



# MAZU ALLIANCE LIMITED

18 June 2014

**ANNOUNCEMENT FOR RELEASE TO THE MARKET**

**MAZU ALLIANCE LIMITED**

**ASX: MZU**

## **Preliminary Final Report 2012**

The unaudited Preliminary Final Report for the Company for 2012 follows.

**IAN SANDERSON**

**Company Secretary**



**MAZU ALLIANCE LIMITED**

**ABN 45 077 226 183**

**ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

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## CORPORATE DIRECTORY

### Directors

Gabriel EHRENFELD (Vice Chairman) (Appointed 07/11/2011)

Allan GILLESPIE (Chairman) (Resigned 01/09/2011)

Bingkun HUANG (Chairman since 07/11/2011) (Appointed 10/06/2011)

Yong Teng Dixie KOR (Appointed 01/09/2011)

Fuling (Teddy) LI (Appointed 01/09/2011)

Jason ROOKE (Appointed 01/09/2011, Resigned 07/11/2011)

Tseng-Jung WANG (Appointed 11/04/2012)

Huichun (Tom) XU (Appointed 15/04/2011)

Yuling (Lynn) XU (Appointed 21/03/2012)

### Secretary

Ian SANDERSON (Appointed 10/06/2011)

### Registered Office and Business Address

Suite 2201 Level 22 Tower Two  
101 Grafton Street  
Bondi Junction NSW 2022

### Share Registry

Security Transfer Registrars  
PO Box 535, Applecross WA 6953  
770 Canning Highway, Applecross WA 6153  
Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233  
Email: registrar@securitytransfer.com.au

### Home Exchange

Australian Securities Exchange Limited  
ASX Code: MZU

### Auditor

DFK Richard Hill  
11<sup>th</sup> Floor, 32-36 Martin Place  
SYDNEY NSW 2000

### Deed Administrator

Robert WHITTON (Appointed 13/04/2007, Ceased 9 November 2011)  
Deed of Company Arrangement effectuated on 9 November 2011

## **DIRECTORS' REPORT**

The directors present their report on the company for the year ended 30 June 2012.

### **DIRECTORS**

The following persons were directors of Mazu Alliance Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Gabriel EHRENFELD (Appointed 07/11/2011)  
Allan GILLESPIE (Resigned 01/09/2011)  
Bingkun HUANG (Appointed 10/06/2011)  
Yong Teng Dixie KOR (Appointed 01/09/2011)  
Fuling (Teddy) LI (Appointed 01/09/2011)  
Jason ROOKE (Appointed 01/09/2011, Resigned 07/11/2011)  
Tseng-Jung WANG (Appointed 11/04/2012)  
Huichun (Tom) XU (Appointed 15/04/2011)  
Yuling (Lynn) XU (Appointed 21/03/2012)

### **PRINCIPAL ACTIVITIES**

Until it was placed into administration on 17 November 2006, the principal activities of the company were mineral exploration and investment. Following the approval of shareholders in general meeting on 7 June 2011, the principal activity of the company has been changed to that of an operator of religious shrines and ancillary activities.

### **OPERATING RESULTS**

The loss of the company after providing for income tax amounted to \$202,690 (2011: Loss of \$29,753)

### **DIVIDENDS**

No dividends have been paid or declared since the end of the previous financial year and no dividend is recommended in respect of this financial year.

### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

On 17 September 2012, the Company announced that construction of the expanded temple complex and other elements of Mazu City had commenced.

On 17 September 2012, the Company announced that of the 3,600 private shrines to be constructed in Mazu City, the Company already has signed preliminary agreements with 280 Mazu congregations in Taiwan for each of them to lease a private shrine at Mazu City. Each temple will subscribe for shares in the Company and enter into a 70 year lease of a private shrine during which time they will pay lease and management fees, and also organise for their congregants to visit Mazu City.

On 1 November 2013, the Company announced that it would be seeking to raise capital through a public offering at \$2.25 per share in 2014.

On 8 January 2014, the Company announced that to strengthen the Company's operations in the development of its 3,600 private temples and cultural halls, it was forming key strategic partnerships with aligned Taoist and Buddhist faiths. In furthering this strategy, the Company is appointing internationally recognised

religious dignitaries as advisers to the Company. The Company announced that Mr Taochen Chang had been appointed as the Company's Taoist Chief Adviser commencing on 1 January 2014.

Mr Chang is the 'Heavenly Master', a title originating with the Eastern Han Dynasty. The position of 'Heavenly Master' is allocated to a religious head of the Taoist movement. Taoism has influenced Southeast Asia for over 2,000 years and has also spread internationally. Mazu is a deity in Taoism. In each generation, the position and title of 'Heavenly Master' was bestowed by the emperor of the time. The position has been passed through 64 generations, and Mr Chang, a 64<sup>th</sup> generation descendant of the family, is the current Heavenly Master. He has an extensive group of followers, and is recognised in Taiwan, Southeast Asia and internationally. Mr Chang is an expert in Taoist affairs and religious worship rituals.

## **LIKELY DEVELOPMENTS**

The Company is expanding and redeveloping a complex devoted to the worship of Mazu in Zhengjiang Village in Zhangpu County, Fujian Province, in the People's Republic of China. The complex will be built on an area of land of approximately 290 hectares. The site is currently owned by the Zhangzhou Wushi Tourism Development Co. That former shareholders of that company have been issued shares in Mazu Alliance Limited as consideration for the acquisition of all of the outstanding share capital of Zhangzhou Wushi Tourism Development Co., and control of the business and all of the assets including the ownership of the site is now with Mazu Alliance Limited. The temple development has been designed in the architectural style of the Northern Song dynasty, the dynasty that controlled the Fujian area of China at the time that Mazu lived.

The expanded complex will be developed on an established site for the worship of Mazu. The region is currently visited by 500,000 worshippers per annum, giving a significant existing base of potential visitors to the complex. The complex will be constructed taking into account the cultural rituals surrounding the worship of Mazu.

The complex will include:

- A large statue of Mazu as a focus of worship
- A public shrine to Mazu
- 3,600 private shrines
- An arcade of shops and restaurants
- Aged care accommodation for sale or as short term accommodation
- Villa accommodation for sale or as short term accommodation

Worldwide there are over 200,000,000 believers in Mazu. Over two thirds of the population in Taiwan are worshippers of Mazu. The temple is located near the Taiwan Strait, close to Taiwan. Tensions between Taiwan and China have relaxed recently and cross Strait tourism and commerce are expanding rapidly.

The Company has received non-binding commitments from Mazu temples in Taiwan to subscribe for shares in Mazu Alliance Limited, and to enter into 70 year lease and management agreements with Mazu Alliance Limited for private shrines in the complex. Activities seeking further such commitments are continuing.

