

**Mazu Alliance Limited**  
**ABN 45 077 226 183**  
**and Controlled Entities**

**Annual report for the financial year ended 30 June 2012**



**MAZU ALLIANCE  
LIMITED**

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## CORPORATE DIRECTORY

<b>Directors</b>	Bingkun HUANG (Chairman) Gabriel EHRENFELD (Vice Chairman) Yong Teng Dixie KOR Huichun (Tom) XU Yuling (Lynn) XU
<b>Secretary</b>	Raymond TAYLOR
<b>Registered office</b>	Level 2, 10 Outram Street WEST PERTH WA 6005
<b>Business address</b>	Level 36, Governor Phillip Tower 1 Farrer Place SYDNEY NSW 2000 Telephone: +61 2 8011 4099 Facsimile: +61 2 4044 0111
<b>Share registry</b>	Security Transfer Registrars Address: 770 Canning Highway, Applecross WA 6153 Postal: PO Box 535, Applecross WA 6953 Telephone: +61 8 9315 2333 Facsimile: +61 8 9315 2233 Email: registrar@securitytransfer.com.au
<b>Home exchange</b>	Australian Securities Exchange Limited ASX Code: MZU
<b>Auditor</b>	DFK Richard Hill 2 <sup>nd</sup> Floor, 32-36 Martin Place SYDNEY NSW 2000
<b>Deed Administrator</b>	Robert WHITTON (Appointed 13 April 2007, Ceased 9 November 2011) Deed of Company Arrangement effectuated on 9 November 2011

## 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. The following matters are a statement of the intended broad policy of the Company.

### 1. Our approach to corporate governance

#### (a) 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:

- (i) Review and improve its governance practices; and
- (ii) 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.

#### (b) 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.

## 2. The Board of Directors

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

- (i) 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.
- (ii) 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:

- (i) Providing effective leadership on formulating the Board's strategy;
- (ii) Representing the views of the Board to the public;
- (iii) Ensuring that, when all Board members take office, they are fully briefed on the terms of their appointment, their duties and responsibilities;
- (iv) 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;
- (v) Guiding the agenda and conduct of all Board meetings; and
- (vi) 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.

### 3. Board Committees

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.

### 4. Audit governance and independence

The Board is committed to three basic principles:

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

## 5. 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:

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

## 6. Remuneration framework

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.

## 7. 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.

## 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, Resigned 09/12/2014)  
Jason ROOKE (Appointed 01/09/2011, Resigned 07/11/2011)  
Tseng-Jung WANG (Appointed 11/04/2012, Resigned 09/12/2014)  
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 \$3,276,704 (2011: Loss of \$29,753).

### 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-quotation 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.

As part of the development of the business Mazu obtained control over Zhangzhou Wushi Tourism Development Co. The former shareholders of that company were issued shares in Mazu Alliance Limited as consideration for the acquisition of all of the outstanding share capital of the company, and control of the business and all of the assets including the ownership of the site is now with Mazu Alliance Limited.

This business combination has been accounted for by applying the acquisition method. The business combination has been accounted for from the date that control was attained, 7 November 2011. The fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is based on the book value on 31 December 2011, resulting in the net assets on acquisition date to be \$1,077,501.49.

The consideration transferred in the business combination, being the 104,915,083 ordinary shares of Mazu Alliance Limited, had a fair value of \$2,924,507.94 based on management's assessment of shares of the company at the time of issuance. No goodwill on acquisition has been recognised. Therefore a Loss on acquisition amounting to \$1,847,006.44 has been recognised.

Zhangzhou Wushi Tourism Development Co. has engaged Zhangpu Wushi Palace of Queen of Heaven Administrative Committee (the Committee) to manage the day-to-day operation of the existing Wushi Palace of Queen of Heaven which is owned by Zhangzhou Wushi Tourism Development Co. a company acquired during the year. The Committee has the right to pay all operational costs from the revenue received. Any net profit from the operation should be remitted to Zhangzhou Wushi Tourism Development Co. on the timely basis.

## GOING CONCERN ISSUE

Relating to the financial position of the Company pursuant to S299A(1)(b) of the Corporations Law the company recorded a net operating loss of \$3,276,704 and had net cash outflows from operating activities of \$599,707 for the year ended 30 June 2012 leaving cash and cash equivalents of \$290,321. The group has a net shortfall of current assets of \$2,449,450 (Current Assets less Current Liabilities) but a total surplus of all assets over liabilities of \$2,098,336. This potentially creates a short term funding difficulty. These factors indicate a significant uncertainty as to whether the company will continue as a going concern and therefore whether it will be able to realise its assets

and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors believe after consideration of the following matters, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and is a going concern because of the following factors:

- The ability to raise additional capital;
- The Company has net assets of \$2,098,336;
- The ability to collect debtors outstanding.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities which might be necessary if the company was not to continue as going concern.

