to Beijing, the capital city of China. This location has great potential for developing organic farming and other eco-products. Partly as a result of the recent world financial crisis, it has taken longer for our Group to secure funding to complete land registration and development. As such the delay has resulted in the drop in operating income and delayed in implementing management plans.

With the election of the new leaders in China, we are now looking forward to stability with new policies announced which will enable businesses to be undertaken in the following areas:

a) **Organic or Bio-Tech Farming**

In anticipation, our management is undertaking revised and expansive and detailed feasibility studies for the best use of the land held in Inner-Mongolia. The criteria for selecting the appropriate crops for the plantation will be driven by economic issues, government policies, funding support and risk involved. The land is well placed to take advantage of economic growth in China with the resultant shortage of food and replacement growth of products for industries such as paper making. We are aware that despite the weather conditions there are many highly commercial crops suitable to be planted on the land. We are very aware of the dramatic rise in the demand for organic foods, which also generate higher income for the growers. This demand has been primarily fuelled by the growth in the middle-class in China, which has led to a greater level of affordability, and desire, for these products.

MESSAGE FROM THE CHAIRMAN (Continued)

b) **Trading and Power Management**

There is now a much higher demand for quality imported products into China, and as such many more goods will be imported from overseas. The Management has identified this as a growth area and our management intends to expand AAK's activities into securing food supplies from eco friendly areas around the world to meet this domestic demand and thus increasing the income for the Group.

In response to the China's national call of energy saving and green lighting, our team is currently engaged in the negotiation of Energy Management Contracts, using high-efficient lighting products to replace traditional energy-consuming ones. Our philosophy is to enhance lighting quality and energy saving, leading to reductions of between 50% and 70%. This will bring about great changes to the lighting industry. Currently our Group is seeking finance to proceed on this.

c) **New Business Development**

Our Group is reviewing new business opportunities with partners in and outside China to capitalise on the economic growth in China. Our management is hopeful new arrangements can be made and new funding obtained to support such expansion. Shareholders will be informed of new developments.

Future Prospects

With the view to enhance our business, we have spent considerable time and effort in negotiations with several potential parties to fully utilise the land. We are also looking for new investors who also have business opportunities for AAK. Your board remains confident that AAK can enjoy the current economic growth in China and we look forward to report new business developments in the coming year.

Nelson Chiu

Chairman

25th June 2013

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 2013.

Directors

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

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

Information on Directors and Company Secretary

Nelson CHIU

M.B.A (Sydney Uni).

Mr. Chiu is the chairman of Australia China Holdings Limited since 1995 and is the founder of the Group. He has vast experience in business and management and has in depth understanding of China related businesses. The industries covered by Mr. Chiu included agriculture, hospitality, construction, financial, property development, energy saving and environmental products. He holds a MBA degree from the University of Sydney, Australia.

Meen Foh CHAI

Chartered Accountant (Malaysia)

Mr. Chai, a qualified Accountant, obtained his finance qualifications from the Curtin University of Technology, Western Australia. He has extensive experience in businesses and industries, including automotives, electrical and consumer products. He was a senior accountant and a company secretary with McGraw-Hill Far Eastern Publisher Sdn Bhd for over 10 years.

Xiao Bin Henry QIN

M .Fin (UWS)

Mr. Qin is a Justice of Peace in Australia and holds a Master Degree in Applied Finance from the University of Western Sydney. He has 15 years managerial experience. He holds a number of important positions, including Executive Vice president of Australia-China Business & Professionals Association , Executive Member of Australian & China Finance and Investment Council.

Stonely SEK

HKICPA

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

Share Capital

Details of share capital movements are disclosed in note 20 to the financial statements.

Share options

At the date of this report , there was no options issued but 15,120 options were exercised during the financial year, The share options of Australia China Holdings Limited at the date of this report are as follows:

Date of Expiry	Exercise Price	Number of Share Options
30th December 2013	2 cents	3,230,709,835

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	c) Trading	e) Environmental Projects
b) Property Holdings	d) Business Advisory	f) Energy Management Business

Operating Result

The consolidated profit after taxation and extraordinary items amounted to $320,155 (2012:$611,567). The result was due to decrease in rental income.

Review of Operation

The Group's revenue and profit after taxation for the financial year ended 31st March 2013 was $1,202,773 and $320,155 respectively. There was a decrease of 47.6% in net profit and a decline by 5.4% in revenue compared with the financial year 2012. The result mainly comprise of the increase in operating expenses.

Significant Changes in State of Affairs

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

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 2013.

Business Prospect

The Group continues to concentrate its business in China and keep effort to secure partners for its projects in Inner Mongolia and in conducting its trading business.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors have adhered to the principles of corporate governance. The Parent Entity's corporate governance statement is contained on pages 37 to 39 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.

Contingent Liabilities

Contingent Liabilities are disclosed in Note 28 to the financial statements.