The proposal has the approval and support of the Zhangpu County Government.

The site has been a major centre for the worship of Mazu for at least 1,000 years. It is the location of a golden statue of Mazu which has been venerated for centuries.

Mazu, meaning "Mother Ancestor" is a goddess of the sea who is said to protect fisherman and sailors and is invoked as the patron saint of Southern Chinese and East Asian people. According to legend, Mazu was born as Lin Moniang in Fujian during the period of rule of the Northern Song Dynasty. Worship of Mazu began around the time of the Ming Dynasty (1368-1544) when many temples dedicated to her were erected all across Mainland China. The worship of Mazu later spread to other countries with Southern Chinese inhabitants. There is a temple to Mazu in Sydney, and one in Melbourne.

Mazu is widely worshipped in the South-Eastern coastal areas of China and neighbouring areas in Southeast Asia, especially Zhejiang, Fujian, Taiwan, Guangdong and Vietnam, all of which have strong sea-faring traditions, as well as migrant communities elsewhere with sizable populations from these areas. Mazu also has a significant influence on East Asian sea culture, especially in China and Taiwan. She is recognised in both the Taoist and Buddhist pantheons.

In 2009, Mazu beliefs and customs were designated as “Intangible Cultural Heritage of Humanity” by the United Nations Educational Scientific and Cultural Organisation (UNESCO).

## **REVIEW OF OPERATIONS**

On 17 November 2006, Robert Whitton of Lawler Partners was appointed Administrator of the company, then known as Green X Global Limited. Mr Whitton has subsequently moved to William Buck Business Recovery Services (NSW) Pty Ltd. On 13 April 2007, he was appointed Deed Administrator. He ceased to be Deed Administrator of the Deed of Company Arrangement on 9 November 2011.

On 13 April 2007, a Deed of Company Arrangement was executed. That Deed provided for the resolution of creditors’ claims and the recapitalisation of the Company with the intention of securing re-quotations of the Company’s securities on ASX.

On 7 June 2011, the shareholders of the Company approved all the necessary resolutions required for the recapitalisation proposal to proceed.

On 7 June 2011, shareholders, by special resolution approved the change of name of the Company from Green X Global Limited to Mazu Alliance Limited. The change of name took effect when ASIC altered the details of the Company registration on 17 June 2011.

The Deed of Company Arrangement to which the Company was subject was effectuated on 9 November 2011. The recapitalisation of the Company pursuant to the terms of the Deed of Company Arrangement has proceeded, which work was performed by the GXG Acquisition Trust.

The Company is undertaking the development of Mazu City, raising additional capital and taking steps to have its securities reinstated to quotation on ASX.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

In the opinion of the directors, there were no significant changes in the state of affairs of the company that occurred during the financial year, except as stated elsewhere in this report.

## **CORPORATE INFORMATION**

Mazu Alliance Limited is a limited liability company incorporated and domiciled in Australia.

## **INFORMATION ON DIRECTORS**

Details of the directors of the company in office during the financial year end up to the date of this report are:

**Gabriel EHRENFELD** (Appointed 07/11/2011)  
Australia

***Experience & expertise***

Mr Ehrenfeld is a merger, acquisition and recapitalisation specialist, with concentration on the financial, legal and commercial restructure of distressed businesses. He has over 30 years industry experience including extensive participation in retailing, information technology, internet service provision, property development, water sports, boat building, manufacturing, research and development, product commercialisation, mergers and acquisitions, capital raising and public company reconstructions.

He has extensive experience in the acquisition of substantial projects in the mining, real estate and construction sectors in the growing markets of mainland China.

His current focus is on the amalgamation of companies in the digital marketing space in Australia and New Zealand.

He is currently:

- Principal at Steinbruck Capital
- Chairman of Coldwell Banker in Australia, operator of the Australian Master Franchise of Coldwell Banker, a global real estate franchising group
- Vice-Chairman of Mazu Alliance Limited, a public company listed on the Australian Securities Exchange (ASX: MZU)
- Director of Reeltime Media Limited, a company he is currently recapitalising that is listed on the Australian Securities Exchange (ASX: RMA)
- Trade Ambassador in Australia for People's Government Zhifu District Yantai, China
- Representative in Australia of the Club (China) of World Famous Chateaus
- Executive Chairman of Coldfever International Group which owns the Boto Ski Free project
- Director of a number of unlisted Public and Private companies in Australia, Papua New Guinea, Hong Kong and China.

***Interests in shares and options***

Mr Ehrenfeld held directly and indirectly the following securities in the capital of the Company at the date of this report:

Fully Paid Ordinary Shares	54,678,065
B Class Options	10,300,000

**Allan GILLESPIE** (Resigned 01/09/2011)  
Australia

***Experience & expertise***

Mr Gillespie is a Chairman of Glassy Metal Technologies Ltd, past Chairman of Energy Supply Association of Australia Limited and Past President of the Electrical Engineering Foundation at the University of Sydney.

Mr Gillespie has the following qualifications: FTSE, B.Econ, Assoc Dep E Eng., Hon FIE., Aust, FAIM.

***Interests in shares and options***

Mr Gillespie held directly and indirectly the following securities in the capital of the Company at the date of this report:



Fully Paid Ordinary Shares	Nil
B Class Options	Nil

**Bingkun HUANG** (Appointed 10/06/2011)  
China

*Experience & expertise*

Mr Huang is the director of the Xiamen Cross Strait Regional Co-operation and Exchange Center. That organisation concentrates on promoting and developing trade across the Taiwan Strait with Taiwan. After the liberalisation of relations between Taiwan and China, Mr Huang was a pioneer of this trade.

Mr Huang has qualifications from the Nanjing Army Command College and is currently undertaking a Master's degree in Bibliography of Chinese Ancient Code at Fujian Normal University. Mr Huang has also worked as a Station Leader for China New Press in Fujian.

Following effectuation of the Deed of Company Arrangement, it is expected that Mr Huang will serve as Chairman and Chief Executive Officer of the Company.

*Interests in shares and options*

Mr Huang held directly and indirectly the following securities in the capital of the Company at the date of this report:

Fully Paid Ordinary Shares	72,000,000
B Class Options	29,700,000

**Yong Teng Dixie KOR** (Appointed 01/09/2011)  
Singapore

*Experience & expertise*

Mr Kor has a degree from Singapore University, majoring in the study of timber species of South East Asia. He is a licensed timber grader. Mr Teng worked for BHP Trading (S.E. Asia Pte Limited), a wholly owned subsidiary of BHP Billiton Limited. He oversaw the expansion of that company into timber operations, a new area of operations for BHP. He then joined Atura Nambawan Pty Limited in Papua New Guinea as Director and General Manager. That company harvested and exported timber worldwide.