## SIGNIFICANT CHANGE IN CONSOLIDATED GROUP POSITION

Net Assets of the consolidated group have increased by \$3,546,025 from a net deficit of \$1,447,689 at 30 June 2011 to net assets of \$2,098,336. Three major factors for the change were:

1. The Deed of Company Arrangement to which the Company was subject was effectuated on 9 November 2011.
2. The issue of shares for the purchase of the Mazu City land.
3. On 1 December 2011, 2,000,000 shares were issued to Bingkun Huang at an issue price of \$1.00 per share.

## 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

### Mazu City

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.

The Mazu City site now has 5 temples built or under construction.

## **Announcement of proposed capital raising**

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.

## **Interfaith programme**

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.

On 27 November 2014, the Company announced that it had appointed Lama Tsewang Rigzin as the Company's Chief Buddhist Adviser to advise the Company on various Buddhist affairs. Lama Tsewang is the religious leader of the Tibetan Buddhism Nyingma Sect.

Lama Tsewang has studied Buddhism law at Zha Na Temple (in Changdu, Tibet), Yarchen Vddiyana Meditation Monastery (in Sichuan, China), and Larung Gar Five Sciences Buddhist Academy (in Sichuan, China). Lama Tsewang is the current abbot of the Zha Na Temple in Gongjue County, in the Changdu Prefecture of Tibet. This is a significant Buddhist temple with over 200 Buddhist lamas and grounds exceeding 800 hectares that include schools, an Institute of Buddhist Studies and an orphanage. Lama Tsewang is a frequent traveller across China to propagate Buddhism within the Han nationality. He has followers across the world, and is a notable humanitarian. He and his lamas frequently participate in earthquake and disaster relief operations, and raise donations for these causes.

## **Debtors**

The largest debtor of the Company owed RMB 9.65 million (AUD 1.89 million) to the Company, and this debt has been settled during the first half year of 2015 financial year, by way of transferring the ownership of a proportionate quantity of Maotai liquor to the Group. In the Company's opinion, the value of this stock has a realisable value of at least the carrying value of the debt.

## **Share Subscription Agreement**

The Chief Executive Officer of Enjoyer Co Ltd, Mr Jianqiang Zhang, in his own right entered into a subscription agreement with the Company for shares in the Company to the value of RMB60 million. The Company, via a subsidiary, also entered into a construction contract with Enjoyer Co, Ltd. In the event that Mr Zhang did not complete the subscription agreement, the Company was entitled to terminate the construction contract. As it transpired, Mr Zhang did not complete the subscription agreement and the Company did terminate the construction contract.

## Construction Contract

The Company's subsidiary, Zhangzhou Wushi Tourism Development Co Ltd, entered into a contract with Enjoyer Co Ltd for construction of some elements at the Mazu City site. Pursuant to the construction contract, Enjoyer Co Ltd was required to pay a construction bond of RMB 5.6 million (AUD 1.1 million), which sum was paid. In the event of successful completion of the construction contract, Enjoyer Co Ltd would be entitled to the return of the bond. In the event that the contract was not successfully completed, the bond would be forfeited by Enjoyer Co Ltd to the Company.

The contract was subject to the total compliance of its CEO, Mr Jianqiang Zhang, with the terms of a share subscription agreement with the Company to subscribe for shares to the value of RMB 60 million (AUD 11.73 million) in the Company. Mr Zhang did not comply with the share subscription agreement. Accordingly, the Company terminated the construction contract and became entitled to the RMB 5.6 million construction bond, which it received.

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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 Company's 100% owned subsidiary, Zhangzhou Wushi Tourism Development Co.

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).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

On 8 November 2011, 106,361,476 shares were issued to the following nominees of the GXG Acquisition Trust:

Issue details	Number of shares issued	Issue price
Bingkun Huang	70,000,000	\$0.0001
Sino Equity Investments Pty Ltd	36,361,476	\$0.0001
	<u>106,361,476</u>	

On 8 November 2011, 20,000,000 shares were issued to the Professional Advisers of the GXG Acquisition Trust at an issue price of \$0.0001 per share.

On 9 November 2011, the Deed of Company Arrangement (**DOCA**) was effectuated, and 1,500,000 shares were issued to the Green X Global Creditors Trust in full satisfaction of all claims against the Company pursuant to the terms of the DOCA.

On 21 November 2011, 104,915,083 shares were issued to the former owners of the temple for acquisition of the temple complex. Arising from the issue of 104,915,083 fully paid ordinary shares for the acquisition of the temple complex, the company now fully owns and controls the site and existing temple complex via its wholly owned subsidiary, Zhangzhou Wushi Tourism Development Co. Ltd. Control of the business and all of the assets including the ownership of the site is now with Mazu Alliance Limited.

On 1 December 2011, 2,000,000 shares were issued to Bingkun Huang at an issue price of \$1.00 per share.

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

### **ENVIRONMENTAL ISSUES**

The company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### **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 requote of Mazu Alliance on ASX. 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)
- 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	60,000,000
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 Kor 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	888,888
B Class Options	Nil

**Fuling (Teddy) LI**  
(Appointed 01/09/2011, Resigned  
09/12/2014 )  
New Zealand

## *Experience & expertise*

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, Resigned  
09/12/2014)  
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

## Huichun (Tom) XU *continued*

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 Raymond TAYLOR (appointed 2 December 2014).

