

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

Restated annual report for the financial year ended 30 June 2012



**MAZU ALLIANCE
LIMITED**

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CORPORATE DIRECTORY

| | |
|--------------------------|---|
| Directors | <p>Bingkun HUANG (Chairman) Gabriel EHRENFELD (Vice Chairman) Yong Teng Dixie KOR Huichun (Tom) XU Yuling (Lynn) XU</p> |
| Secretary | <p>Raymond TAYLOR</p> |
| Registered office | <p>c/- Calder Roth & Co Level 2, 10 Outram Street WEST PERTH WA 6005</p> |
| Business address | <p>Level 36, Governor Phillip Tower 1 Farrer Place SYDNEY NSW 2000 Telephone: +61 2 8011 4099 Facsimile: +61 2 4044 0111</p> |
| Share registry | <p>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</p> |
| Home exchange | <p>Australian Securities Exchange Limited ASX Code: MZU</p> |
| Auditor | <p>DFK Richard Hill 2nd Floor, 32-36 Martin Place SYDNEY NSW 2000</p> |

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 restated report on the Company for the year ended 30 June 2012.

The directors have had reason to restate the accounts and represent them to shareholders, as the valuation of the business assets recently received by the directors meant the accounts previously presented to shareholders for the year ending 30 June 2012 no longer reflected a true and fair view of the Company's position as at that date. This information was not available to directors and management before the original 2012 Annual Report was signed and released.

The primary change to the financial statements has been the recognition of the value of the land and other assets acquired via the issue of Mazu Alliance Limited shares as consideration.

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 profit of the Company after providing for income tax amounted to \$22,156,417(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-quotations of the Company's securities on ASX.

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

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

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

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

As part of the development of the business, Mazu Alliance Limited 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 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, being 7 November 2011. The board of directors had a registered valuer prepare a valuation report on the assets acquired. The valuation report stated the assets were valued at RMB 365,508,480 (\$55,883,544) as at 7 November 2011. Of this amount, \$23,664,129 (of \$55,883,544) has been booked to the accounts of Mazu Alliance Limited as a gain created by the negotiations of the contract and land usage agreement with the Chinese government, together with a related deferred tax liability of \$7,099,239 on that \$23,664,129. The remaining \$32,219,415 (of \$55,883,544), together with a related deferred tax liability of \$8,054,854 on that \$32,219,415, were part of the assets and liabilities purchased by the issue of 104,915,083 fully paid ordinary shares in Mazu Alliance Limited in exchange for 100% of the shares of Zhangzhou Wushi Tourism Development Co. Ltd.

The consideration of 104,915,083 fully paid ordinary shares in Mazu Alliance Limited transferred in the business combination described above acquired \$32,219,415 of property assets, less a deferred tax liability of \$8,054,854, leaving net property assets of \$24,164,561, together with a further \$1,077,501 of other net assets, making a total of \$25,242,063 in assets acquired from Zhangzhou

Wushi Tourism Development Co. Ltd. The 104,915,083 fully paid ordinary shares of Mazu Alliance Limited had a fair value of \$14,244,749 based on management's assessment of shares of the company at the time of issuance. No goodwill on acquisition has been recognised. A gain on acquisition and consolidation amounting to \$10,997,314, together with a corresponding deferred tax liability of \$3,299,194, has been recognised in the accounts.

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 Temple. The Committee has the right to pay all operational costs from the revenue received. The arrangement requires that any net profit from the operation is to be remitted to Zhangzhou Wushi Tourism Development Co. Ltd on a timely basis. Operations are still at an early stage and there have not been net profits to date. This is not anticipated to change prior to the comprehensive commercialisation of the temple and other Mazu City operations, which commercialisation activities shall only become sufficiently advanced following future capital raising activities by the Company.

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 \$2,106,593 but a net profit of \$22,156,417 and had net cash outflows from operating activities of \$542,658 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 \$2,282,728 (Current Assets less Current Liabilities) but a total surplus of all assets over liabilities of \$38,308,253. This potentially creates a short term funding difficulty. These factors indicate a material 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 \$38,308,253;
- 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 \$39,755,942 from a net deficit of \$1,447,689 at 30 June 2011 to net assets of \$38,308,253. Four major factors for the change were:

- i. The Deed of Company Arrangement to which the Company was subject was effectuated on 9 November 2011.

- ii. The issue of shares for the purchase of the Mazu City land and related assets.
- iii. On 1 December 2011, 2,000,000 shares were issued to Bingkun Huang at an issue price of \$1.00 per share.
- iv. The acquisition of the temple complex in China and the independent valuation of the temple complex at \$55,883,544 as at the date of acquisition.

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 7 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 64th 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 RMB 60 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 Wujiang 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 7 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 7 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 7 November 2011, 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, and on 9 November 2011, the Deed of Company Arrangement (**DOCA**) was effectuated.

On 7 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. An independent valuation of the temple complex gave a valuation of \$55,883,544.

On 7 November 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 an interest in 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 an interest in 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 an interest in 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 an interest in 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 an interest in 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 an interest in 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 an interest in 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 an interest in 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 an interest in 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.

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 27.

INSURANCE OF DIRECTORS AND OFFICERS

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

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

Relationship between Remuneration Policy and Company Performance

There is no current directors' remuneration policy.