DIRECTORS' REPORT (Continued)

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 2013, the number of meetings at which Directors attended is as follows:

	No. of meetings held while in office	Meetings attended
Nelson CHIU	13	13
Meen Foh CHAI	13	13
Xiao Bin Henry QIN	13	13

Remunerations

As the Parent Entity is only a holding company for its investment in business ventures in China and Australia, all the Directors of the Parent Entity have always been paid only 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 entity. This has been the policy of the Parent Entity since its incorporation.

The Policy 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 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.

Remunerations, including benefits from share options granted for the financial year ended 31st March 2013 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
Nelson CHIU	22	-	420	442
Meen Foh CHAI	12	6	-	18
Xiao Bin Henry QIN	12	-	-	12
Total Payments	**46**	**6**	**420**	**472**

* Paid by Parent Entity.

DIRECTORS' REPORT (Continued)

Directors' Interests in Contracts and Director's 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
Nelson CHIU	36,000,000	10,000,000
Meen Foh CHAI	10,000,000	10,000,000
Xiao Bin Henry QIN	Nil	10,000,000

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

(a) Mr. Nelson CHIU is the chairman and a beneficial shareholder of International Investments Enterprises Limited, which has 880,225,044 fully paid ordinary shares and 85,323,876 share options of the Parent Entity as at 31st March2013.

(b) Mr. Meen Foh Chai holds 10,000,000 fully paid ordinary shares and 10,000,000 share options of the Parent Entity as at 31st March 2013.

(c) Mr. Xiao Bin Henry QIN holds 10,000,000 share options of the Parent Entity as at 31st March 2013.

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 shares", 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.

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.

Meen Foh CHAI
Director
Date: 25th June 2013

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 2013 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 2013.

(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 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.

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

Meen Foh CHAI
Director
Date: 25th June 2013

BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUSTRALIA CHINA HOLDINGS LIMITED
(Incorporated in Bermuda)

Report on the Financial Statements

We have audited the financial statements of **AUSTRALIA CHINA HOLDINGS LIMITED**, which comprise the statements of financial position as at 31st March 2013 of the Economic Entity and of the Parent Entity, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Economic Entity and of the Parent Entity for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 35.

Directors' Responsibility for the Financial Statements

The Directors of the Parent Entity are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards ("IFRS") and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Parent Entity's preparation of financial statements that give 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 Parent Entity's internal controls. 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 statements.

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

Basis for Qualified Opinion

Deposits Paid on Land Acquisition

As disclosed in Note 14 to the financial statements, the Economic Entity has paid 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 2013 and of their financial performance and cash flows for the financial year ended on that date.

Emphasis of Matter

Going Concern

Without qualifying our opinion, we draw your attention to Note 14 to the financial statements. In the previous year, ECO had signed a lease agreement for the use of 16,000 Mou of the farmland in Inner Mongolia. The ability of the Economic Entity to continue as a going concern is based on the cash flows generated from the successful utilization of the farmland in Inner Mongolia. The Directors of the Economic Entity are of the view that the substantial utilization of the farmland in Inner Mongolia and the cash flows generated therefrom is expected to improve the long term operation viability of the Economic Entity.

We have considered these factors are of such significance as to draw it to your attention, but our opinion is not qualified in this respect.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants
Kuala Lumpur, Malaysia

Heng Ji Keng
No. 578/05/14 (J/PH)
Chartered Accountant

Date: 25th June 2013

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

		Economic Entity		Parent Entity	
CONTINUING OPERATONS		**2013**	**2012**	**2013**	**2012**
	Note	**A$'000**	**A$'000**	**A$'000**	**A$'000**
Revenue	5	1,203	961	-	-
Cost of sales		-	-	-	-
Gross profit		1,203	961		-
Other revenue	5	-	311	752	911
Administrative expenses		(798)	(608)	(156)	(197)
Finance costs	7	(85)	(52)	(76)	(44)
Profit before income tax	6	320	612	520	670
Income tax expense	8	-	-	-	-
Profit for the financial year		**320**	**612**	**520**	**670**
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial year		**320**	**612**	**520**	**670**
Profit for the financial year attributable to:					
Owners of the Parent Entity		320	612	520	670
Minority interest		-	-	-	-
Total		**320**	**612**	**520**	**670**
Total comprehensive income for the financial year attributable to:					
Owners of the Parent Entity		**320**	**612**	**520**	**670**
Minority interest		-	-	-	-
Total		**320**	**612**	**520**	**670**
Basic Earnings per share (cents per share)	**11**	**0.009**	**0.02**	**N/A**	**N/A**
Diluted Earnings per share (cents per share)	**11**	**0.005**	**0.01**	**N/A**	**N/A**