Mr Taylor holds a Bachelor of Economics, a Master of Commerce and a Graduate Diploma of Company Secretarial Practice from the Chartered Institute of Company Secretaries Australia.

Mr Taylor is also a Member of the Institute of Public Accountants, a holder of an Accounting Public Practice Certificate, a qualified CPA, and a Member of the Institute of Company Secretaries.

Mr Taylor has extensive experience in the compliance and financial management of listed public companies.

## 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.

Director	Number eligible to attend	Number Attended
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 circular resolutions.

## REMUNERATION REPORT

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, Resigned 09/12/2014)
Jason ROOKE	Non-Executive Director (Appointed 01/09/2011, Resigned 07/11/2011)
Tseng-Jung WANG	Non-Executive Director (Appointed 11/04/2012, Resigned 09/12/2014)
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 was appointed as company secretary on 10 June 2011 and took over the role vacated by Colin Bloomfield. Raymond Taylor was appointed as company secretary on 2 December 2014 and took over the role vacated by Ian Sanderson.

## b. Compensation Practices

### *Remuneration Policy*

There is no current directors' remuneration policy.

### *Service Agreements*

Steinbruck Capital Pty Ltd (a company controlled by Gabriel Ehrenfeld) is to be paid management and consulting services of \$45,000 per month indexed to CPI for a period of five years. The management contract was signed during the year ended 30 June 2011 by a subsidiary of Steinbruck Capital Pty Ltd. 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 are set out below:

2012	Short-term		Post Employment		Long Term	Share Based Payments		Performance related
Name	Cash Salary & Fees	Management fees	Super-annuation	Retirement Benefits	Long service leave	Share based	Total	%
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>								
Colin BLOOMFIELD	-	-	-	-	-	-	-	-
Ian SANDERSON	-	-	-	-	-	-	-	-
Raymond TAYLOR	-	-	-	-	-	-	-	-
<b>Total Other Executives Compensation</b>	-	-	-	-	-	-	-	-

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

Name	Cash Salary & Fees	Management fees	Super- annuation	Retirement Benefits	Long service leave	Share based	Total	%
<b>Other Executives Compensation</b>								
Colin BLOOMFIELD	-	-	-	-	-	-	-	-
Ian SANDERSON	-	-	-	-	-	-	-	-
Raymond TAYLOR	-	-	-	-	-	-	-	-
<b>Total Other Executives Compensation</b>	-	-	-	-	-	-	-	-

## 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 DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 25.

## 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> December 2014 for and on behalf of the board in accordance with a resolution of the directors.



**Bingkun HUANG**  
Chairman





Partners:  
**Richard L S Hill**  
BCom FCA FCPA (PNG)  
**David G Sharp**  
BCom FCA  
**Michael J Schlederer**  
BCom CA CTA  
T +61 2 9200 4500  
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E rhill@dfkrichardhill.com.au  
W www.dfkrichardhill.com.au

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF MAZU ALLIANCE LIMITED AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



Richard Hill  
Registered company auditor  
Date: 17 December 2014  
Address: Level 2, 32 Martin Place Sydney 2000



Partners:  
**Richard L S Hill**  
BCom FCA FCPA (PNG)  
**David G Sharp**  
BCom FCA  
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## MAZU ALLIANCE LIMITED ABN 45 077 226 183 AND CONTROLLED ENTITIES

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAZU ALLIANCE LIMITED

#### Report on the Financial Report

We have audited the accompanying financial report of Mazu Alliance Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards (IFRS)

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mazu Alliance Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

#### *Basis for Qualified Opinion*

In the conduct of its business transactions in China, the company maintains a cash float for the payment of certain expenses and maintains sufficient documentary evidence to support the transactions. No confirmation is available to support the balance sheet figure for cash at bank and on hand to the extent of AUD \$256,301.

#### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects the financial position of Mazu Alliance Limited as at 30 June 2012, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and] *Corporation Act 2001*

#### *Emphasis of Matter*

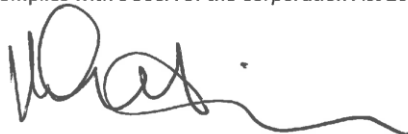
Without modifying our opinion, we draw attention to Note 1 in the financial report, The group recorded a net loss after tax from operation of \$3,276,704 for the year ended 30 June 2012 (2011: loss 29,753) and had cash outflows from operation of \$599,707 (2011: \$0). The group will need to raise further funds to meet its planned development of the company's Mazu complex in People Republic of China. These circumstance along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the Remuneration Report

We have audited the remuneration report included the report of the directors for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporation Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Auditor's Opinion*

In our opinion the remuneration report of Mazu Alliance Limited for the year ended 30 June 2012, complies with s 300A of the *Corporation Act 2001*.