Employment details of members of Key Management Personnel

Service Agreements:

Steinbruck Capital Pty Ltd (a company controlled by Gabriel Ehrenfeld) is to be paid management and consulting services of \$45,000 plus GST and disbursements 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, including their personally related entities 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 (See notes below) | - | - | - | - | - | - | - | - |
| Allan GILLESPIE | - | - | - | - | - | - | - | - |
| Bingkun HUANG (See notes below) | - | - | - | - | - | - | - | - |
| Yong Teng Dixie KOR | - | - | - | - | - | - | - | - |
| Fuling (Teddy) LI | - | - | - | - | - | - | - | - |
| Jason ROOKE | - | - | - | - | - | - | - | - |
| Tseng-Jung WANG | - | - | - | - | - | - | - | - |
| Huichun (Tom) XU | - | - | - | - | - | - | - | - |
| Yuling (Lynn) XU | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - |
| Other Executives Compensation | | | | | | | | |
| Colin BLOOMFIELD | - | - | - | - | - | - | - | - |
| Ian SANDERSON | - | - | - | - | - | - | - | - |
| Raymond TAYLOR | - | - | - | - | - | - | - | - |
| Total Other Executives Compensation | - | - | - | - | - | - | - | - |

The GXG Acquisition Trust of which Mr Gabriel Ehrenfeld is the trustee has had \$401,503 exclusive of GST of advisory fees brought to account in the 2012 financial year. These fees relate to the capital raising during the 2012 year. These expenses were approved by the shareholders at the General Meeting held on 7 June 2011.

A further \$176,932.38 inclusive of GST of legal expenses paid by the GXG Acquisition Trust on behalf of Mazu Alliance Limited was also brought to account during the year.

\$723,733 owed to GXG Acquisition Trust as a current liability is due and will be repaid out of the capital raising to be conducted by the Company. This amount includes the advisory fees and legal expenses set out above. The GXG Acquisition Trust has expended a further \$870,000 plus GST on office, travel and personnel expenses that has not been brought to account for the Company. The amount of \$870,000 plus GST will only be paid if the capital to be raised by the Company exceeds \$5,000,000 in total.

On 15 June 2011, the Deed Administrator on behalf of the Company entered into an agreement with the GXG Acquisition Trust for the payment of the success fees approved by the shareholders. At acquisition value, the success fee payable on the acquisition of the temple assets is \$2,761,513. This amount may rise or fall under the terms of the contract. GXG Acquisition Trust has advised that other than \$151,350 plus GST, it currently does not intend to claim the balance of this amount prior to the Company raising sufficient capital to meet the obligation. Accordingly, the Company has only made provision for payment of \$151,350 plus GST of this amount at this time. GXG Acquisition Trust has advised that it would seek payment of the full success fee in the future at the following rates: nil from the first \$5,000,000 raised; a reduction in the obligation if more than \$5,000,000 is raised at the rate of 30 cents per dollar

raised up to a total raising of \$9,000,000; and a reduction in the obligation if more than \$9,000,000 is raised at the rate of 43 cents per dollar until the full obligation is discharged.

Xiamen Cross-Strait Regional Cooperation Center, a non-profit organisation that promotes regional cooperation between Taiwan and mainland China and of which Mr Bingkun Huang is the legal representative, had service charges to the company to the value of \$177,840 (RMB 1,114,000) brought to account in the 2012 financial year.

The Zhangpu Wushi Palace of Queen of Heaven Administrative Committee is a non-profit organisation that manages the day-to-day operation of the existing Wushi Palace of Queen of Heaven Temple. Although Mr Bingkun Huang has no position on that committee and no beneficial interest in the organisation, he may be classified as a person with significant influence over the Committee as defined in accounting standard AASB 124. The Committee has the right to pay all operational costs from the revenue received. The arrangement requires that any net profit from the operation is to be remitted to Zhangzhou Wushi Tourism Development Co. Ltd on a timely basis. Operations are still at an early stage and there have not been net profits to date. This is not anticipated to change prior to the comprehensive commercialisation of the temple and other Mazu City operations, which commercialisation activities shall only become sufficiently advanced following future capital raising activities by the Company.

| 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 | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - |
| Other Executives Compensation | | | | | | | | |
| Colin BLOOMFIELD | - | - | - | - | - | - | - | - |
| Ian SANDERSON | - | - | - | - | - | - | - | - |
| Raymond TAYLOR | - | - | - | - | - | - | - | - |
| Total Other Executives Compensation | - | - | - | - | - | - | - | - |

d. Shares granted as part of remuneration

The following share-based payment compensations were paid during the year ended 30 June 2012 by Mazu Alliance Limited.

- The issue of 20,000,000 fully paid ordinary shares in Mazu Alliance Limited to the professional advisers of the GXG Acquisition Trust to raise \$2,000.00 is considered to be a share-based payment and has been treated as such in the financial statements for the year ending 30 June 2012. This share issue was approved by the shareholders of the Company on 7 June 2011. The fair value of the share-based payment is assessed at nil, as at the time the agreement was made with the Company, the Company was subject to a Deed of Company Arrangement, and its liabilities considerably exceeded its assets. It is considered by the board that the total issue price of \$2,000.00 did not represent a discount to the true value of the securities.

- ii. The issue of 40,000,000 B Class Options in Mazu Alliance Limited to the GXG Acquisition Trust to raise \$1,000.00 is considered to be a share-based payment and has been treated as such in the financial statements for the year ending 30 June 2012. This issue of securities was approved by the shareholders of the Company on 7 June 2011. The fair value of the share-based payment is assessed at nil, as at the time the agreement was made with the Company, the Company was in Administration, and its liabilities considerably exceeded its assets. It is considered by the board that the total issue price of \$1,000.00 did not represent a discount to the true value of the securities.