*Interests in shares and options*

Mr Kor held directly and indirectly the following securities in the capital of the Company at the date of this report:

Fully Paid Ordinary Shares	Nil
B Class Options	Nil

**Fuling (Teddy) LI** (Appointed 01/09/2011)  
New Zealand

Mr Li is a graduate of the University of Auckland, graduating as a Bachelor of Science majoring in Computer Science and Mathematics. He has pursued a career in information technology, and is currently responsible for technical implementation of web applications for Blueriver Creative in Auckland, New Zealand.

*Interests in shares and options*

Mr Li held directly and indirectly the following securities in the capital of the Company at the date of this report:

Fully Paid Ordinary Shares	Nil
B Class Options	Nil

**Jason ROOKE** (Appointed 01/09/2011, Resigned 07/11/2011)  
Australia

***Experience & expertise***

Mr Rooke is experienced in operational management of manufacturing and logistics businesses, with over 15 years experience in senior roles. His career has focussed mainly in plastics, foam and steel industries and he is currently focussed on the manufacture and distribution of logistics products in global markets. He has over 5 years experience in charge of Chinese manufacturing operations and brings valuable knowledge on the operation of business and the implementation of strategies in Asian marketplaces.

Mr Rooke is also a director of Reeltime Media Limited, an Australian public company listed on ASX.

***Interests in shares and options***

Mr Rooke held directly and indirectly the following securities in the capital of the Company at the date of this report:

Fully Paid Ordinary Shares	Nil
B Class Options	Nil

**Tseng-Jung WANG** (Appointed 11/04/2012)  
Taiwan, ROC

***Experience & expertise***

Mr Wang is a Management Consultant, having studied at the National Cheng Kung University of Taiwan.

Mr Wang is currently the President of Taiwan Temple Jinlan Association, established in 1989. Taiwan Temple Jinlan Association is the largest civil temple organisation in Taiwan, with significant influence over Mazu religious culture in Taiwan, mainland China and other parts of south-east Asia. The Taiwan Temple Jinlan Association membership is comprised of 65 well known Taiwanese temples.

Mr Wang is also Chairman of Taiwan Orthodox Luermen Goddess Temple in Tainan, Taiwan. This widely known temple is the centre of religious belief for local residents. It covers an area of 15 hectares with a number of large, Qing style buildings featuring exquisite carvings and architectural adornments.

Mr Wang has previously served as General Manager of Taiwan Gemini Cable TV Co Ltd, and as President of Taiwan Tainan County and City Cable TV Association.

***Interests in shares and options***

Mr Wang held directly and indirectly the following securities in the capital of the Company at the date of this report:

Fully Paid Ordinary Shares	Nil
B Class Options	Nil

**Huichun (Tom) XU** (Appointed 15/04/2011)  
Australia

***Experience & expertise***

Mr Xu established the Eastern Culture Bookstore chain, as well as a chain of eastern styled gift stores. He also established Australia Modern Education Press, as well as establishing Austrial GMP Health Products Co Ltd including seven branches in Sydney.

Mr Xu was elected Vice-Chairman of the Fujian Industrial and Commercial Union in Australia, and the first Australia Chapter President of Fujian Agriculture and Forestry University Alumni Association. Mr Xu is also a Justice of the Peace.

***Interests in shares and options***

Mr Xu held directly and indirectly the following securities in the capital of the Company at the date of this report:

Fully Paid Ordinary Shares	Nil
B Class Options	Nil

**Yuling (Lynn) XU** (Appointed 21/03/2012)  
Australia

***Experience & expertise***

Ms Xu is an international education consultant. She has lived and worked between Australia and Asia for over 10 years.

Ms Xu was the co-founder of Study Vision, a well known public-private partnership in the international education sector.

She advises various public and private sector education and media organisations as well as government departments. She currently specialises in strategic marketing, the establishment and management of offshore education sector investments, and merger and acquisition activity in the education services sector.

***Interests in shares and options***

Ms Xu held directly and indirectly the following securities in the capital of the Company at the date of this report:

Fully Paid Ordinary Shares	Nil
B Class Options	Nil

**Company Secretary**

The company secretary is Ian Sanderson (appointed 10 June 2011).

Ian Sanderson holds a Bachelor of Laws from Sydney University and a Graduate Diploma in Company Secretarial Practice from Chartered Secretaries Australia. He was engaged in private practice in commercial law for over 20 years, and has acted as in house counsel since 2001.

**MEETINGS OF DIRECTORS**

The following table sets out the number of meetings of the company's directors held during the year ended 30 June 2012, and the number of meetings attended by each director.

<b>Director</b>	<b>Number eligible to attend</b>	<b>Number Attended</b>
Gabriel EHRENFELD	-	-
Allan GILLESPIE	-	-
Bingkun HUANG	-	-
Yong Teng Dixie KOR	-	-
Fuling (Teddy) LI	-	-
Jason ROOKE	-	-
Tseng-Jung WANG	-	-
Huichun (Tom) XU	-	-
Yuling (Lynn) XU	-	-

In the interest of costs pending completion of the recapitalisation, the business of the board of the company was conducted by circulating resolutions.

**REMUNERATION REPORT - AUDITED**

This report details the nature and amount of remuneration for each director of the Company.

**a. Names and Positions held by key management personnel in office at any time during the financial year are:**

Key Management Person	Position
Gabriel EHRENFELD	Executive Vice-Chairman (Appointed 07/11/2011)
Allan GILLESPIE	Non-Executive Chairman (Resigned 01/09/2011)
Bingkun HUANG	Executive Chairman and Chief Executive Officer (Appointed Director on 10/06/2011, Appointed Chairman 07/11/2011)
Yong Teng Dixie KOR	Non-Executive Director (Appointed 01/09/2011)
Fuling (Teddy) LI	Non-Executive Director (Appointed 01/09/2011)
Jason ROOKE	Non-Executive Director (Appointed 01/09/2011, Resigned 07/11/2011)
Tseng-Jung WANG	Non-Executive Director (Appointed 11/04/2012)
Huichun (Tom) XU	Non-Executive Director (Appointed 15/04/2011)
Yuling (Lynn) XU	Non-Executive Director (Appointed 21/03/2012)

There are no executives (other than directors) with authority for strategic decision and management.

Ian Sanderson (company secretary) is included as he is one of the 5 highest paid executives of the company, although not considered part of key management personnel, as required under the Corporations Act 2001. Ian Sanderson was appointed as company secretary on 10 June 2011 and took over the role vacated by Colin Bloomfield.

**b. Compensation Practices**

*Remuneration Policy*

There is no current directors' remuneration policy.