Richard Hill  
Registered company auditor  
Address: Level 2, 32 Martin Place Sydney 2000  
Dated this 17 day of December 2014

## 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.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. 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.
4. The directors have been given the declarations by the Chief Executive Officer and Company Secretary required by section 295A.
5. The remuneration disclosures included on pages 21, 22 and 23 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> December 2014

# ANNUAL FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>Revenue</b>	3	3,230	-
Interest income		1	-
Accounting and legal expenses		(51,634)	(10,000)
General and administrative expenses		(81,695)	-
Start up expenses written off		(427,918)	
Advertising and promotional expenses		(243,751)	
Finance Expense		(13,910)	
Other expenses		(3,241)	(19,753)
Loss on acquisitions	23	(1,847,006)	-
Unrealised foreign exchange loss		(45,501)	-
Listing fees		(21,946)	-
Advisory expenses	21	(543,333)	-
<b>Loss before income tax expense</b>		<b>(3,276,704)</b>	<b>(29,753)</b>
Income tax expense	11	-	-
<b>Net loss from continuing operations</b>		<b>(3,276,704)</b>	<b>(29,753)</b>
<b>Net loss for the year</b>		<b>(3,276,704)</b>	<b>(29,753)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(3,276,704)</b>	<b>(29,753)</b>
Net profit attributable to:			
Members of the parent entity			
Non-controlling interest			
<b>Earnings per share for the period</b>			
Basic profit/(loss) per share (cents per share)	17	(0.017)	(0.050)
Diluted profit/(loss) per share (cents per share)	17	(0.017)	(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

	Note	2012 \$	2011 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	290,321	-
Materials		26,739	-
Inventories		68,455	-
Other assets	10	42,588	-
<b>TOTAL CURRENT ASSETS</b>		<b>428,103</b>	<b>-</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	7, 19	2,433,696	-
Fixed assets pending for disposal	8	238,583	-
Property plant and equipment	9	1,875,508	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,547,786</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>4,975,889</b>	<b>-</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	12	2,877,553	1,447,689
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,877,553</b>	<b>1,447,689</b>
<b>TOTAL LIABILITIES</b>		<b>2,877,553</b>	<b>1,447,689</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>2,098,336</b>	<b>(1,447,689)</b>
<b>EQUITY</b>			
Issued capital	13	51,958,548	45,169,926
Accumulated losses		(49,894,319)	(46,617,615)
Reserves		34,107	-
<b>TOTAL SHAREHOLDERS' EQUITY/(DEFICIT)</b>		<b>2,098,336</b>	<b>(1,447,689)</b>

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

Consolidated Group	Share Capital	Accumulated Losses	Reserves		Total
			Share Capital Option Reserve	Foreign Exchange Reserve	
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2010</b>	45,169,926	(46,587,862)		0	(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>
<b>Balance at 1 July 2011</b>	45,169,926	(46,617,615)			(1,447,689)
Loss for the year	-	(3,276,704)	-	-	(3,276,704)
Shares issued during the year	7,288,358	-	-	-	7,288,358
Fund Raising Cost	(499,736)	-	-	-	(499,736)
Options issued during the year	-	-	44,597	-	44,597
Movement in foreign translation reserve	-	-	-	(10,490)	(10,490)
<b>Balance at 30 June 2012</b>	<b>51,958,548</b>	<b>(49,894,319)</b>	<b>44,597</b>	<b>(10,490)</b>	<b>2,098,336</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		(599,707)	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	16(b)	(599,707)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,580,070)	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		(1,580,070)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares and options		2,013,636	-
Cash of acquired entity on acquisition date		139,164	-
Loans to related parties –proceeds from borrowings		288,560	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		2,441,360	-
Foreign exchange		28,738	-
Net increase/(decrease) in cash and cash equivalents held		290,321	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at the end of the financial year	16(a)	290,321	-

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.

Except for cash flow information, the financial statements have been prepared on an accruals basis and based on historical costs and do 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.

#### **Principles of consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned or controlled operating subsidiaries. All intercompany accounts and transactions have been eliminated.

#### **Business combinations**

Business combinations occur where an acquirer obtains control over one or more business.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any assets or liabilities resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

## Going Concern

The company recorded a net operating loss of \$3,276,704 and had net cash outflows from operating activities of \$599,707 for the year ended 30 June 2012. These factors indicate a significant uncertainty as to whether the company will continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors believe after consideration of the following matters, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and is a going concern because of the following factors:

- The ability to raise additional capital via the issue of a prospectus for the sale of new securities as part of the reinstatement to quotation on the Australian Securities Exchange, a process which is currently being finalised;
- The ability to issue securities to raise additional capital under the Corporations Act 2001;
- The ability to collect debtors outstanding and extend the repayment day of payables.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities which might be necessary if the company was not to continue as 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.

## 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.

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;
- 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) Property, Plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of items of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

## **(h) Foreign currency translation**

### *(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Mazu Alliance Limited's functional and presentation currency.

### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### *(iii) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.
- On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

## **(i) 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).

## **(j) 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.

## (k) 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.

## (l) 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 2012. They have not been adopted in preparing the financial statements for the year ended 30 June 2012 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.

All other pending Standards issued between the previous financial report and the current reporting dates have no application to the Company.