DATE

Signed on 28th January 2015 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 Schleeder
BCom CA CTA

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**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: 28TH January 2015
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 profit after tax of \$22,156,417 for the year ended 30 June 2012 (2011: loss 29,753), a loss from operation of \$2,106,593 and a net shortfall of current assets over current liabilities of \$2,272,728. 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 28th day of January 2015

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-quotation of the Company takes place.
4. The directors have been given the declarations by the Chief Executive Officer and Chief Financial officer required by section 295A.
5. The remuneration disclosures included on pages 23, 24, 25 and 26 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

28th January 2015

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

| | Note | 2012 Consolidated | 2011 Parent Only |
|--|-------------|----------------------|---------------------|
| Revenue | | | |
| Income from Investments | 3 | \$3,230 | - |
| Less Expenses | | | |
| Amortise Land Use China | 9 | \$653,271 | - |
| Accounting and Audit fees | | \$51,634 | \$10,000 |
| Operating Expenses | | \$24,844 | \$19,753 |
| Depreciation | | \$15,239 | - |
| General & Administrative Expenses | | \$57,520 | - |
| Legal fees | | \$310,426 | - |
| Unrealised Foreign Exchange | | \$45,501 | - |
| ASX listing fee | | \$14,900 | - |
| Promotional expenses | | \$247,237 | - |
| Advisory fees | | \$251,350 | - |
| Start up expenses | | \$423,992 | - |
| Finance Expenses | | \$13,910 | - |
| Total Expenses | | \$2,109,823 | \$29,753 |
| Net Profit / (Loss) from continuing operations | | (\$2,106,593) | (\$29,753) |
| Income Tax Expense | 11 | - | - |
| Net loss from continuing operations | | (\$2,106,593) | (\$29,753) |
| Other comprehensive income | | | |
| Net Gain from Acquisition | 2(iv), 2(v) | \$7,698,120 | - |
| Net Gain from Asset Revaluation | 2(iv), 2(v) | \$16,564,890 | - |
| Total comprehensive income for the year after tax | | \$22,156,417 | (\$29,753) |
| Net profit attributable to | | | |
| Members of the Parent entity | | \$22,156,417 | (\$29,753) |
| Non-Controlling Interests | | - | - |
| Earnings per share for the period | | | |
| Basic profit/(loss) per share (cents per share) | 17 | 12.9 | (0.050) |
| Diluted profit/(loss) per share (cents per share) | 17 | 11.2 | (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 Consolidated | 2011 Parent Only |
|--------------------------------------|------|----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | 5 | \$290,321 | - |
| Material | | \$26,738 | - |
| Inventories | | \$68,455 | - |
| Other Assets | 10 | \$109,170 | - |
| Total Current Assets | | \$494,684 | - |
| Non-Current Assets | | | |
| Trade and other receivables | 7 | \$2,423,637 | - |
| Plant & Equipment | 8 | \$238,583 | - |
| Property | 9 | \$55,230,273 | - |
| Construction in Progress | | \$1,875,508 | - |
| Total Non-Current Assets | | \$59,768,001 | - |
| Total Assets | | \$60,262,685 | - |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Total Current Liabilities | | \$2,777,413 | \$1,447,689 |
| Non Current Liabilities | | | |
| Related Party Liability | 12 | \$723,733 | - |
| Deferred tax Liability | 11 | \$18,453,287 | - |
| Total Non Current Liabilities | | \$19,177,019 | - |
| Total Liabilities | | \$21,954,432 | \$1,447,689 |
| NET ASSETS | | \$38,308,253 | (\$1,447,689) |
| EQUITY | | | |
| Issued Capital | 13 | \$62,741,586 | \$45,169,926 |
| Accumulated Losses | | (24,461,198) | (\$46,617,615) |
| Reserves | | \$27,865 | - |
| Total Shareholders' Equity / Deficit | | \$38,308,253 | (\$1,447,689) |

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 | |
| Balance as a 1 July 2010 | \$45,169,926 | (\$46,587,862) | - | - | (\$1,417,936) |
| Loss for the year | - | (\$29,753) | - | - | (\$29,753) |
| Balance as at 30 June 2011 | \$45,169,926 | (\$46,617,615) | - | - | (\$1,447,689) |
| Balance as at 1 July 2011 | \$45,169,926 | (\$46,617,615) | - | - | (\$1,447,689) |
| Profit for the year | - | \$22,156,417 | - | - | \$22,156,417 |
| Shares issued during the year | \$17,571,660 | - | - | - | \$17,571,660 |
| Options issued during the year | - | - | \$1,000 | - | \$1,000 |
| Movement in Foreign translation reserve | - | - | - | \$26,865 | \$26,865 |
| Balance as at 30 June 2012 | \$62,741,586 | (\$24,461,198) | \$1,000 | \$26,865 | \$38,308,253 |

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 Consolidated | 2011 Parent Only |
|--|-------|----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to employees and suppliers | | (542,658) | - |
| TOTAL CASH FLOWS FROM OPERATING ACTIVITIES | 16(b) | (542,658) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Loan to others | | (5,462) | - |
| Purchase of property, plant and equipment | | (1,286,173) | - |
| TOTAL CASH FLOWS FROM INVESTING ACTIVITIES | | (1,291,634) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Opening cash of acquired entities on acquisition date | | 139,164 | - |
| Proceeds from fund raising | | 2,013,636 | - |
| TOTAL CASH FLOWS FROM FINANCING ACTIVITIES | | 2,152,800 | - |
| Effect of foreign exchange movement | | (28,186) | - |
| Net increase/(decrease) in cash and cash equivalents held | | 151,157 | - |
| 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 \$2,106,593 but a net operating profit of \$22,156,417 and had net cash outflows from operating activities of \$542,658 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 \$2,282,728 (Current Assets less Current Liabilities) but a total surplus of all assets over liabilities of \$38,308,253. This potentially creates a short term funding difficulty. These factors indicate a material 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

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.