*Service Agreements*

Steinbruck Management Services Pty Ltd (a company controlled by Gabriel Ehrenfeld) is to be paid management and consulting services of \$45,000 per month in a five year management agreement signed during the year ended 30 June 2011. The agreement will commence from the re-quotation of the company on the Australian Securities Exchange.

**c. Key Management Personnel Compensation**

Details of the remuneration of each director of Mazu Alliance Limited, including their personally related entities are set out below:

2012	Short-term		Post Employment		Long Term	Share Based Payments		Performance related
	Cash Salary & Fees	Management fees	Super-annuation	Retirement Benefits	Long service leave	Share based	Total	%
<b>Name</b>								
Gabriel EHRENFELD	-	-	-	-	-	-	-	-
Allan GILLESPIE	-	-	-	-	-	-	-	-
Bingkun HUANG	-	-	-	-	-	-	-	-
Yong Teng Dixie KOR	-	-	-	-	-	-	-	-
Fuling (Teddy) LI	-	-	-	-	-	-	-	-
Jason ROOKE	-	-	-	-	-	-	-	-
Tseng-Jung WANG	-	-	-	-	-	-	-	-
Huichun (Tom) XU	-	-	-	-	-	-	-	-
Yuling (Lynn) XU	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>Other Executives Compensation</b>								
Ian SANDERSON	-	-	-	-	-	-	-	-
Colin BLOOMFIELD	-	-	-	-	-	-	-	-
<b>Total Other Executives Compensation</b>	-	-	-	-	-	-	-	-

2011	Short-term		Post Employment		Long Term	Share Based Payments		Performance related
	Cash Salary & Fees	Management fees	Super-annuation	Retirement Benefits	Long service leave	Share based	Total	%
<b>Name</b>								
Allan GILLESPIE	-	-	-	-	-	-	-	-
Huichun (Tom) XU	-	-	-	-	-	-	-	-
Bingkun HUANG	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>Other Executives Compensation</b>								
Ian SANDERSON	-	-	-	-	-	-	-	-
Colin BLOOMFIELD	-	-	-	-	-	-	-	-
<b>Total Other Executives Compensation</b>	-	-	-	-	-	-	-	-

**d. Shares granted as part of remuneration**

No share-based payment compensation was paid during the year by Mazu Alliance Ltd.

**End of audited remuneration report**

### **SHARES ISSUED ON EXERCISE OF OPTIONS**

During or since the end of the financial year, no ordinary shares were issued as a result of the exercise of options.

### **UNISSUED SHARES UNDER OPTION**

At the date of report, there are 40,000,000 shares under option (B Class Options).

### **INDEMNIFYING OFFICERS OR AUDITORS**

During or since the end of the financial year, the Company has not, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, other than costs and expenses of successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

### **PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

### **NON-AUDIT RELATED SERVICES**

No amount was paid or payable to the auditor for non-audit related services.

### **AUDITOR'S INDEPENDENCE**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 22.

### **INSURANCE OF DIRECTORS AND OFFICERS**

The company did not have any insurance policies on the directors during the year.

### **DATE**

Signed on 17<sup>th</sup> June 2014 for and on behalf of the board in accordance with a resolution of the directors.

**Bingkun HUANG**  
Chairman

## **CORPORATE GOVERNANCE STATEMENT**

To date, the attention of the current Directors of Mazu Alliance Limited has been focused on the process of achieving the recapitalisation of the company, and they have not, as yet, set policies in relation to compliance with the Principles of Good Corporate Governance published by the ASX Corporate Governance Council.

The Directors are aware of those Principles and will develop guidelines in relation to those Principles as a matter of priority after the recapitalisation is complete. Those guidelines will be set out in the Annual Report of the Company which will be forwarded to shareholders in the near future and which will be announced to ASX, as required by the Listing Rules. The following matters are a statement of the intended broad policy of the Company.

### **Our approach to corporate governance**

#### **1. Framework and approach to corporate governance and responsibility**

The Board of Mazu Alliance Limited is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company's everyday activities - values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight. As corporate integrity is under question globally, a genuine commitment to good governance is fundamental to the sustainability of our business and its performance.

In pursuing its commitment to best practice governance standards, the Board will continue to:

- Review and improve its governance practices; and
- Monitor global developments in best practice corporate governance.

The Board's approach has been to be guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements. The best practice guidelines of the Australian Securities Exchange Limited ("ASX"), the company's home exchange, have been adopted as the minimum baseline for our governance practices.

#### **2. Compliance with the ASX best practice recommendations**

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX best practice recommendations in the reporting period.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision.

This Governance Statement describes Mazu Alliance's governance practices and notes where they do not comply with the ASX best practice recommendations.

### **The Board of Directors**

#### **a) Respective roles of board and management**

- 1.1. The Board sees itself as providing strategic guidance to management of the Company. Senior management will have day-to-day control of the Company subject to the strategic guidance of the Board.



1.2. The CEO, is also the Chairman. There is no effective separation of the two roles.

**b) Board size and composition**

The Board determines its size and composition, subject to the limits imposed by Mazu Alliance Limited Constitution. The Constitution requires a minimum of three and a maximum of twenty Directors. In addition, at least two of the Directors shall ordinarily reside within Australia.

In the future, selection of board candidates will be overseen by a Nominations Committee. Candidates are presently selected by the Board and appropriate steps are taken to ensure that candidates are appropriate for appointment. Details of directors are provided in annual reports, notices of meeting for their re-election and in ASX announcements of their appointment

**c) The selection and role of the Chairman**

The Chairman is selected by the Board. The Chairman's role includes:

- Providing effective leadership on formulating the Board's strategy;
- Representing the views of the Board to the public;
- Ensuring that, when all Board members take office, they are fully briefed on the terms of their appointment, their duties and responsibilities;
- Ensuring that the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- Guiding the agenda and conduct of all Board meetings; and
- Reviewing the performance of Board Directors.

The current Chairman, Bingkun Huang is an Executive Director appointed by the Board. He has been a Director since June 2011 and Chairman of Mazu Alliance Limited since November 2011.

**d) Director's Independence**

The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgment. Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than general materiality thresholds. In assessing independence, the Board considers whether the Director has a business or other relationship with Mazu Alliance Limited, either directly, or as a partner, shareholder or officer of a company or other entity that has an interest, or a business or other relationship, with Mazu Alliance Limited. It is the Board's view that all the Non-Executive Directors are independent.

**e) Avoidance of conflicts of interest by a Director**

In accordance with the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote of the matter.

**f) Meetings of the Board and their conduct**

The Board meets whenever necessary to deal with specific matters needing attention. The Chairman and the Company Secretary establish meeting agendas to ensure adequate coverage of financial, strategic and major risk areas throughout the year. The Directors and Company Secretary also maintains informal communications via email and phone.