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31ST MARCH 2013

	Note	Economic Entity 2013 A$'000	Economic Entity 2012 A$'000	Parent Entity 2013 A$'000	Parent Entity 2012 A$'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	12	37	31	32	24
Receivables	13	2,802	1,605	1,351	1,201
Financial assets	15	37	37	1	1
TOTAL CURRENT ASSETS		2,876	1,673	1,384	1,226
NON-CURRENT ASSETS					
Receivables	13	-	-	43,621	42,836
Deposits paid	14	73,098	73,098	-	-
Financial assets	15	-	-	32,010	32,010
Property, plant and equipment	21	5	9	-	-
TOTAL NON-CURRENT ASSETS		73,103	73,107	75,631	74,846
TOTAL ASSETS		**75,979**	**74,780**	**77,015**	**76,072**
LIABILITIES					
CURRENT LIABILITIES					
Payables and accruals	18	222	259	182	223
Financial liabilities	19	160	894	160	786
TOTAL CURRENT LIABILITIES		382	1,153	342	1,009
NON CURRENT LIABILITIES					
Payables and accruals	18	1,391	949	111	89
Financial liabilities	19	1,208	-	1,068	-
TOTAL NON CURRENT LIABILITIES		2,599	949	1,179	89
TOTAL LIABILITIES		**2,981**	**2,102**	**1,521**	**1,098**
NET ASSETS		**72,998**	**72,678**	**75,494**	**74,974**
Share capital	20	70,805	70,805	70,805	70,805
Reserves	22	302	302	302	302
Retained earnings		1,891	1,571	4,387	3,867
TOTAL EQUITY		**72,998**	**72,678**	**75,494**	**74,974**

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31st MARCH 2013

Economic Entity	Share Capital	Options Reserve	Retained Earnings	Total
	A$'000	A$'000	A$'000	A$'000
Balance at 31st March 2011	70,804	302	959	72,065
Total comprehensive income for the financial year	-	-	612	612
Transactions with owners :				
Issues of shares	1	-	-	1
	1	-	-	1
Balance at 31st March 2012	**70,805**	**302**	**1,571**	**72,678**
Total comprehensive income for the financial year	-	-	320	320
Balance at 31st March 2013	**70,805**	**302**	**1,891**	**72,998**

Parent Entity	Share Capital	Options Reserve	Retained Earnings	Total
	A$'000	A$'000	A$'000	A$'000
Balance at 31st March 2011	70,804	302	3,197	74,303
Total comprehensive income for the financial year	-	-	670	670
Transactions with owners :				
Issues of shares	1	-	-	1
	1	-	-	1
Balance at 31st March 2012	**70,805**	**302**	**3,867**	**74,974**
Total comprehensive income for the financial year	-	-	520	520
Balance at 31st March 2013	**70,805**	**302**	**4,387**	**75,494**

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

	Note	Economic Entity 2013	Economic Entity 2012	Parent Entity 2013	Parent Entity 2012
		A$000	A$000	A$000	A$000
CASH FLOWS USED IN OPERATING ACTIVITIES					
Payments to suppliers, directors and employees		(376)	(435)	(188)	(152)
Net cash used in operating activities	25	**(376)**	**(435)**	**(188)**	**(152)**
CASH FLOWS USED IN INVESTING ACTIVITIES					
Deposit received		-	63	-	100
		-		-	
Net cash generated from investing activities		**-**	**63**	**-**	**100**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from shares issued		-	1	-	1
Repayments of borrowings		-	(3)	-	(4)
Loan to controlled entities		-	-	(169)	(298)
Loan from related parties		381	359	364	332
Net cash from financing activities		**381**	**357**	**195**	**31**
Net (decrease)/ increase in cash held		**5**	**(15)**	**7**	**(21)**
Exchange (loss)/gain (net)		1	(5)	1	(4)
		6	**(20)**	**8**	**(25)**
Cash and cash equivalents at the beginning of the financial year		31	51	24	49
Cash and cash equivalents at the end of the financial year	12	**37**	**31**	**32**	**24**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

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 previous year, ECO had signed a lease agreement for the use of 16,000 Mou of the farmland in Inner Mongolia. The ability of the Economic Entity to continue as a going concern is based on the cash flows generated from the successful utilization of the farmland in Inner Mongolia, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Economic Entity's ability to continue as a going concern.

The financial statements of the Economic Entity have been prepared on the assumption that the Economic Entity will continue as a going concern. The Directors of the Economic Entity are of the view that the substantial utilization of the farmland in Inner Mongolia and the cash flows generated therefrom is expected to improve the long term operation viability of the Economic Entity.

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 ("IFRS").

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 these financial reports. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements are presented in Australian Dollars.

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.

