

Thursday 1st June 2006

Dear Member

Since the listing of Yang Yang China Holdings Limited on the Newcastle Exchange your director's have been working on developing the company's biotechnology product "LETU" within China and more recently Australia through our subsidiary Guangdong JBC Biological Co Limited.

Business in the China market place has been disappointing and the Company's lack of capital has been difficult to put the overall master plan in place for the development and expansion of the Company.

Over the past seven months, since our last Annual General Meeting, your Directors have been plagued with reluctant buyers of our biotechnology solution in the Chinese market place.

You will recall that the initial public offering was looking for a minimum of \$4,500,000 up to \$9,000,000. We did not achieve the dollar target and therefore made changes to the operational model and achieved the listing on the Newcastle Stock Exchange. Due to the difficulties your Directors faced with our prospectus and the work needed to get the final prospectus approved by the Australian Securities and Investment Commission (ASIC) the company lost nine months of operational revenue and customers.

We now face more difficult times with the importation and feeding of our biotechnology to animals in Australia. The approval process to get the product approved for importation into Australia through the Australian Quarantine Inspection Service (AQIS) started in November 2005 and I am pleased to announce that we now have that approval from AQIS.

With the use of the LETU in animal food in Australia the company needs to obtain Australian Pesticides & Veterinary Medicines Authority (APVMA) approval. At the time of writing this letter to shareholders your Directors have completed the questionnaire from our consultants, Ruth Davis Consulting Limited, and are waiting for their informed opinion before lodging our application with the APVMA. The Directors envisage a period of at least four-five months, as per advice from our Consultants, from that lodgment before we can expect an answer from APVMA. Once approved the Company will be able to start preparing the "seed" LETU for importation and then cultivation for use in the animal food and water.

All of the above is not good news as it has totally decimated our cash flow to such an extent that we have had no sales revenue for the past seven-months and no real prospects for sales revenue in the near future.

Considering the length of time that the company has been in operation and the limited capital that has flowed into the company your directors submit that the funds that have been available have been used very wisely. I also would like to point out that the directors have not been paid any directors fees since the formation of the company.

In consideration of the facts and now knowing that the efforts in China have succeeded in proving the product and its benefits we have closed the experimental farm and are continuing discussions with the pig farmers and Chinese Government with a view to getting a contract to convert a number of existing farms at an agreed rate per pig. These negotiations will not bear fruit for at least 12 months and in the meanwhile we have to look further a field for additional operating capital.

I am pleased to announce that although it is taking a far longer period to gain all the approvals in Australia we have secured the approval from Australian Quarantine Inspection Service (AQIS) and have commissioned experts to help with the lodgment of the appropriate paperwork for the approvals necessary to get the LETU approved for use in animal food in Australia.

Also in a recent visit to the Pacific Islands Countries (PIC's) the Premier of China announced additional "Grants" and loans to those countries for developing infrastructure and viable businesses. Your directors have been in discussions with the Fiji Government, Chinese Government and a Private company in Fiji with a view to developing an ECO farm using a variety of technologies including Hydroponics, Aquaculture, Water Treatment, Power Generation etc. This is also early days but the overall response has been extremely promising from all concerned.

Our Board will report further to you as the project develops and as we get closer to approval for use of the LETU in Australia. Your directors have called an Extraordinary General Meeting for the 4th of July 2006 (see attached notice) and I strongly urge you as a valued shareholder to attend.

The meeting will allow you to voice any opinions you may have on the company and become better acquainted with the Directors and the Board's advisors.

Yours sincerely,



LIU Yang
Chairmen



YANG YANG CHINA
HOLDINGS LIMITED
ABN 21 109 469 383

NOTICE OF EXTRAORDINARY GENERAL MEETING

of Yang Yang China Holdings Limited,

ABN 21 109 469 383, ("YYC" or the "Company") will be held:

- on Tuesday 4th July 2006
- at 4.00 pm
- in the Stamford Plaza Hotel 33 Cross Street Double Bay NSW 2028

The Notice of Extraordinary General Meeting should be read in conjunction with the accompanying Chairman's Letter.

BUSINESS:

Receive Interim Financial Statements

Receive Directors Report on Operations and the Widening of the Companies Product Base

Receive Directors Report on the Progress with the Fiji Farming Initiative

OTHER BUSINESS:

Transact any Business raised by the Members.

By Order of the Board

A handwritten signature in black ink, appearing to read "Yang LIU".

Yang LIU
Chairman

Date: 1st June 2006.

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YANG YANG CHINA HOLDINGS LIMITED PROXY FORM

I/We,

(NAME)

of

(ADDRESS)

being a member of YANG YANG CHINA HOLDINGS LIMITED hereby appoint;

(NAME)

(ADDRESS)

Proportion of Shareholding

No. of shares Percentage %

and/or failing him/her (delete as appropriate)

Proportion of Shareholding

No. of shares Percentage %

as my/our proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on Tuesday 4th July 2006 at 4.00 pm in the Stamford Plaza Hotel 33 Cross Street Double Bay SYDNEY Australia and at any adjournments thereof.

In the absence of any specific instructions contained in this completed proxy form I, the member, agree that the proxy will vote or abstain as he/she may think fit, as he/she will on any other matter arising at the Annual General Meeting.

Signature: _____
Name of Signatory: _____

Dated this _____ day of _____ 2006.

YANG YANG CHINA HOLDINGS LIMITED NOTES FOR PROXY FORM

- 1) An instrument appointing a proxy must be deposited at the Registered Office (Suite 545 – 5th Floor 203 – 233 New South Head Road EDGECLIFF NSW 2027 AUSTRALIA of the Company not less than 48 hours before the time for holding the meeting.
- 2) Any member entitled to attend and vote may appoint not more than two proxies to attend and vote on his/her behalf.
- 3) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- 4) Where an instrument appointing a proxy is signed on behalf of the member by an attorney, the power of attorney (or other authority) then a duly certified copy thereof must (failing previous registration with the company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 5) Where a member is a corporation, the Common Seal of the corporation must be affixed onto the instrument of proxy in accordance with its Constitution. A corporation may also authorize by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap 50.