**g) Succession planning**

The Board plans succession on its own members taking into account the skills, experience and expertise required and currently represented, and Mazu Alliance Limited future direction. The Board is also responsible for CEO and CFO succession planning (if appointed).

**h) Review of Board performance**

The Board reviews its overall performance, as well as the performance of individual Directors. The performance of Non-Executive Directors (including the Chairman where applicable) is subject to annual peer review.

**i) Nomination and appointment of new Directors**

Recommendations for nominations of new Directors are made by the Board as a whole. Those nominated are assessed by the Board against a range of criteria including background, experience, professional skills, personal qualities, whether their skills and experience will augment the existing Board and their availability to commit themselves to the Board's activities. If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for election.

**j) Retirement and re-election of Directors**

Mazu Alliance Limited's Constitution states that one-third of the Directors must retire each year. The maximum time that each Director can serve in any single term is three years. Any Director who has been appointed during the year must retire at the next annual general meeting. Eligible Directors who retire each year may offer themselves for re-election by shareholders at the next annual general meeting.

**k) Compulsory retirement of Directors**

The Board has no limit on the number of terms of office, which any Director may serve.

**l) Board access to information and Mazu Alliance Limited advice**

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational reports. Mazu Alliance Limited's Company Secretary provides Directors with ongoing guidance on issues such as corporate governance, Mazu Alliance Limited's Constitution and the law. The Board collectively, and each Director individually, has the right to seek independent professional advice at Mazu Alliance Limited's expense to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in its absence, Board approval may be sought.

**m) Diversity Policy**

The Company will establish a diversity policy to ensure that there is appropriate gender diversity across the whole organisation. At present, the operations of the Company are such that it does not have sufficient employees to justify a diversity policy across the organisation. One member of the Board is female.

## **Board Committees**

### **a) Board committees and membership**

There are currently no operational Board Committees. Mazu Alliance Limited current size and operations do not allow for separate Board Committees. All issues are considered by all the Directors, unless a Director is unable to exercise independence. Mazu Alliance Limited does not comply with ASX recommendations on these issues.

### **b) Audit Committee**

Mazu Alliance Limited does have an Audit Committee and complies with this recommendation

### **c) Board Risk Oversight Committee**

Mazu Alliance Limited does not have an active Board Risk Oversight Committee. It does not comply with this recommendation.

### **d) Board Nominations Committee**

Mazu Alliance Limited does not have an active Board Nominations Committee and any appointment would be considered by all directors. It does not comply with this recommendation.

### **e) Board Remuneration Committee**

Mazu Alliance does have a Board Remuneration Committee. Non Executive Directors are currently not paid a fixed remuneration for attending Board Meetings, but are allowed to claim for out-of-pocket expenses. The Managing Director and Chairman is paid a fixed remuneration.

The Board has in place charters and proposed members for a Board Risk Oversight Committee, Nominations Committee and Remuneration Committee. Those committees will meet when the scale of the Company's operations so warrant it.

## **Audit governance and independence**

### **a) Approach to audit governance**

The Board is committed to three basic principles:

- Mazu Alliance Limited must produce true and fair financial reports;
- Its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies; and
- The external auditors are independent and serve shareholder interest by ensuring that shareholders know Mazu Alliance Limited's true financial position.

### **b) Engagement and rotation of external auditor**

Mazu Alliance Limited independent external auditor is DFK Richard Hill. The Board of Directors currently requires no rotation of Auditor.

### **c) Discussions with external auditor on independence**

The Board Audit and Compliance Committee require the external auditor to confirm that they have maintained their independence.

**d) Relationship with external auditor**

Mazu Alliance Limited's current policies on employment and other relationships with our external auditor are:

- The audit partners and any audit firm employee on the Mazu Alliance Limited audit are prohibited from being an officer of Mazu Alliance Limited;
- An immediate family member of an audit partner or any audit firm employee on the Mazu Alliance Limited audit is prohibited from being a Director or an officer in a significant position at Mazu Alliance Limited;
- A former audit firm partner or employee on the Mazu Alliance Limited audit is prohibited from becoming a director or officer in a significant position at Mazu Alliance Limited for at least five years and after the five years, can have no continuing financial relationship with the audit firm;
- Members of the audit team and firm are prohibited from having a business relationship with Mazu Alliance Limited or any officer of Mazu Alliance Limited unless the relationship is clearly insignificant to both parties;
- The audit firm, its partners, its employees on the Mazu Alliance Limited audit and their immediate family members are prohibited from having a direct or material indirect investment in Mazu Alliance Limited;
- Officers of Mazu Alliance Limited are prohibited from receiving any remuneration from the audit firm;
- The audit firm is prohibited from having a financial interest in any entity with a controlling interest in Mazu Alliance Limited; and
- The audit firm engagement team in any given year cannot include a person who had been an officer of Mazu Alliance Limited during that year.

**e) Restrictions on non-audit services by the external auditor**

The external auditor is not restricted in the provision of non-audit related services to Mazu Alliance Limited except as required by the Corporations Act, the Constitution of Mazu Alliance Limited or the ASX Listing Rules.

**f) Attendance at Annual General Meeting**

Mazu Alliance Limited's external auditor attends the annual general meeting and is available to answer shareholder questions.

**Controlling and managing risk**

**a) Approach to risk management**

Taking and managing risk are central to business and to building shareholder value. Mazu Alliance Limited's approach is to identify, assess and control the risks which affect its business. The intention is to enable risks to be balanced against appropriate rewards. The risk management approach links Mazu Alliance Limited's vision and values, objectives and strategies, and procedures and training.

**b) Risk management roles and responsibilities**

The Board is responsible for approving and reviewing Mazu Alliance Limited's risk management strategy and policy. The Company Secretary is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of Mazu Alliance Limited activities.

**c) Company Secretarial assurance**

The Board receives regular reports about the financial condition and operational results of Mazu Alliance Limited and its controlled entities. The Company Secretary periodically provides formal statements to the Board that in all material respects;

- The company's financial statements present a true and fair view of Mazu Alliance Limited's financial condition and operational results, and
- The risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

**Remuneration framework**

**a) Overview**

Mazu Alliance Limited does not pay its Non-Executive Directors and Company Secretary a fixed remuneration. The Non-Executive Directors can claim reimbursement of out-of-pocket expenses incurred on behalf of Mazu Alliance Limited. The Company Secretary's services are provided by an external organisation. That organisation pays a fixed fee for the secretary's, and other management services. The Directors are committed to minimising outgoings while examining future business options for Mazu Alliance Limited. The Managing Director and the Chairman is on a fixed remuneration.