(i) Adoption of new, revised, amendments/Improvements to IFRSs and interpretations

The Group has adopted the following new, revised, amendments/improvements to IFRSs and interpretations that are relevant to their operations and are mandatory for the current financial year:

- Amendments to IFRS 1 – Severe Hyperinflation
- Amendments to IFRS 1 – Removal of Fixed Dates for First-Time Adopters
- Amendments to IFRS 7 – Disclosures – Transfer of Financial Assets
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets

The above amendments have had no material impact on the financial performance or position of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 3 : Statement of Significant Accounting Policies (Continued)

(a) Basis of Preparation (Continued)

(ii) New, revised, amendments/Improvements to IFRSs and interpretations that are issued, not yet effective and have not been adopted early

At the dtate of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these consolidated financial statements are in issue but not yet effective for periods beginning 1 April 2012:

	Effective Date
• Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
• Amendments to IAS 1 Government Loans	1 January 2013
• Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Liabilities	1 January 2013
• IFRS 11 Joint Arrangements	1 January 2013
• IFRS13 Fair Value Measurement	1 January 2013
• IAS 19 Employee Benefits	1 January 2013
• IAS 28 Investments in Associates and Joint Ventures	1 January 2013
• Annual Improvements to IFRS (May 2012)	1 January 2013
• IFRS 10 Consolidated Financial Statements	1 January 2014
• IFRS 12 Disclosures of Interests in Other Entities	1 January 2014
• Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure if Interests in Other Entities: Transition Guidance	1 January 2014
• IAS 27 Separate Financial Statements	1 January 2014
• Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
• IFRS 9 Financial Instruments	1 January 2015
• Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date and Transition Disclosure	1 January 2015

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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 3 : Statement of Significant Accounting Policies (Continued)

(b) Basis of Consolidation and Controlled Entities (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree 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.

(c) 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.

(d) 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.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 3 : Statement of Significant Accounting Policies (Continued)

(f) 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% (2012: 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.

(g) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets at fair value through profit or loss

A financial asset is classified in the category if acquired principally for the purpose of selling in the short term of it so designated by management and within the requirements of IAS 139: Financial Instruments - Recognition and Measurement. Derivations are also categorized as held for trading unless they are designated as hedges. Realised and unrealised gains or losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Held-to-maturity investments

These investments have fixed maturities, and it is the Parent Entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the Parent Entity are stated at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Impairment

At each reporting date, the Parent Entity assesses whether there is evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h) to the financial statements.

(h) 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 recognised 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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 3 : Statement of Significant Accounting Policies (Continued)

(h) Impairment of Assets (Continued)

An impairment loss is recognised 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 recognised. 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 amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the statement of comprehensive income.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 3 : Statement of Significant Accounting Policies (Continued)

(m) 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.

(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.

(n) 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 Australia 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.

(o) 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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 3 : Statement of Significant Accounting Policies (Continued)

(q) 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 $73,098,290 as at 31st March 2013. ECO entered into contracts to acquire 95% interest in a 2,133 hectares farmland situated in Inner Mongolia. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 5 : Revenue

	Economic Entity		Parent Entity	
	2013	2012	2013	2012
	A$000	A$000	A$000	A$000
Operating activities				
- Rental Income	1,203	961	-	-
Revenue	**1,203**	**961**	**-**	**-**
Non-operating activities				
- Interest Income	-	-	752	601
- Non-operating income	-	311	-	310
- Exchange gain (net)	-	-	-	-
- Gain on disposal of controlled entities	-	-	-	-
Other revenue	**-**	**311**	**752**	**911**

Note 6 : Profit Before Income Tax

	Economic Entity		Parent Entity	
	2013	2012	2013	2012
	A$000	A$000	A$000	A$000
Charging:				
Depreciation	(4)	(4)	-	-
Foreign currency loss	-	(4)	-	(4)

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% (2012: 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

Nelson CHIU (Chairman)

Meen Foh CHAI (Director)

Xiao Bin Henry QIN (Independent Non Executive Director)

Stonely SEK (Company Secretary)

Economic Entity

Winnie YU (Management) (resigned on 12 December 2012)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 9 : Key Management Personnel Compensation (Continued)

(b) Remuneration Practices

No remunerations were incurred by the Economic Entity as it only sets policy for the member of the Economic Entity to follow. All the activities have always been carried by the subsidiaries. And according to Economic Entity 's policy , 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 Fees, Remunerations & Bonuses			
	Economic Entity		Parent Entity	
	2013	2012	2013	2012
	A$'000	A$'000	A$'000	A$'000
Nelson CHIU	420	162	22	22
Meen Foh CHAI	12	12	12	12
Xiao Bin Henry QIN	12	12	12	12
Winnie Yu	-	37	-	-
Total Payments	**444**	**223**	**46**	**46**

(d) Compensation Options

	Balance at 1.4.2012	Granted during the year	Lapsed during the year	Exercised during the year	Total Not exercisable 31.3.2013
	No.'000	No.'000	No.'000	No.'000	No.'000
Nelson CHIU	10,000	-	-	-	**10,000**
Meen Foh CHAI	10,000	-	-	-	**10,000**
XiaoBinHenry QIN	10,000	-	-	-	**10,000**
Stonely SEK	10,000	-	-	-	**10,000**
Winnie Yu	5,000	-	-	-	**5,000**
Total	**45,000**	-	-	-	**45,000**

The Parent Entity had not issued any share options during the financial year ended 31st March 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 9 : Key Management Personnel Compensation (Continued)

(d) Compensation Options (Continued)

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

(a) The exercise price of the share options are $0.02.