## 2. CRITICAL 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 Limited 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:

### 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.

- (ii) *Fair value of ordinary shares issued on 7 Nov 2011*  
The shares were issued to acquire the all of the issued capital of Zhangzhou Wushi Tourism Development Co. Ltd and its underlying assets. The shares represented the book value of the assets at 31 December 2011.

- (iii) *Fair value of assets and liabilities on the acquisition date 7 Nov 2011 of Zhangzhou Wushi Tourism Development Co. Ltd*

This business combination has been accounted for by applying the acquisition method from the date that control was attained, being 7 November 2011. The fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed have been based on the book value on 31 December 2011, resulting in the net assets on acquisition date of \$1,077,501.49.

The consideration for the acquisition, being 104,915,083 fully paid ordinary shares in Mazu Alliance Limited, had a fair value of \$2,924,507.94 based on management's assessment of the value of the company shares at the time of issuance. No goodwill on acquisition has been recognised. Therefore a loss on acquisition amounting to \$1,847,006.44 has been recognised.

- (iv) *Revenue*  
Zhangzhou Wushi Tourism Development Co. Ltd has engaged Zhangpu Wushi Palace of Queen of Heaven Administrative Committee (the Committee) to manage the day-to-day operation of the existing Wushi Palace of Queen of Heaven which is owned by Zhangzhou Wushi Tourism Development Co. Ltd, a company acquired during the year. The Committee has the right to pay all operational costs from the revenue received. Any net profit from the operation should be remitted to Zhangzhou Wushi Tourism Development Co. Ltd on a timely basis.

Because the uncompleted construction of the planned development of the complex devoted to the worship of Mazu, the revenue from the operation during the financial year has been just sufficient to cover the costs of operation. There was no net profit attributable to the group.

As such, there has been no revenue recorded in Zhangzhou Wushi Tourism Development Co. Ltd.

### 3. REVENUE AND OTHER INCOME

	2012	2011
	\$	\$
Revenue from outside the operating activities	-	-
<b>Continuing operations</b>		
Investment income	3,230	-
	<hr/>	<hr/>
	<u>3,230</u>	<u>-</u>



## 4. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Mazu Alliance Limited, at 30 June 2012. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2012 \$	2011 \$
Current assets	28,695	-
Non-current assets	3,027,000	-
<b>Total assets</b>	<b>3,055,695</b>	<b>-</b>
Current liabilities	220,293	1,447,689
<b>Total liabilities</b>	<b>220,293</b>	<b>1,447,689</b>
Issued capital	52,420,817	45,169,926
Share-based payments and option reserve	44,597	-
Capital raising cost	(499,736)	-
Accumulated losses	(49,130,276)	(46,617,615)
<b>Total equity</b>	<b>2,835,402</b>	<b>1,447,689</b>
Loss for the year	(2,512,661)	(29,753)
<b>Total comprehensive loss for the year</b>	<b>(2,512,661)</b>	<b>(29,753)</b>

## 5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	290,321	-
Short-term deposits	-	-
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	<b>290,321</b>	<b>-</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

## 6. OPERATING LOSS

### Net Expenses

The loss before income tax includes the following specific expenses:

	2012 \$	2011 \$
<b>Continuing Expenses:</b>		
Accounting & legal expenses	51,634	10,000
Other expenses	3,241	19,753

## 7. TRADE AND OTHER RECEIVABLES (non current)

	2012	2011
	\$	\$
Other receivables	2,433,969	-

2012	Gross Amount	Past due but not impaired (Days Overdue)				Within Initial Trading Terms
		<30	31-60	61-90	>90	
Other Receivables	2,433,969	-	-	-	2,433,969	-
<b>Total</b>	<b>2,433,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,433,969</b>	<b>-</b>

The largest debtor of the Company owed RMB 9.65 million (AUD 1.89 million) to the Company, and this debt has been settled during the first half year of 2015 financial year, by way of transferring the ownership of a proportionate quantity of Maotai liquor to the Group. In the Company's opinion, the value of this stock has a realisable value of at least the carrying value of the debt.

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.

## 8. FIXED ASSETS

	2012	2011
	\$	\$
Fixed assets	238,583	-
	<b>238,583</b>	<b>-</b>

## 9. PROPERTY, PLANT AND EQUIPMENT

	2012 \$	2011 \$
Properties	1,875,508	-
	<b>1,875,508</b>	<b>-</b>

### Movement in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated Group	Leasehold land \$	Buildings \$	Plant and Equipment \$	Total \$
<b>Balance at 1 July 2010</b>				
Additions				
Disposals				
Additions through business combinations				
Revaluation increments/(decrements)				
Depreciation expense				
Capitalised borrowing cost and depreciation				
<b>Balance at 30 June 2011</b>				
<b>Balance at 1 July 2011</b>				
<b>Balance at 1 July 2011</b>				
Additions	1,875,508			
Disposals				
Additions through business combinations				
Revaluation increments/(decrements)				
Depreciation expense				
Capitalised borrowing cost and depreciation				
<b>Balance at 30 June 2012</b>	<b>1,875,508</b>			

## 10. OTHER ASSETS

	2012 \$	2011 \$
Prepaid expenses	42,588	-
	<b>42,588</b>	<b>-</b>

## 11. INCOME TAX

	2012 \$	2011 \$
<b>(a) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from ordinary activities before income tax expense	(3,276,704)	(29,753)
Prima facie tax benefit on loss from ordinary activities at 30% (2011 30%)	(983,011)	(8,926)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	-	-
	(983,011)	(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	983,011	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.