**Corporate Responsibility and sustainability**

**a) Mazu Alliance Limited approach to corporate responsibility and sustainability**

Mazu Alliance Limited's aim is to manage its business ethically in a way that produces positive outcomes for all stakeholders and maximises economic, social and environmental value simultaneously. In doing so, Mazu Alliance Limited accepts that the responsibilities flowing from this go beyond both strict legal obligations and just the financial bottom line. Transparency, the desire for fair dealing, and positive links into the community underpin the company's everyday activities and corporate responsibility practices.

**b) Mazu Alliance Limited Code of Conduct**

Mazu Alliance Limited's Code of Conduct applies to all Directors, executives and employees without exception. The Code governs workplace and human resource practices, risk management and legal compliance, and is aligned to Mazu Alliance Limited's core values of teamwork, integrity and performance. The Code is reviewed periodically and has been specifically reviewed to reflect the ASX best practice.

**c) Insider trading policy and trading in Mazu Alliance Limited Shares**

Both Directors and employees of a Corporation are subject to restrictions under the law relating to dealing in certain financial products, including securities in a company (including Mazu Alliance Limited), if they are in possession of inside information.

Inside information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the company.

Mazu Alliance Limited has a share trading policy restricting officers and management from trading in the Company's securities outside specified windows.

**d) Market disclosure policy and practices**

The Company Secretary has responsibility for ensuring compliance with the continuous disclosure requirements of Mazu Alliance Limited in accordance with the Listing Rules, and overseeing and coordinating information disclosure of Mazu Alliance Limited to the market, analysts, brokers, shareholders, the media and the public.

Mazu Alliance Limited is committed to giving all shareholders comprehensive and equal access to information about our activities, and to fulfill continuous disclosure obligations to the broader market. Mazu Alliance Limited's policy is designed to ensure compliance with the ASX Listing Rules continuous disclosure requirements. It ensures any information that a reasonable person would expect to have a material effect on the price of Mazu Alliance Limited securities is disclosed.

**AUDITOR'S INDEPENDENCE DECLARATION**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
		_____	_____
<b>Revenue</b>	3	3,231	-
Accounting and legal expenses		(51,634)	(10,000)
Other expenses		(154,287)	(19,753)
		_____	_____
Loss before income tax expense		(202,690)	(29,753)
Income tax expense	5	-	-
		_____	_____
Loss for the year attributable to members		(202,690)	(29,753)
		_____	_____
<b>Total comprehensive income for the year attributable to members</b>		(202,690)	(29,753)
		_____	_____
<b>Earnings per share for the period</b>			
Basic profit/(loss) per share (cents per share)		(0.001)	(0.050)
Diluted profit/(loss) per share (cents per share)		(0.001)	(0.050)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

	Notes	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10(a)	2,236,235	-
Trade & other receivables		2,135,463	-
Inventories		68,455	-
Prepayments		<u>968,674</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>		<u>5,408,827</u>	<u>-</u>
 <b>NON-CURRENT ASSETS</b>			
Fixed assets pending for disposal		238,583	-
Long term deferred expenses		1,128,768	-
Construction in progress		<u>826,922</u>	<u>-</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,194,273</u>	<u>-</u>
 <b>TOTAL ASSETS</b>		 <u>7,603,100</u>	 <u>-</u>
 <b>CURRENT LIABILITIES</b>			
Trade & other payables	6	2,860,776	1,447,689
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,860,776</u>	<u>1,447,689</u>
 <b>TOTAL LIABILITIES</b>		 <u>2,860,776</u>	 <u>1,447,689</u>
 <b>NET ASSETS/(LIABILITIES)</b>		 <u>4,742,324</u>	 <u>(1,447,689)</u>
 <b>EQUITY</b>			
Issued capital	7	51,562,629	45,169,926
Accumulated losses		(46,820,305)	(46,617,615)
<b>TOTAL SHAREHOLDERS' EQUITY/(DEFICIT)</b>		<u>4,742,324</u>	<u>(1,447,689)</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2012**

	<b>Share Capital</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2010</b>	45,169,926	(46,587,862)	(1,417,936)
Loss for the year	-	(29,753)	(29,753)
Total comprehensive income for the year	-	(29,753)	(29,753)
<b>Balance at 30 June 2011</b>	<b>45,169,926</b>	<b>(46,617,615)</b>	<b>(1,447,689)</b>
Loss for the year	-	(202,690)	(202,690)
Shares issued during the year	6,391,703	-	6,391,703
Options issued during the year	1,000	-	1,000
Total comprehensive income for the year	-	(202,690)	6,190,013
<b>Balance at 30 June 2012</b>	<b>51,562,629</b>	<b>(46,820,305)</b>	<b>4,742,324</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers		(219,439)	-
Receipts from customers		3,230	-
Interest received		1	-
<b>NET CASH (OUTFLOWS) FROM OPERATING ACTIVITIES</b>	10(b)	(216,208)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Construction in progress		(955,269)	-
Fixed asset pending disposal		(238,582)	-
Long term deferred expenses		(1,437,302)	-
<b>NET CASH (OUTFLOWS) FROM INVESTING ACTIVITIES</b>		(2,631,153)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares and options		5,078,427	-
Proceeds from borrowings		5,169	-
<b>NET CASH (OUTFLOWS) FROM INVESTING ACTIVITIES</b>		5,083,596	-
Net increase/(decrease) in cash and cash equivalents held		2,236,235	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at the end of the financial year	10(a)	2,236,235	-

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is prepared on an accruals basis and based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of consideration given in exchange for assets.

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

**Statement of Compliance**

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

**Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal trading activities and realisation of assets and settlement of liabilities in the normal course of business.

However until November 2011, the company was in administration and the ability of the company to continue as a going concern is dependent on the company raising sufficient capital with the intention of securing re-quotations of the company's securities on the ASX and sufficient funds, including working capital, to execute the company's business plan.

**Accounting Policies**

**(a) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet 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 realised or liability is settled. Deferred tax is credited in the income statement 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 utilised.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company and controlled entities will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and bank overdrafts.

**(c) Contributed Equity**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

**(d) Earnings per share**

**(i) Basic Earnings per Share**

Basic earnings per share is determined by dividing net profit/loss after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**(ii) Diluted Earnings per Share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(e) Impairment of assets**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

**(f) 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*

Financial assets are classified into four categories, which determines the accounting treatment of the item. The categories and various treatments are:

- held-to-maturity, measured at amortised cost;
- financial assets at fair value through profit or loss, measured at fair value with gains or losses charged to the profit and loss;

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

— loans and receivables, measured at amortised cost; and  
— available for sale instruments, measured at fair value with unrealised gains or losses taken to equity.

*Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principle payments and amortisation. This is with the exception of trade payables which are determined based upon claims against the company as detailed in the information compiled by the Deed Administrator.

*Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

**(g) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised as interest accrues using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

**(h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(i) Trade and other payables**

Trade and other payables are determined based upon claims against the company as detailed in the information compiled by the Deed Administrator. Due to their short term nature they are not discounted. The amounts are unsecured.

**(j) Segment Reporting**

There are no operating segments within the current business structure as the company is in administration at the date of this report.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**(k) Accounting Standards issued but not yet effective**

The following new/amended accounting standards have been issued, but are not mandatory for financial years ended 30 June 2011. They have not been adopted in preparing the financial statements for the year ended 30 June 2011 and are expected to impact the Company in the period of initial application. In all cases the Company intends to apply these standards from the mandatory application date as indicated in the table below.

Standards likely to have a financial impact

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009 and updated December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	Adoption is only mandatory for the 31 December 2013 year end, the Company has not yet made an assessment of the impact of these amendments.
Amendments to AASB 124 (issued November 2009)	Amendments to IAS 24 Related Party Disclosures	Simplifies disclosure requirements for government-related entities and clarifies the definition of a related party.	Annual reporting periods commencing on or after 1 January 2011.	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.
Amendments to AASB 7 (made by AASB 2010-4)	Financial Instruments: Disclosures	Reduces disclosure requirements for financial instruments	Annual reporting periods commencing on or after 1 January 2011.	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.
AASB 101 (issued June 2010)	Presentation of Financial Statements	Requires detailed reconciliation of each item of other comprehensive income be included in the statement of changes in equity or in the notes to the financial statements.	Annual reporting periods commencing on or after 1 January 2011.	There will be no impact on initial adoption as a detailed reconciliation of each item of other comprehensive income has always been included in the statement of changes in equity.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

Amendments to AASB 7 (issued November 2010)	Financial Instruments: Disclosures	Increases significantly disclosure requirements for transfers of financial assets	Periods beginning on or after 1 July 2011	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.
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All other pending Standards issued between the previous financial report and the current reporting dates have no application to the Company.

**2. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on Mazu Alliance Ltd that are believed to be reasonable under the circumstances.

In applying the Company's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments

(i) *Deed of Company Arrangement*

On 17 November 2006 the Company entered into a Deed of Company Arrangement (DOCA) and from this date the Directors responsibility for day to day operation of the Company is limited to that allowed under the Deed. Robert Whitton was the deed administrator and remained so until the effectuation of the Deed on 7 November 2011.

**3. REVENUE**

Revenue from outside the operating activities

**Continuing operations**

Interest	1	-
Investment income	3,230	-
	3,231	-



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**4. OPERATING LOSS**

	2012	2011
	\$	\$
<b>Net Expenses</b>		
The loss before income tax includes the following specific expenses:		
<b>Continuing Expenses:</b>		
Accounting & legal expenses	51,634	10,000
Other expenses	154,287	19,753

**5. INCOME TAX**

**(a) Numerical reconciliation of income tax expense to prima facie tax payable**

Loss from ordinary activities before income tax expense	(202,690)	(29,753)
Prima facie tax benefit on loss from ordinary activities at 30% (2011 30%)	(60,807)	(8,926)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	-	-
	(60,807)	(8,926)
Movement in unrecognised temporary differences	-	-
Tax effect of current year timing differences and tax losses for which no deferred tax asset has been recognised	60,807	8,926
Income tax expense	-	-

**(b) Unrecognised temporary differences**

The directors are in the process of determining the amount of unrecognised deferred tax assets which may be available for utilisation against future taxable profits. At present this amount is uncertain due to the change of ownership and the expected change in business as a result of the recapitalisation proposal. In addition it is not yet appropriate to recognise deferred tax assets in relation to unutilised tax losses or timing differences as the generation of future taxable profits cannot yet be determined as probable.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**6. TRADE AND OTHER PAYABLES**

	2012	2011
	\$	\$
<b>CURRENT</b>		
Trade creditors	1,476,924	1,044,105
Accruals	26,449	50,000
Administrator Accruals	-	270,170
Other creditors	1,357,403	73,414
	2,860,776	1,447,689

**7. ISSUED CAPITAL**

Issued Capital		
Issued Options 40,000,000 (2011 – nil)	1,000	-
Fully paid shares 235,886,961 (2011 – 55,510,893)	51,561,629	45,169,926
	51,562,629	45,169,926

On 7 June 2011, 55,510,893 shares were reconstructed on a 50:1 basis leaving 1,110,402 shares.

On 7 September 2011, 234,776,559 post reconstruction shares were issued.

**(i) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

**(ii) Options**

At 30 June 2012, the company had issued 40,000,000 Class B Options at \$0.000025 each for a total consideration of \$1,000.

**(iii) Capital Risk Management**

The Company considers its capital to comprise its ordinary share capital. The quantitative summary of share capital is disclosed as per the above table.

In managing its capital, the Company's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Company seeks to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**8. KEY MANAGEMENT PERSONNEL COMPENSATION**

**a. Names and Positions held of key management personnel in office at any time during the financial year are:**

<b>Key Management Position</b>	<b>Position</b>
Gabriel EHRENFELD	Executive Vice-Chairman (Appointed 07/11/2011)
Allan GILLESPIE	Non-Executive Chairman (Resigned on 01/09/2011)
Bingkun HUANG	Executive Chairman and Chief Executive Officer (Appointed Director on 10/06/2011, Appointed Chairman 07/11/2011)

There are no executives (other than directors) with authority for strategic decision and management.

**b. Key Management Personnel Compensation**

Details of the remuneration of each director of Mazu Alliance, including their personally related entities are set out below:

	2012	2011
	\$	\$
	_____	_____
Short-term employee benefits	-	-
Post employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share based payment	-	-
	_____	_____
	-	-
	=====	=====

**c. Shareholdings**

The number of shares in the company held by each director of Mazu Alliance, including their personally-related entities, are set out below:

**2012**

Name	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Gabriel EHRENFELD	-	-	-	54,628,065
Allan GILLESPIE	-	-	-	-
Bingkun HUANG	-	-	-	72,000,000
Yong Teng Dixie KOR	-	-	-	-
Fuling (Teddy) LI	-	-	-	-
Jason ROOKE	-	-	-	-
Tseng-Jung WANG	-	-	-	-
Huichun (Tom) XU	-	-	-	-
Yuling (Lynn) XU	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**8. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)**

**2011**

Name	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Allan GILLESPIE	-	-	-	-
Bingkun HUANG	-	-	-	-
Huichun (Tom) XU	-	-	-	-

**d. Options**

The number of options over ordinary shares in the company held during the financial year by each director of Mazu Alliance, including their personally-related entities, are set out below.