(b) The share options will expire on 30th December 2013.

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 "Directors' interests in contracts and shares", 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

No share option was granted during the financial period ended 31st March 2013.

Note 10 : Auditors' Remuneration

	Economic Entity		Parent Entity	
	2013 A$000	2012 A$000	2013 A$000	2012 A$000
Remuneration of the auditor of the Parent Entity for:				
- auditing or reviewing the financial report				
- current year	41	34	41	34
- under accrual in prior years	13	-	13	-
Remuneration of other auditor of the Controlled Entities for:				
- auditing the financial report	5	5	-	-
Total	**59**	**39**	**54**	**34**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 11 : Earnings Per Share ("EPS")

		Economic Entity	
		2013	**2012**
		A$000	**A$000**
(a)	Profit attributable to shareholders	320	612
	Earnings used in the calculation of basic and dilutive EPS	**320**	**612**
		No.'000	No.'000
(b)	Weighted average number of ordinary shares outstanding during the financial year used in calculating basic EPS	3,540,239	3,540,239
	Weighted average number of share options outstanding	3,230,710	3,230,710
	Weighted average number of ordinary shares outstanding during the financial year used in calculating dilutive EPS	**6,770,949**	**6,770,949**

Note 12 : Cash and Cash Equivalents

	Economic Entity		Parent Entity	
	2013 A$000	**2012 A$000**	**2013 A$000**	**2012 A$000**
Cash at bank and on hand	**37**	**31**	**32**	**24**

Note 13 : Receivables

	Economic Entity		Parent Entity	
	2013	**2012**	**2013**	**2012**
	A$000	**A$000**	**A$000**	**A$000**
Current:				
Receivables from controlled entities	-	-	751	601
Receivables from a related party	-	-	-	-
Other receivables	6,302	5,105	4,100	4,100
*Allowance for impairment	(3,500)	(3,500)	(3,500)	(3,500)
	2,802	**1,605**	**1,351**	**1,201**
Non-Current:				
Receivables from controlled entities	-	-	43,621	42,836

*As at 30th September 2012, the Parent Entity made an allowance for doubtful debts of $3,500,000 for possible losses from the loan advanced by a controlled entity of the Parent Entity to an Australian Company. As at 31st March 2013, the management is negotiating the repayment arrangement with the Austrian Company. Thus no further impairment was provided for current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 14 : Deposits paid	Economic Entity		Parent Entity	
	2013	2012	2013	2012
	A$000	A$000	A$000	A$000
Deposits paid on farmland in Inner Mongolia, China	73,098	73,098	-	-

As at 31st March 2013, ECO-Agriculture Group Limited (ECO), a controlled entity 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 farmland situated in Inner Mongolia with the total consideration of A$73,098,290.

ECO-Agriculture Group Limited (ECO), a controlled entity of Australia China Development Limited, is in the process of registering the title of the farmland to a China Incorporated Company. It is estimated that the registration of the title will be completed by 31st March 2014 after the incorporation of the new China Incorporated Joint Venture. On 2nd August 2011, ECO had signed a lease agreement with Beijing Shuimu Zhongtian Institite of Horiculture Sciences ("BIS") for the use of 16,000 Mou of land. BIS intends to use the land for growing a special species of roses developed and grown successfully throughout many locations in China. The rental income arising from this lease agreement for 16,000 Mou of land is set at US$2 million for the period from 2nd August 2011 to 31st December 2012 and RMB3,200,000 per annum effective from 1st January 2013.

Note 15 : Financial Assets	Note	Economic Entity		Parent Entity	
		2013	2012	2013	2012
		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)	36	36	32,010	32,010
		37	37	32,011	32,011
Less : Non-Current Portion		-	-	(32,010)	(32,010)
Current Portion		37	37	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	Note	Economic Entity		Parent Entity	
		2013	2012	2013	2012
Unlisted investments, at cost		A$000	A$000	A$000	A$000
- shares in controlled entities	16	-	-	32,010	32,010
- unquoted investments		36	36	-	
		36	36	32,010	32,010

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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 16 : Controlled Entities

(a) Details of Controlled Entities

	Country of Incorporation	Percentage Owned 2013	Percentage Owned 2012	Principal Activities
Parent Entity:				
Australia China Holdings Limited	Bermuda	N/A	N/A	Holding
Controlled Entities of Australia China Holdings Limited:				
*Australia China Business Limited	BVI	100%	100%	Investment Holding
*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
Controlled Entity of Australia China Business Limited:				
*China Product and Services Promotion Limited	BVI	100%	100%	Trading

#Controlled Entities audited by another firm of Accountants other than

*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 2013	Percentage Owned 2012	Principal Activities
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 financial year were not material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 18 : Payables	**Economic Entity**		**Parent Entity**	
	2013 A$000	**2012 A$000**	**2013 A$000**	**2012 A$000**
Non-Current:				
Payables and accruals	1,391	949	111	89
Current:				
Payables and accruals	222	259	182	223

Note 19 : Financial Liabilities	**Economic Entity**		**Parent Entity**	
	2013 A$000	**2012 A$000**	**2013 A$000**	**2012 A$000**
Non-Current:				
* Due to a related party	1,208	-	1,068	-
Current:				
* Due to a related party	160	894	160	786

*The loan from a related party bears interest at a rate of 8% (2012: 8%) per annum.