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

Land and property is stated at fair value estimated by independent valuer or directors, less accumulated amortisation expenses. Fair valuation increments/decrements are recorded in the Income Statements. Amortisation of land owed in China is calculated using the straight line method over their useful lives, being 40 years for commercial land and 70 years for residential land.

All 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

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.

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.

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 represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of liability.

(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 9 November 2011 and was responsible for the Company's decisions during that period.

(ii) *Fair value of ordinary shares issued for asset acquisition*

104,915,083 fully paid ordinary shares in Mazu Alliance Limited were issued to acquire 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, which are calculated to be within 0.20% of the value on the completion date, which was 7 November 2011. See note (iv) below on the fair value of assets and liabilities on the acquisition date of Zhangzhou Wushi Tourism Development Co. Ltd for further detail.

(iii) *The acquisition of Zhangzhou Wushi Development Co Ltd is not a reverse takeover*

The company paid the consideration of 104,915,803 ordinary shares being 44.48% of the post acquisition capital of the company. This did not result in a change of control of the Company or a change of directors, and accordingly, the board has treated the transaction as an acquisition by Mazu Alliance Limited.

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

As part of the development of the business, Mazu Alliance Limited 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 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, being 7 November 2011. The board of directors had a registered valuer prepare a valuation report on the assets acquired. The valuation report stated the assets were valued at RMB 365,508,480 (\$55,883,544) as at 7 November 2011. Of this amount, \$23,664,129 (of \$55,883,544) has been booked to the Asset Revaluation Reserve of Mazu Alliance Limited as a gain created by the negotiations of the contract and land usage agreement with the Chinese government, together with a related deferred tax liability of \$7,099,239 on that \$23,664,129. The remaining \$32,219,415 (of \$55,883,544), together with a related deferred tax liability of \$8,054,854 on that \$32,219,415, were part of the assets and liabilities purchased by the issue of 104,915,083 fully paid ordinary shares in Mazu Alliance Limited in exchange for 100% of the shares of Zhangzhou Wushi Tourism Development Co. Ltd.

The consideration of 104,915,083 fully paid ordinary shares in Mazu Alliance Limited transferred in the business combination described above acquired \$32,219,415 of property assets, less a deferred tax liability of \$8,054,854, leaving net property assets of \$24,164,561, together with a further \$1,077,501 of other net assets, making a total of \$25,242,063 in assets acquired from Zhangzhou Wushi Tourism Development Co. Ltd. The 104,915,083 fully paid ordinary shares of Mazu Alliance Limited had a fair value of \$14,244,749 based on management's assessment of shares of the company at the time of issuance. No goodwill on acquisition has been recognised. A gain on acquisition and consolidation amounting to \$10,997,314, together with a corresponding deferred tax liability of \$3,299,194, has been recognised in the accounts.

(v) *Apportionment between Zhangzhou Wushi Tourism Development Co Ltd and Mazu Alliance Limited*

This transaction for the acquisition and development of Mazu City was facilitated by the combination of the land use contracts negotiated by Mazu Alliance Limited with the Chinese government and the existing entitlements of Zhangzhou Wushi Tourism Development Co Ltd. The work performed by Mazu Alliance Limited has been extensive over a long period of time.

The value of the land as at 7 November 2011 is set out below:

| | |
|------------------|------------------------|
| Commercial Land | RMB 123,037,200 |
| Residential Land | <u>RMB 184,821,280</u> |
| TOTAL | RMB 307,858,480 |

In assessing the relative contributions of the parties, the board apportioned 50% of the combined commercial and residential land value to Mazu Alliance Limited, and 50% to Zhangzhou Wushi Tourism Development Co Ltd. As such, the amount apportioned to each entity was RMB 153,929,240.

(vi) *Revenue*

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 Temple. The Committee has the right to pay all operational costs from the revenue received. The arrangement requires that any net profit from the operation is to be remitted to Zhangzhou Wushi Tourism Development Co. Ltd on a timely basis. Operations are still at an early stage and there have not been net profits to date. This is not anticipated to change prior to the comprehensive commercialisation of the temple and other Mazu City operations, which commercialisation activities shall only become sufficiently advanced following future capital raising activities by the Company.

Because of 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.

(vii) *Share-based payments*

The issue of 108,361,476 fully paid ordinary shares in Mazu Alliance Limited to GXG Acquisition Trust in the year ending 30 June 2012 were issued to raise \$2,010,636.15 and are not considered to be a share-based payment. This share issue was approved by the shareholders of the Company on 7 June 2011.

The issue of 20,000,000 fully paid ordinary shares in Mazu Alliance Limited to the professional advisers of the GXG Acquisition Trust to raise \$2,000.00 is considered to be a share-based payment and has been treated as such in the financial statements for the year ending 30 June 2012. This share issue was approved by the shareholders of the Company on 7 June 2011. The fair value of the share-based payment is assessed at nil, as at the time the agreement was made with the Company, the Company was subject to a Deed of Company Arrangement, and its liabilities considerably exceeded its assets. It is considered by the board that the total issue price of \$2,000.00 did not represent a discount to the true value of the securities.