## 12. 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	1,274,039	73,414
GXG acquisition cost	100,141	-
	<hr/>	<hr/>
	2,877,553	1,447,689
	<hr/>	<hr/>

## 13. ISSUED CAPITAL AND OPTIONS

	2012 \$	2011 \$
<b>(i) Issued Capital</b>		
Fully paid shares 235,886,961 (2011 – 55,510,893)	52,458,284	45,169,926
Fund raising cost	(499,736)	-
	<hr/>	<hr/>
Total	51,958,548	45,169,926
	<hr/>	<hr/>

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

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

On 1 December 2011, 2,000,000 shares were issued to Bingkun Huang at an issue price of \$1.00 per share.

### *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**

During the year, the company had issued 40,000,000 B Class Options at \$0.000025 each for a total consideration of \$1,000. Directors assessed that the Fair value of these options was \$44,597.

## (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.

## 14. KEY MANAGEMENT PERSONNEL AND RELATED PARTY COMPENSATION

### a. Key Management Personnel

The names and positions held of key management personnel in office at any time during the financial year are:

Key Management	Position
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 making and management.

### b. Key Management Personnel Compensation

Details of the remuneration of each director of Mazu Alliance are set out in the Remuneration Report.

	2012 \$	2011 \$
Short-term employee benefits	-	-
Post employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share based payment	-	-
	<hr/>	<hr/>

Details of shares issued to related parties were as follows:

<i>No of shares issued</i>	<i>Unit issue price</i>	<i>Price paid / Book value</i>	<i>Issued to</i>	<i>Related Party (Y/N)</i>	<i>Directors' assessed fair value per share</i>	<i>Share based payment recorded as expenses</i>
36,361,476	\$0.0001	\$3,636.15	Sino Equity Investments Pty Ltd	Y	\$0.0179	\$322,403.50

Details of shares issued to related parties were as follows:

<i>No of options issued</i>	<i>Unit issue price</i>	<i>Price paid / Book value</i>	<i>Issued to</i>	<i>Related Party (Y/N)</i>	<i>Directors' assessed fair value per option</i>	<i>Share based payment recorded as expenses</i>
40,000,000	\$0.000025	\$1,000.000	Nominees of the GXG Acquisition Trust	Y	\$0.0011	\$43,597.33

## c. Shareholdings

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

### 2012

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

### 2011

<b>Name</b>	<b>Balance at start of the year</b>	<b>Received during the year on the exercise of options</b>	<b>Other changes during the year</b>	<b>Balance at end of the year</b>
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 Limited, including their personally related entities, is 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	-	10,300,000	10,300,000
Allan GILLESPIE	-	-	-	-	-
Bingkun HUANG	-	29,700,000	-	29,700,000	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	-	-	-	-	-

## 15. REMUNERATION OF AUDITORS

	2012 \$	2011 \$
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:	10,000	10,000
Remuneration for other services:	-	-



## 16. 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	290,321	-

### (b) Reconciliation of loss after income tax to net cash flow from operating activities

	2012	2011
	\$	\$
Loss after income tax	(3,276,704)	(29,753)
<u>Non Cash flow in Loss:</u>		
Loss in acquisitions	1,847,006	-
Advisory expenses-shares based (see note 21)	543,333	-
Write off long term expenditure	394,207	-
Unrealised foreign exchange	(2,635)	-
<u>Change in operating assets and liabilities</u>		
Decrease/(increase) in receivables	(192,323)	-
Decrease/(increase) in prepayments	-	29,753
(Decrease)/increase in creditors and accruals	<u>87,409</u>	<u>-</u>
Net cash outflow from operating activities	<u>(599,707)</u>	<u>-</u>

## (c) Acquisition of entity

During the year, a 100% ownership interest in Zhangzhou Wushi Tourism Development Co. Ltd was acquired. Details of this transaction are:

Purchase consideration consisting of:

Cash consideration	-
Shares issued	2,924,508

Total consideration	<u>2,924,508</u>
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Cash consideration	-
Amount due under contract of sale	-
Cash outflow	<u>-</u>

Assets and liabilities held at acquisition date:

Cash	139,164
Receivables	782,566
Property, plant and equipment	1,253,632
Payables	<u>(1,097,860)</u>
Identifiable assets acquired and liabilities assumed	<u>1,077,502</u>
Loss on acquisition	<u>1,847,006</u>

Information regarding the acquisition, including the loss since acquisition, is disclosed in Note 23.