Note 20 : Share Capital	**Economic and Parent Entity**	
	2013 A$000	**2012 A$000**
Authorised:		
6,000,000,000 authorised ordinary shares at $0.02 each	120,000	120,000
Issued And Fully Paid:		
3,540,239,953 (2012: 3,540,239,953) fully paid ordinary shares at $0.02 each	70,805	70,805

	Economic and Parent Entity	
	2013	**2012**
Issued and fully paid ordinary shares:	**No.**	**No.**
At the beginning of the financial year	**3,540,239,953**	3,540,224,833
Shares issued during the financial year:		
17th April 2011	-	15,120
At the end of the financial year	**3,540,239,953**	**3,540,239,953**

Note 21 : Property, Plant and Equipment	**Furniture and fixtures**	**Total**
	A$000	**A$000**
Economic Entity		
2013		
At cost		
At 1st April 2012	21	21
Exchange (loss)/gain	-	-
Additional /Disposal/ transfer	-	-
At 31st March 2013	21	21
Accumulated depreciation		
At 1st April 2012	(12)	(12)
Depreciation for the financial year	(4)	(4)
Disposal/ transfer	-	-
At 31st March 2013	16	16
Carrying Amount at 31st March 2013	5	5
Economic Entity		
2012		
At cost		
At 1st April 2011	21	21
Exchange (loss)/gain	-	-
Additional /Disposal/ transfer	-	-
At 31st March 2012	21	21
Accumulated depreciation		
At 1st April 2011	(8)	(8)
Depreciation for the financial year	(4)	(4)
Disposal/ transfer	-	-
At 31st March 2012	(12)	(12)
Carrying Amount at 31st March 2012	9	9

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

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

	Property Investment		Trading and Others	
	2013 A$000	2012 A$000	2013 A $000	2012 A $000
REVENUE				
External revenue	1,203	961	-	-
Other revenue	-	-	-	311
Total Revenue	**1,203**	**961**	**-**	**311**
OPERATING RESULTS				
Segment results	578	567	(173)	97
Finance costs	(9)	(8)	(76)	(44)
Profit/(loss) before income tax	569	559	(249)	53
Income tax expense	-	-	-	-
Profit /(loss)for the financial year	**569**	**559**	**(249)**	**53**
Segment Assets	**75,347**	**74,154**	**632**	**626**
Segment Liabilities	**1,458**	**1,003**	**1,523**	**1,099**
Depreciation	(4)	(4)	-	-
Foreign currency loss	-	-	-	(4)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 23 : Segment Reporting (Continued)

Secondary Reporting— Geographical Segments

	Segment Revenue		Segment Assets	
	2013	2012	2013	2012
	A $000	A$000	A$000	A$000
Geographical location:				
The People's Republic of China	1,203	961	74,747	73,554
Australia	-	-	600	600
Total	**1,203**	**961**	**75,347**	**74,154**

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 : Operating Lease Commitments

	Economic Entity	
	2013	2012
	A$000	A$000
Minimum lease receipt / payment :		
- Leases contracted for not capitalised in the financial statements	911	976
Total receipt/payment	**911**	**976**

Note 25 : Cash Flows Information

	Economic Entity		Parent Entity	
	2013	2012	2013	2012
	A$000	A$000	A$000	A$000
(a) Reconciliation of Cash Flows used in operating activities				
Profit from ordinary activities after income tax	**320**	**612**	**520**	**670**
Non-cash flows in profit from ordinary activities				
Depreciation	4	4	-	-
Interest expense	85	52	76	44
Gain on investment	-	(99)		-
Exchange loss/(gain) (net)	(1)	5	(1)	4
Changes in assets and liabilities, net of the effects of acquisitions and disposals of controlled entities				
Increase in receivables	(1,197)	(979)	(752)	(693)
(Decrease)/increase in payables	413	(30)	(31)	(177)
Cash flows used in operating activities	**(376)**	**(435)**	**(188)**	**(152)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 26 : Related Parties

(a) Identification of Related Parties

Related parties:	**Relationship:**
Supreme Australasian Investments Limited	Shareholder of the Parent Entity.
Harvard Business Management & Consultancy Limited	Shareholder 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**	
	2013	**2012**	**2013**	**2012**
	A$000	**A$000**	**A$000**	**A$000**
Supreme Australasian Investments Limited				
— net advances for expenses incurred	(98)	-	(98)	-
— interest expense charged	(4)	(1)	(4)	(1)
Harvard Business Management & Consultancy Limited				
— net advances for expenses incurred	(274)	(356)	(262)	(332)
— interest expense charged	(81)	(52)	(72)	(44)
Australia China Development Limited				
— interest income		-	210	168
ECO-Agriculture Group Limited				
— interest income	-	-	541	432

Note 27 : Financial Instruments

(a) Financial Risk Management

The Economic Entity's finance committee overall risk management strategy 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.