The issue of 40,000,000 B Class Options in Mazu Alliance Limited to the GXG Acquisition Trust to raise \$1,000.00 is considered to be a share-based payment and has been treated as such in the financial statements for the year ending 30 June 2012. This issue of securities was approved by the shareholders of the Company on 7 June 2011. The fair value of the share-based payment is assessed at nil, as at the time the agreement was made with the Company, the Company was in Administration, and its liabilities considerably exceeded its assets. It is considered by the board that the total issue price of \$1,000.00 did not represent a discount to the true value of the securities.

3. REVENUE AND OTHER INCOME

| | 2012 Consolidated | 2011 Parent Only |
|------------------------------------|----------------------|---------------------|
| Revenue from continuing operations | | |
| Investment Income | \$3,231 | - |
| | <u>\$3,231</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.

| | Note | 2012 Consolidated | 2011 Parent Only |
|----------------------------|-------|----------------------|---------------------|
| Current Assets | | \$85,219 | - |
| Non-Current Assets | 4.1 | \$50,635,996 | - |
| Total Assets | | <u>\$50,721,215</u> | <u>-</u> |
| Current Liabilities | | \$120,152 | \$1,447,689 |
| Non Current Liabilities | 2(iv) | \$11,122,166 | - |
| Total Liabilities | | <u>\$11,242,318</u> | <u>-</u> |

| | | |
|---|---------------------|-------------------|
| Issued Capital | \$62,741,586 | \$45,169,926 |
| Option reserve | \$1,000 | - |
| Accumulated Losses | (\$23,263,689) | (\$46,617,615) |
| Total Equity | \$39,478,896 | (\$1,447,689) |
| Profit / (Loss) for the year | \$23,353,926 | (\$29,753) |
| Total comprehensive profit / (loss) for the year | \$23,353,926 | (\$29,753) |

4.1 See Section 2(iv) *Fair value of assets and liabilities of Zhangzhou Wushi Tourism Development Co. Ltd on the acquisition date of 7 November 2011* on page 42.

5. CASH AND CASH EQUIVALENTS

| | 2012 | 2011 |
|---|--------------|-------------|
| | Consolidated | Parent Only |
| 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 | \$290,321 | - |

Cash at bank and in hand 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 PROFIT / (LOSS)

Net Expenses

The loss before income tax includes the following specific expenses:

| | 2012 | 2011 |
|--|--------------|-------------|
| | Consolidated | Parent Only |
| Continuing Expenses: | | |
| Amortisation of Land use rights and assets | 653,271 | - |
| Legal fees | 310,426 | - |
| Start up expenses | 423,992 | - |

The legal fees were incurred in the restructuring of the Company.

The start up expense is the long term deferred expenses incurred by the Chinese subsidiaries during the establishment of the Company's operations.

7. TRADE AND OTHER RECEIVABLES (Non Current)

| | 2012 | 2011 |
|--------------------|--------------|-------------|
| | Consolidated | Parent Only |
| Non Current | | |
| Other receivables | \$2,423,637 | - |

| 2012 | Gross Amount | Past due but not impaired (Days Overdue) | | | | Within Initial Trading Terms |
|-------------------|------------------|---|-------|-------|------------------|------------------------------------|
| | | <30 | 31-60 | 61-90 | >90 | |
| Other Receivables | 2,423,637 | - | - | - | 2,423,637 | - |
| Total | 2,423,637 | - | - | - | 2,423,637 | - |

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. PLANT & EQUIPMENT

| | 2012 | 2011 |
|------------------------------------|------------------|-------------|
| | Consolidated | Parent Only |
| Plant & Equipment | \$254,040 | - |
| Less Depreciation | (\$15,457) | - |
| Total Plant & Equipment | \$238,583 | - |

9. PROPERTY

| | | 2012 Consolidated | 2011 Parent Only |
|---|--------------------------|----------------------|---------------------|
| Commercial land | At independent valuation | \$18,914,978 | - |
| Residential Land | At independent valuation | \$28,413,280 | - |
| Less Amortisation land use rights | | (\$439,389) | - |
| | | \$46,888,868 | - |
| Buildings | At independent valuation | \$3,443,637 | - |
| Infrastructure | At independent valuation | \$5,111,649 | - |
| Amortisation Buildings & Infrastructure | | (\$213,882) | - |
| | | \$8,341,404 | - |
| Construction in Progress | At historic cost | \$1,875,508 | - |
| | | \$57,105,780 | - |

| Consolidated Group | Land | Buildings and Infrastructure | Construction in Progress | Total |
|--|-------------------|---------------------------------|-----------------------------|-------------------|
| | \$ | | \$ | \$ |
| Balance at 1 July 2010 | - | - | - | - |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Additions through business combinations | - | - | - | - |
| Revaluation increments/(decrements) | - | - | - | - |
| Depreciation expense | - | - | - | - |
| Capitalised borrowing cost and depreciation | - | - | - | - |
| Balance at 30 June 2011 | - | - | - | - |
| Balance at 1 July 2011 | - | - | - | - |
| Additions | - | - | \$1,875,508 | - |
| Disposals | - | - | - | - |
| Additions through business combinations at independent valuation | \$47,328,257 | \$8,555,287 | - | \$57,759,052 |
| Revaluation increments/(decrements) | - | - | - | - |
| Depreciation/amortisation expense | (\$439,389) | (\$213,882) | - | (\$653,271) |
| Capitalised borrowing cost and depreciation | - | - | - | - |
| Balance at 30 June 2012 | 46,888,868 | 8,341,404 | 1,875,508 | 57,105,780 |