## 17. EARNINGS PER SHARE

	2012 cents	2011 cents
(a) Basic and diluted loss per share	(0.017)	(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)	(3,276,704)	(29,753)
Net profit (loss) attributable to outside equity interest	-	-
Profit/(loss) used in calculating basic loss per share	<u>(3,276,704)</u>	<u>(29,753)</u>

## 18. 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 Statement of Financial Position 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.

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's operations are based in the People's Republic of China and as such, the Company has material exposure to the economic, political and legal affairs of that country, and the impact that those circumstances may have on the relationship with any individual counter-party. The Company is not materially exposed to any individual customer, but has significant exposure in agreements made where the Chinese government is the counter-party, due to the potential for changes in policy from time to time.

## 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.

## 19. EVENTS OCCURRING AFTER BALANCE DATE

### Mazu City

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.

The Mazu City site now has 5 temples built or under construction.

### Announcement of proposed capital raising

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.

### Interfaith programme

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.

On 27 November 2014, the Company announced that it had appointed Lama Tsewang Rigzin as the Company's Chief Buddhist Adviser to advise the Company on various Buddhist affairs. Lama Tsewang is the religious leader of the Tibetan Buddhism Nyingma Sect.

Lama Tsewang has studied Buddhism law at Zha Na Temple (in Changdu, Tibet), Yarchen Vddiyana Meditation Monastery (in Sichuan, China), and Larung Gar Five Sciences Buddhist Academy (in Sichuan, China). Lama Tsewang is the current abbot of the Zha Na Temple in Gongjue County, in the Changdu Prefecture of Tibet. This is a significant Buddhist temple with over 200 Buddhist lamas and grounds exceeding 800 hectares that include schools, an Institute of Buddhist Studies and an orphanage. Lama Tsewang is a frequent traveller across China to propagate Buddhism within the Han nationality. He has followers across the world, and is a notable humanitarian. He and his lamas frequently participate in earthquake and disaster relief operations, and raise donations for these causes.

## Debtors

The largest debtor of the Company owed RMB 9.65 million (AUD 1.89 million) to the Company, and this debt has been settled during the first half year of 2015 financial year, by way of transferring the ownership of a proportionate quantity of Maotai liquor to the Group. In the Company's opinion, the value of this stock has a realisable value of at least the carrying value of the debt.

## Share Subscription Agreement

The Chief Executive Officer of Enjoyer Co Ltd, Mr Jianqiang Zhang, in his own right entered into a subscription agreement with the Company for shares in the Company to the value of RMB60 million. The Company, via a subsidiary, also entered into a construction contract with Enjoyer Co, Ltd. In the event that Mr Zhang did not complete the subscription agreement, the Company was entitled to terminate the construction contract. As it transpired, Mr Zhang did not complete the subscription agreement and the Company did terminate the construction contract.

## Construction Contract

The Company's subsidiary, Zhangzhou Wushi Tourism Development Co Ltd, entered into a contract with Enjoyer Co Ltd for construction of some elements at the Mazu City site. Pursuant to the construction contract, Enjoyer Co Ltd was required to pay a construction bond of RMB 5.6 million (AUD 1.1 million), which sum was paid. In the event of successful completion of the construction contract, Enjoyer Co Ltd would be entitled to the return of the bond. In the event that the contract was not successfully completed, the bond would be forfeited by Enjoyer Co Ltd to the Company.

The contract was subject to the total compliance of its CEO, Mr Jianqiang Zhang, with the terms of a share subscription agreement with the Company to subscribe for shares to the value of RMB 60 million (AUD 11.73 million) in the Company. Mr Zhang did not comply with the share subscription agreement. Accordingly, the Company terminated the construction contract and became entitled to the RMB 5.6 million construction bond, which it received.

## 20. CONTINGENT LIABILITIES

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

## 21. SHARE BASED PAYMENTS

Share-based payments totalling \$543,333 were paid during the year ended 30 June 2012 including related party payments of \$322,403.50 and \$43,597.33 as set out in Note 14.

## 22. OPTIONS

### *Option Movements and Exercise Price*

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

	2012		2011	
	Number of B Class Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
At beginning of reporting year	-	-	-	-
Granted during the period	40,000,000	0.20	-	-
Cancelled during the period	-	-	-	-
Balance at end of reporting year	40,000,000	0.20	-	-
Exercisable at end of reporting period	40,000,000	0.20	-	-

The outstanding balance at 30 June 2012 is represented by:

40,000,000 options over ordinary shares with an exercise price of 20 cents each, exercisable until 31 December 2015.

### *Options issued*

40 million B Class options were issued during the year ended 30 June 2012 (2011: Nil).

### *Options exercised*

No options issued were exercised during the year ended 30 June 2012 (2011: Nil).

### *Options lapsed*

No options lapsed or were forfeited during the current year.

## 23. CONTROLLED ENTITIES

### a. Controlled Entities Consolidated

	Country of incorporation	Percentage owned (%)	
		2012	2011
<b>Parent entity</b>			
Mazu Alliance Limited	Australia		
<b>Subsidiaries</b>			
Zhangzhou Tourism	China	100%	100%
Zhangpu Mazu	China	100%	100%

### b. Acquisition of Controlled Entities

The Group obtained control over Zhangzhou Wushi Tourism Development Co. Ltd. The former shareholders of that company were issued shares in Mazu Alliance Limited as consideration for the acquisition of all of the outstanding share capital of that company, and control of the business and all of the assets including the ownership of the site is now with Mazu Alliance Limited.