**2012**

Name	Balance at start of the year	Granted during the year as remuneration	Disposals/ forfeiture	Balance at end of the year	Vested and exercisable at the end of the year
Gabriel EHRENFELD	-	-	-	-	10,300,000
Allan GILLESPIE	-	-	-	-	-
Bingkun HUANG	-	-	-	-	29,700,000
Yong Teng Dixie KOR	-	-	-	-	-
Fuling (Teddy) LI	-	-	-	-	-
Jason ROOKE	-	-	-	-	-
Tseng-Jung WANG	-	-	-	-	-
Huichun (Tom) XU	-	-	-	-	-
Yuling (Lynn) XU	-	-	-	-	-

**2011**

Name	Balance at start of the year	Granted during the year as remuneration	Disposals/ forfeiture	Balance at end of the year	Vested and exercisable at the end of the year
Allan GILLESPIE	-	-	-	-	-
Bingkun HUANG	-	-	-	-	-
Huichun (Tom) XU	-	-	-	-	-

	2012	2011
	\$	\$

**9. REMUNERATION OF AUDITORS**

Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:

	10,000	10,000
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Remuneration for other services

	-	-
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**10. NOTES TO THE STATEMENT OF CASH FLOWS**

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows cash and cash equivalents includes cash on hand and at call deposits with banks, and investments in money market instruments net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	2012	2011
	\$	\$
	_____	_____
Reconciliation of cash and cash equivalents		
Cash at bank	2,236,235	-
	_____	_____
(b) Reconciliation of loss after income tax to net cash flow from operating activities		
Operating loss after income tax	(202,690)	(29,753)
<u>Non Cash Items</u>		
<u>Change in operating assets and liabilities</u>		
(Decrease)/increase in trade and other receivables	(10,526)	-
(Decrease)/increase in trade and other payables	99,014	29,753
(Decrease)/increase in accruals	(33,551)	-
Movement in inventory	(68,455)	-
	_____	_____
Net cash outflow from operating activities	(216,208)	-
	_____	_____

**NOTES TO THE FINANCIAL STATEMENTS  
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	2012 cents	2011 cents
<b>11. EARNINGS PER SHARE</b>		
(a) Basic and diluted loss per share	(0.001)	(0.050)
(b) Weighted average number of shares outstanding during the year used in the calculation of basic loss per share	192,147,766	55,510,893

Diluted earnings per share are not materially different to Basic Earnings per share.

**Reconciliation of loss used in the calculating basic loss per share**

	2012 \$	2011 \$
Net profit/ (loss)	(202,690)	(29,753)
Net profit (loss) attributable to outside equity interest	-	-
Profit/(loss) used in calculating basic loss per share	(202,690)	(29,753)

**12. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES**

**Net Fair Value of Financial Assets and Liabilities**

The net fair value of financial assets and financial liabilities of the Company approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet and in the Notes to and forming part of these financial statements.

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. The main purpose of the cash and cash equivalents is to earn the maximum amount of interest at a low risk to the Company. For the period under review, it has been the Company's policy not to trade in financial instruments.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

**Interest Rate Risk Exposures**

The Company is exposed to movements in market interest rates on its cash at bank. The policy is to monitor market interest rates to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not have short or long term debt, and therefore this risk is minimal.

As at 30 June 2012 the company's exposure to interest rate risk was limited to the cash at bank of which was \$Nil at floating interest rates. No interest is payable on this amount.

**NOTES TO THE FINANCIAL STATEMENTS  
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As there is no material exposure to interest rate risk no sensitivity analysis is performed.

**Credit Risk Exposures**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on financial assets, excluding investments, of the Company, which have been recognised on the balance sheet, is the carrying amount, net of any allowance for doubtful debts.

The Company is not materially exposed to any individual overseas country or individual customer.

**Liquidity Risk Exposures**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Financial obligations of the Company consist of trade creditors and other payables.

For maturity analysis purposes, these are current liabilities. As the DOCA has been effectuated, all these amounts have now been settled, and the company is not exposed to a liquidity risk from these previous trade creditor claims.

**13. EVENTS OCCURRING AFTER BALANCE DATE**

On 17 September 2012, the Company announced that construction of the expanded temple complex and other elements of Mazu City had commenced.

On 17 September 2012, the Company announced that of the 3,600 private shrines to be constructed in Mazu City, the Company already has signed preliminary agreements with 280 Mazu congregations in Taiwan for each of them to lease a private shrine at Mazu City. Each temple will subscribe for shares in the Company and enter into a 70 year lease of a private shrine during which time they will pay lease and management fees, and also organise for their congregants to visit Mazu City.

On 1 November 2013, the Company announced that it would be seeking to raise capital through a public offering at \$2.25 per share in 2014.

On 8 January 2014, the Company announced that to strengthen the Company's operations in the development of its 3,600 private temples and cultural halls, it was forming key strategic partnerships with aligned Taoist and Buddhist faiths. In furthering this strategy, the Company is appointing internationally recognised religious dignitaries as advisers to the Company. The Company announced that Mr Taochen Chang had been appointed as the Company's Taoist Chief Adviser commencing on 1 January 2014.

Mr Chang is the 'Heavenly Master', a title originating with the Eastern Han Dynasty. The position of 'Heavenly Master' is allocated to a religious head of the Taoist movement. Taoism has influenced Southeast Asia for over 2,000 years and has also spread internationally. Mazu is a deity in Taoism. In each generation, the position and title of 'Heavenly Master' was bestowed by the emperor of the time. The position has been passed through 64 generations, and Mr Chang, a 64<sup>th</sup> generation descendant of the family, is the current Heavenly Master. He has an extensive group of followers, and is recognised

**NOTES TO THE FINANCIAL STATEMENTS  
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in Taiwan, Southeast Asia and internationally. Mr Chang is an expert in Taoist affairs and religious worship rituals.

**14. CONTINGENT LIABILITIES**

The company did not have any contingent liabilities at 30 June 2012 or 30 June 2011.

All prior creditors' claims against the company were brought to account as at 30 June 2011. This excludes claims against Red X Engine Company Pty Ltd which has been treated as disposed of during the 2007 financial year.



## **DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the Financial Statements, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date
  - (c) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable provided the successful recapitalisation and re-quotations of the Company takes place.
3. The directors have been given the declarations by the Chief Executive Officer and Company Secretary required by section 295A.
4. The remuneration disclosures included on pages 10 and 11 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2012, comply with section 300A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

**Bingkun HUANG**  
**Chairman**

17<sup>th</sup> June 2014