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.

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.

Price risk

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

(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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

Note 27 : Financial Instruments (Continued)

(b) Net Fair Values (Continued)

	Effective Interest rate	Interest Bearing Within 1 year	Maturing 1 to 5 Years	Over 5 years	Non-interest Bearing	Total
	%	A$000	A$000	A$000	A$000	A$000
Economic Entity						
2013						
Financial Assets:						
Cash		-	-	-	37	37
Receivables		-	-	-	2,802	2,802
Financial assets		-	-	-	37	37
Deposits paid		-	-	-	73,098	73,098
Property, plant and equipment		-	-	-	5	5
Total Financial Assets		-	-	-	**75,979**	**75,979**
Financial Liabilities:						
Payables		-	-	-	1,613	1,613
Financial liabilities	8%	160	1,208	-	-	1,368
Total Financial Liabilities		**160**	**1,208**	-	**1,613**	**2,981**
2012						
Financial Assets:						
Cash		-	-	-	31	31
Receivables		-	-	-	1,605	1,605
Financial assets		-	-	-	37	37
Deposits paid		-	-	-	73,098	73,098
Property, plant and equipment		-	-	-	9	9
Total Financial Assets		-	-	-	**74,780**	**74,780**
Financial Liabilities:						
Payables		-	-	-	1,208	1,208
Financial liabilities	8%	894	-	-	-	894
Total Financial Liabilities		**894**	-	-	**1,208**	**2,102**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

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						
2013						
Financial Assets:						
Cash		-	-	-	32	32
Receivables	*	1,351	43,621	-	600	44,972
Financial assets		-	-	-	32,011	32,011
Total Financial Assets		**1,351**	**43,621**	-	**32,643**	**77,015**
Financial Liabilities:						
Payables				-	1,250	1,250
Financial liabilities	8%	160	111	-	-	271
Total Financial Liabilities		**160**	**111**	-	**1,250**	**1,521**
2012						
Financial Assets:						
Cash		-	-	-	24	24
Receivables		43,437	-	-	600	44037
Financial assets		-	-	-	32,011	32,011
Total Financial Assets		**42,437**	-	-	**32,635**	**76,072**
Financial Liabilities:						
Payables		-	-	-	312	312
Financial liabilities	8%	786	-	-	-	786
Total Financial Liabilities		**786**	-	-	**312**	**1,098**

* 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**
2013	
Financial assets at fair value through profit or loss	1
2012	
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 : Contingent Liabilities

Parent Entity

(a) Bank Guarantee

Bank	**Facility Amount**	**Borrower**	**Relationship**	**Contingent Liabilities**
	A$000			**A$000**
Bank of East Asia	6,113	Edison Electrical Holdings Limited	Former controlled entity	973
Total				**973**

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 19th June 2013.

(A) Top 20 largest shareholders

Rank	Shareholder	Percentage of issued capital	Number of fully paid shares
1	INTERNATIONAL INVESTMENTS ENTERPRISES LTD	24.86%	880,225,044
2	SUPREME AUSTRALASIAN INVESTMENTS LTD	7.65%	270,825,314
3	WELL VISION HOLDINGS LTD	5.79%	205,000,000
4	GOLDEN TIGER INVESTORS LTD	3.88%	137,220,001
5	YAN LONG DEVELOPMENT LIMITED	3.03%	107,336,971
6	OLYMPIC INVESTMENT & ADVISORS LTD	2.86%	101,163,118
7	LIU JIN HU	2.82%	100,000,000
8	GUOHUA SHANGJIU JIAO LING INVESTMENT LTD	2.81%	99,400,000
9	WORLD GAINER LTD	2.81%	99,400,000
10	HARVARD BUSINESS MANAGEMENT & CONSULTANCY LTD	2.80%	99,200,000
11	CHINA DEVELOPMENT HOLDINGS LTD	2.75%	97,300,000
12	DYNAMIC INTERNATIONAL HOTELS GROUP LTD	2.75%	97,300,000
13	SUNTECH INTERNATIONAL INVESTMENT HOLDINGS LTD	2.75%	97,300,000
14	LAM MUI SANG	2.68%	94,974,000
15	SUN INTERNATIONAL GROUP LTD	2.67%	94,500,000
16	DRAGON WIN INVESTMENTS LTD	2.37%	84,000,000
17	GT HOTEL HOLDINGS LIMITED	2.12%	74,900,000
18	GUOHUA SHANGJIU TRANSPORTATION & ENERGY GROUP LTD	2.06%	72,800,000
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	1.86%	65,732,993
20	MS NADA SAADE	1.20%	42,656,434
		82.52%	2,921,233,875