10. OTHER ASSETS

| | 2012 Consolidated | 2011 Parent Only |
|------------------|----------------------|---------------------|
| Prepaid expenses | \$41,512 | - |
| GST Receivables | \$68,375 | - |
| Total Assets | \$109,886 | - |

11. INCOME TAX

Note 11(a) – Income Tax Expense

| | 2012 Consolidated | 2011 Parent Only |
|--|----------------------|---------------------|
| The components of tax (expense) / income comprise: | | |
| Current Tax | - | - |
| Deferred Tax | - | - |
| | - | - |

Note 11(b) – Income Tax Expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit/(income tax benefit) from ordinary activities before income tax at 30% (2011: 30%)

| | | |
|--|-----------|---------|
| - consolidated group | (593,781) | (8,926) |
| Add: | | |
| Tax effect of: | | |
| - Non deductible expenses | 409,933 | 8,926 |
| Less: | | |
| Tax effect of: | | |
| - Expenditure claimed as deduction | (199,791) | - |
| - Foreign currency exchange profit not subject to income tax | | |
| - Revaluation of shares not subject to income tax | | |
| Tax effect of Unused tax losses not recognised as deferred tax asset | (383,639) | - |
| Income tax expense attributable to loss from ordinary activities | - | - |

Note 11(c)

Tax effects relating to each component of other comprehensive income:

| | Note | 2012 | | | 2011 | | |
|---------------------------------------|------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
| | | Before tax amount | Tax (Expense Benefit) | Net of tax amount | Before tax amount | Tax (Expense Benefit) | Net of tax amount |
| Consolidated Group | | | | | | | |
| Gain from acquisition | 16 | 10,997,314 | (3,299,194) | 7,698,120 | - | - | - |
| Gain on land and building revaluation | | 23,664,129 | (7,099,239) | 16,564,890 | - | - | - |
| Total | | 34,661,443 | (10,398,433) | 24,263,010 | - | - | - |

Note 11(d) – Current and Non-current Tax Liability

CURRENT

Income tax payable

NON-CURRENT

| | Opening Balance | Charged to Income | Charged directly to Equity | Exchange differences | Closing Balance |
|-------------------------------------|-----------------|-------------------|----------------------------|----------------------|-------------------|
| Consolidated Group | | | | | |
| Deferred tax liability | | | | | |
| Balance at 30 June 2011 | | | | | |
| Gain from acquisition | - | 3,299,194 | - | - | 3,299,194 |
| Gain on land & building revaluation | - | 15,154,092 | - | - | 15,154,092 |
| Balance at 30 June 2012 | - | 18,453,286 | - | - | 18,453,286 |

12. TRADE AND OTHER PAYABLES

| | Note | 2012 Consolidated | 2011 Parent Only |
|-------------------------|-------|----------------------|---------------------|
| Current | | | |
| Other Creditors | | \$2,750,963 | \$1,117,519 |
| Accruals | | \$26,449 | \$50,000 |
| Administrator accruals | | - | \$270,170 |
| | | \$2,777,413 | \$1,437,689 |
| Non Current | | | |
| Related Party Liability | 12.1 | \$723,733 | - |
| Deferred Tax Liability | 2(iv) | \$18,453,287 | - |
| | | \$19,177,019 | - |

- 12.1 Refer to Remuneration Report for more detail.
- 12.2 The Other Creditors amount in 2012 includes an amount of RMB 5,600,000 which was the bond on a construction contract with Enjoyer Co Ltd. In the 2015 financial year, that contract was terminated and the bond was forfeited to the Company.

13. ISSUED CAPITAL AND OPTIONS

| | Note | 2012 Consolidated | 2011 Parent Only |
|---|--------|----------------------|---------------------|
| ISSUED CAPITAL | | | |
| Issued options 40,000,000 (2011-Nil) | 13(ii) | \$1,000 | |
| Fully paid shares 235,886,961 (2011 - 55,510,893) | | \$63,741,058 | \$45,169,926 |
| | | \$63,742,058 | \$45,169,926 |

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

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

(i) Ordinary shares

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

(ii) Options

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 equivalent to the consideration paid, being \$1,000 [Refer Note 2(vii)].

(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 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 Limited are set out in the Remuneration Report.

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

| Name | Balance at start of the year | Received during the year on the exercise of options | Other changes during the year | Balance at end of the year |
|---------------------|------------------------------|---|-------------------------------|----------------------------|
| Gabriel EHRENFELD | - | - | 54,628,065 | 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

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

d. Options

The number of options over ordinary shares in the Company held during the financial year by each director of Mazu Alliance 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 Consolidated | 2011 Parent Only |
|--|----------------------|---------------------|
| Remuneration for audit or review of the financial reports the parent entity or any entity in the consolidated entity | 26,449 | 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 Consolidated | 2011 Parent Only |
|--|----------------------|---------------------|
| 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 Consolidated | 2011 Parent Only |
|---------------------------------------|----------------------|---------------------|
| Operating losses | (2,106,593) | (29,753) |
| Non cash expenses | (326) | - |
| Movement in inventory | (68,455) | - |
| Increase / (decrease) in debtors | (176,857) | - |
| Increase / (decrease) in creditors | 711,001 | - |
| Increase / (decrease) in prepayments | - | 29,753 |
| Write-off of long term expenses | 389,614 | - |
| Amortisation expense of land | 653,271 | - |
| Foreign exchange | 45,501 | - |
| Depreciation | 310 | - |
| Movements in foreign exchange | 9,876 | - |
| Cash from operating activities | (542,659) | - |