	Fair Value Paid \$
104,915,083 shares issued to purchase temple complex	2,924,508
Less:	
Cash	139,164
Receivables	782,566
Property, plant and equipment	1,253,632
Payables	(1,097,860)
Identifiable assets acquired and liabilities assumed	1,077,502
<b>Loss on acquisition</b>	<b>1,847,006</b>

## 24. RELATED PARTY TRANSACTIONS

### Directors

The names of persons who were directors of Mazu Alliance Limited at any time during the financial year were as follows: Gabriel Ehrenfeld, Allan Gillespie, Bingkun Huang, Yong Teng Dixie Kor, Fuling (Teddy) Li, Jason Rooke, Tseng-Jung Wang, Huichun (Tom) Xu, Yuling (Lynn) Xu.

### Other Related Party Transactions

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated, other than the shares and options issued to Key Management Personnel or their nominated entities as disclosed in other parts of this report.

No amounts in addition to those disclosed in the remuneration report to the financial statements were paid or are payable to Directors of the Company in respect of the year ended 30 June 2012.

## 25. OPERATING SEGMENTS

The Consolidated Group is only operating in religious shrines constructions and ancillary religious activities in China during the financial year.

## ADDITIONAL SECURITIES EXCHANGE INFORMATION

AS AT 5:00PM AEDT ON 12 DECEMBER 2014

### Number of holders of equity securities

#### Ordinary shares

235,886,961 fully paid ordinary shares are held by 1,464 individual shareholders.  
All issued ordinary shares carry one vote per share and carry the rights to dividends.

#### Options

40,000,000 B Class Options are held by 2 individual option holders.  
Options do not carry a right to vote or to receive dividends.

### Distribution of holders of equity securities

Spread of Holdings	Number of Holders	
	Shares	B Class Options
1 - 1,000	1,314	-
1,001 - 5,000	57	-
5,001 - 10,000	17	-
10,001 - 100,000	41	-
100,001 and over	35	2
<b>Total</b>	<b>1,464</b>	<b>2</b>

#### Notes:

1. All holders are included in the report, with common holders merged into one holding.
2. As the shares are not currently quoted and thus there is no quoted price, it is not currently possible to determine the number of holders holding less than a marketable parcel. The ASX Listing Rules define an unmarketable parcel as those parcels with a market value less than \$500.

### Substantial shareholders

Substantial shareholders	Fully paid ordinary shares	
	Number	Percentage
BINGKUN HUANG	60,000,000	25.44%
XIAMEN FORTUNE BAY INV	54,021,577	22.90%
SINO EQUITY INV	36,361,476	15.41%
QINGTAI HUANG	30,000,000	12.72%
SHUFEN HUANG	20,000,000	8.48%
<b>Total</b>	<b>200,383,053</b>	<b>84.95%</b>



## Twenty largest holders of equity securities

Fully paid ordinary shares		
Ordinary shareholder	Number	Percentage
BINGKUN HUANG	60,000,000	25.44%
XIAMEN FORTUNE BAY INV	54,021,577	22.90%
SINO EQUITY INV	36,361,476	15.41%
QINGTAI HUANG	30,000,000	12.72%
SHUFEN HUANG	20,000,000	8.48%
STEINBRUCK CAP PL	10,000,000	4.24%
EHRENFELD GABRIEL	5,000,000	2.12%
XIAOYAN LUO	4,153,704	1.76%
EHRENFELD GABRIEL	2,902,777	1.23%
CAI YUANQI	2,000,000	0.85%
WHITTON ROBERT	1,500,000	0.64%
BECKET INV PL	1,000,000	0.42%
GUI CHENGYI	999,999	0.42%
KOR YONG TENG DIXIE	888,888	0.38%
SHUQING WANG	750,000	0.32%
JINSHAN CHEN	500,000	0.21%
JIANQIANG ZHANG	401,515	0.17%
CHEN YAO BIN	370,370	0.16%
SHUQIN HUANG	350,000	0.15%
LIN YAYUE	341,880	0.14%
<b>Total</b>	<b>231,542,186</b>	<b>98.16%</b>

B Class Options		
Option holder	Number	Percentage
BINGKUN HUANG	29,700,000	74.25%
SINO EQUITY INV	10,300,000	25.75%
	<b>40,000,000</b>	<b>100.00%</b>

## Restricted equity securities

### ASX restricted securities

232,593 fully paid ordinary shares held by 6 individual shareholders are restricted securities. They are restricted for a period of 2 years from the date of reinstatement to quotation of the company on ASX.

### Securities subject to voluntary escrow

11,504,618 fully paid ordinary shares held by 34 individual shareholders are subject to voluntary escrow for a period of 2 years from the date of reinstatement to quotation of the company on ASX.