(B) Substantial shareholders

Rank	Shareholder	Percentage of issued capital	Number of fully paid shares
1	International Investments Enterprises Ltd	24.86%	880,225,044
2	Supreme Australasian Investments Ltd	7.65%	270,825,314
3	Well Vision Holdings Ltd	5.79%	205,000,000
		38.30%	1,356,050,358

(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	21	0.000%	5,519
1,001 to 5,000	70	0.006%	197,361
5,001 to 10,000	94	0.020%	688,254
10,001 to 100,000	441	0.564%	19,003,530
100,001 to 999,999,999	423	99.410%	3,520,345,289
	1,049	100.000%	3,540,239,953

The number of shareholders held less than 100,001 shares was 626

(D) 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

In March 2003, the Australian Stock Exchange published a number of Principles of Good Corporate Governance & Best Practice 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 recognise the need for a high standard of behaviour 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
<u>Recommendation 1.1:</u>
Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.
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.
<u>Recommendation 1.2:</u>
Companies should disclose the process for evaluating the performance of senior executives.
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
<u>Recommendation 2.1:</u>
A majority of the Board should be independent Directors.
The Board is comprised of 3 Directors. Xiao Bin Henry QIN is the independent Director of the company.
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.
<u>Recommendation 2.2:</u>
The Chair should be an independent Director.
The Chair of the Board is Nelson CHIU, 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.
<u>Recommendation 2.3:</u>
The roles of the Chair and CEO should not be exercised by the same individual.
No CEO is appointed in the Company, but independent CEO is appointed for each controlled entity.
<u>Recommendation 2.4:</u>
The Board should establish a Nomination Committee.
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.
<u>Recommendation 2.5:</u>
Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.
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.
<u>Recommendation 2.6:</u>
Companies should provide the information indicated in the Guide to reporting on Principle 2.
A profile of each Director containing their skills, experience and expertise is set out in the Director's report.
Xiao Bin Henry QIN is the independent Director of the company.
Principle 3- Promote ethical and responsible decision-making
<u>Recommendation 3.1:</u>
Companies should establish a Code of Conduct and disclose the code or a summary of the code as to:

- The practices necessary to maintain confidence in the company's integrity;
- The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company is in the process of finding a Code of Conduct that applies to all Directors, senior executives and employees of the Group.
<u>Recommendation 3.2:</u>
Companies should establish a policy concerning trading in company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy.
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 $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.

Principle 4- Safeguard integrity in financial reporting

Recommendation 4.1

The Board should establish an Audit Committee.

An Audit Committee has not been established.

The role of Audit Committee has been assumed by the Board because of the size of the Company.

Recommendation 4.2

The Audit Committee should be structured so that it:

- Consists only of non executive Directors;
- Consists of a majority of independent Directors;
- Is chaired by an independent Chair, who is not Chair of the Board; and
- Have at least 3 members.

There is no Audit Committee. However, if one was established the Board policy is that it would have 2 members who are non executive Directors.

Recommendation 4.3:

The Audit Committee should have a formal charter.

The Company has an Audit Committee Charter although this is currently administered by the Board.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

There is no Audit Committee and the whole Board acts in this capacity in accordance with the Board Charter.

When established, the Audit Committee plans to hold a minimum of 3 meetings per year. It is intended that the Company's auditor will be invited to attend all Audit Committee meetings held during the financial year.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when vacancy arises, as recommended by 2 Directors. Candidates for the position of external auditor must demonstrate independence form the Company through the engagement period. The performance of the external auditor is reviewed on an annual basis by the Board.

Principle 5- Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those polices.

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.

Principle 6- Respect the rights of shareholders

Recommendations 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

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. Information is communicated to the shareholders through:

- The annual report which is distributed to all shareholders
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate; and
- Continuous disclosure releases.

Principle 7- Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board has adopted a risk management policy. As detailed in 7.2, no risk management committee has been formed and this role is undertaken by the Board. However, 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.

CORPORATE GOVERNANCE STATEMENT (Continued)

Recommendation 7.2:
The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.
Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. 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.
A risk management committee has not been formed and 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 at the date of this report.
Recommendation 7.3:
The Board should disclose whether it has received assurance from the CEO or CFO that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
No CEO is appointed in the Company, but independent CEO is appointed for each controlled entity. The role of assuring a good internal control has been assumed by the Board and by the Board and management of the controlled entities.

Principle 8- Remunerate fairly and responsibly
Recommendation 8.1:
The Board should establish a Remuneration Committee.
A Remuneration Committee has not been established.
The Company's operating controlled entities realise the importance of retaining qualified employees and of having remuneration structures and levels to be reasonable, sufficient, competent with the market and aligned with the needs of the business, by referencing to industry and to the economy as a whole.
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 8.2:
Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and 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. There are no executive Directors at the Company level. 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.

COMPANIES' DETAILS

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