(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 Considerations consisting of:

| | |
|----------------------------|---------------------|
| Cash Consideration | - |
| Shares issued | \$14,244,749 |
| Total Consideration | \$14,244,749 |

Fair value of Assets and Liabilities at acquisition date

| | |
|--|---------------|
| Property, Buildings and Infrastructure | \$32,219,415 |
| Other assets | \$1,290,913 |
| Deferred tax Liability | (\$8,054,854) |
| Other liabilities | (\$213,412) |

| | |
|--------------------------------|----------------------|
| Net Assets acquired | \$25,242,063 |
| Gain / (loss) on acquisition | \$10,997,314 |
| Deferred Tax Liability | <u>(\$3,299,194)</u> |
| Net Gain on Acquisition | \$7,698,120 |

Information regarding the acquisition, including the gain on acquisition, is disclosed in Note 23.

17. EARNINGS PER SHARE

| | 2012 Consolidated cents | 2011 Parent Only cents |
|--|--|---------------------------------------|
| (a) Basic and diluted profit / (loss) per share | 12.9 | (0.050) |
| (b) Diluted profit / (loss) per share | 11.2 | (0.050) |
| (c) Weighted average number of shares outstanding during the year used in the calculation of basic profit / (loss) per share | 172,137,611 | 55,510,893 |
| Reconciliation of profit / (loss) used in the calculating basic profit / (loss) per share | | |
| | 2012 \$ | 2011 \$ |
| Net profit / (loss) | 22,156,417 | (29,753) |
| Net profit / (loss) attributable to outside equity interest | - | - |
| Profit/(loss) used in calculating basic profit / (loss) per share | 22,156,417 | (29,753) |

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 interest bearing 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 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. The Company had material exposure to two individual debtors. However, the largest of these has now been settled [See Note 19 below re Debtors]. With the second of these debtors, the Company is exposed in the sum of RMB 3 million. Not provision for doubtful debt has been made as the Company anticipates that it will collect this amount in full.

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.

Foreign Exchange Rate Exposures

Exposure to foreign exchange risk may result in fluctuations in the fair value of assets, the value of cash holdings and the value of financial instruments due to movement in foreign exchange

rate between the Chinese Yuan and the Australian Dollar. With instruments being held by overseas operations, fluctuations in the CNY and the AUD may impact on the group's financial results as the group currently takes no steps to hedge those exposures.

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 7 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 64th 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 except for those listed below.

The GXG Acquisition Trust has expended \$870,000 excluding GST on office, travel and personnel expenses that has not been brought to account for the Company. The amount owed to GXG Acquisition Trust of \$724,055 as a current liability is due and will be repaid out of the capital raising to be conducted by the Company. The amount of \$870,000 will only be paid if the capital to be raised by the company exceeds \$5,000,000 in total.

On 7 June 2011, the shareholders of the Company approved the payment to the GXG Acquisition Trust of a success fee of 5% plus GST and disbursements on all capital sums raised on behalf of the Company prior to quotation on ASX. On 15 June 2011, the Deed Administrator on behalf of the Company entered into an agreement with the GXG Acquisition Trust for the payment of

the success fees approved by the shareholders. At acquisition value, the success fee payable on the acquisition of the temple assets is \$2,761,513. This amount may rise or fall under the terms of the contract. GXG Acquisition Trust has advised that other than \$151,350 plus GST, it currently does not intend to claim the balance of this amount prior to the Company raising sufficient capital to meet the obligation. Accordingly, the Company has only made provision for payment of \$151,350 plus GST of this amount at this time. GXG Acquisition Trust has advised that it would seek payment of this amount in the future at the following rates: nil from the first \$5,000,000 raised; a reduction in the obligation if more than \$5,000,000 is raised at the rate of 30 cents per dollar raised up to a total raising of \$9,000,000; and a reduction in the obligation if more than \$9,000,000 is raised at the rate of 43 cents per dollar until the full obligation is discharged.

21. SHARE BASED PAYMENTS

The following share-based payment compensations were paid during the year ended 30 June 2012 by Mazu Alliance Limited.

- i. The issue of 108,361,476 fully paid ordinary shares in Mazu Alliance Limited to GXG Acquisition Trust in the year ending 30 June 2012 were issued to raise \$2,010,636.15 and are not considered to be a share-based payment. This share issue was approved by the shareholders of the Company on 7 June 2011.
- ii. The issue of 20,000,000 fully paid ordinary shares in Mazu Alliance Limited to the professional advisers of the GXG Acquisition Trust to raise \$2,000.00 is considered to be a share-based payment and has been treated as such in the financial statements for the year ending 30 June 2012. This share issue was approved by the shareholders of the Company on 7 June 2011. The fair value of the share-based payment is assessed at nil, as at the time the agreement was made with the Company, the Company was subject to a Deed of Company Arrangement, and its liabilities considerably exceeded its assets. It is considered by the board that the total issue price of \$2,000.00 did not represent a discount to the true value of the securities.
- iii. The issue of 40,000,000 B Class Options in Mazu Alliance Limited to the GXG Acquisition Trust to raise \$1,000.00 is considered to be a share-based payment and has been treated as such in the financial statements for the year ending 30 June 2012. This issue of securities was approved by the shareholders of the Company on 7 June 2011. The fair value of the share-based payment is assessed at nil, as at the time the agreement was made with the Company, the Company was in Administration, and its liabilities considerably exceeded its assets. It is considered by the board that the total issue price of \$1,000.00 did not represent a discount to the true value of the securities.

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 |
| Parent entity: | | | |
| Mazu Alliance Limited | Australia | | |
| Subsidiaries: | | | |
| Zhangzhou Wushi Tourism Development Co Ltd | China | 100% | 100% |
| Zhangpu Wushi Mazu City Development Co Ltd | China | 100% | 100% |

Zhangpu Wushi Mazu City Development Co Ltd was incorporated in China in August 2011. The purpose of that company was to hold the land assets in the group and conduct construction activity in Mazu City. The interest in the land is now held in this subsidiary.

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 – see Note 2(ii) | 14,244,749 |
| Fair value of Assets and Liabilities at acquisition date | |
| Property, Buildings and Infrastructure | \$32,219,415 |
| Other assets | \$1,290,913 |
| Deferred tax Liability | (\$8,054,854) |
| Other liabilities | (\$213,412) |
| Net Assets acquired | \$25,242,063 |
| Gain / (loss) on acquisition | \$10,997,314 |
| Deferred Tax Liability | (\$3,299,194) |
| Net Gain on Acquisition | \$7,698,120 |

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.

The GXG Acquisition Trust of which Mr Gabriel Ehrenfeld is the trustee has had \$401,503 of advisory fees brought to account in the 2012 financial year. These fees relate to the capital raising in the 2012 year. These expenses were approved by the shareholders at the General Meeting held on 7 June 2011. A further \$176,932.38 inclusive of GST of legal expenses paid by the GXG Acquisition Trust on behalf of Mazu Alliance Limited was also brought to account during the 2012 financial year.

\$724,055 exclusive of GST owed to GXG Acquisition Trust as a current liability is due and will be repaid out of the capital raising to be conducted by the Company. This amount includes the advisory fees and legal expenses set out above. The GXG Acquisition Trust has expended a further \$870,000 plus GST on office, travel and personnel expenses that has not been brought to account for the Company. The amount of \$870,000 plus GST will only be paid if the capital to be raised by the Company exceeds \$5,000,000 in total.

On 15 June 2011, the Deed Administrator on behalf of the Company entered into an agreement with the GXG Acquisition Trust for the payment of the success fees approved by the shareholders. At acquisition value, the success fee payable on the acquisition of the temple assets is \$2,761,513. This amount may rise or fall under the terms of the contract. GXG Acquisition Trust has advised that other than \$151,350 plus GST, it currently does not intend to claim the balance of this amount prior to the Company raising sufficient capital to meet the obligation. Accordingly, the Company has only made provision for payment of \$151,350 plus GST of this amount at this time. GXG Acquisition Trust has advised that it would seek payment of the full success fee in the future at the following rates: nil from the first \$5,000,000 raised; a reduction in the obligation if more than \$5,000,000 is raised at the rate of 30 cents per dollar raised up to a total raising of \$9,000,000; and a reduction in the obligation if more than \$9,000,000 is raised at the rate of 43 cents per dollar until the full obligation is discharged.

Mr Bingkun Huang is the legal representative of Xiamen Cross-Strait Regional Cooperation Center, a non-profit organisation that promotes regional cooperation between Taiwan and mainland China. Mr Huang has neither directorship of, nor any equity interest in Xiamen Cross-Strait Regional Cooperation Center. For the purposes of the Corporations Act, Xiamen Cross-Strait Regional Cooperation Center is not a related party of Mazu Alliance Limited or its subsidiaries. For the purposes of accounting standard AASB 124, Mr Huang may be classified as key management personnel of Xiamen Cross-Strait Regional Cooperation Center and as such, Xiamen Cross-Strait Regional Cooperation Center may be a related party of Mazu Alliance Limited. A loan of RMB 1,115,000 was made from Xiamen Cross-Strait Regional Cooperation Center to Zhangzhou Wushi Tourism Development Co Ltd in the 2012 financial year.

Xiamen Cross-Strait Regional Cooperation Center, a non-profit organisation that promotes regional cooperation between Taiwan and mainland China and of which Mr Bingkun Huang is the legal representative, had service charges to the company to the value of \$177,840 (RMB 1,114,000) brought to account in the 2012 financial year.

The Zhangpu Wushi Palace of Queen of Heaven Administrative Committee is a non-profit organisation that manages the day-to-day operation of the existing Wushi Palace of Queen of Heaven Temple. Although Mr Bingkun Huang has no position on that committee and no beneficial interest in the organisation, he may be classified as a person with significant influence over the Committee as defined in accounting standard AASB 124. The Committee has the right to pay all operational costs from the revenue received. The arrangement requires that any net profit from the operation is to be remitted to Zhangzhou Wushi Tourism Development Co. Ltd on a timely basis. Operations are still at an early stage and there have not been net profits to date. This is not anticipated to change prior to the comprehensive commercialisation of the temple and other Mazu City operations, which commercialisation activities shall only become sufficiently advanced following future capital raising activities by the Company.

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 27 JANUARY 2015

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 |
| Total | 1,464 | 2 |

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 | 53,491,577 | 22.68% |
| SINO EQUITY INV | 36,361,476 | 15.41% |
| QINGTAI HUANG | 30,000,000 | 12.72% |
| SHUFEN HUANG | 20,000,000 | 8.48% |
| Total | 199,853,053 | 84.73% |

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 | 53,491,577 | 22.68% |
| 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 YONGTENG DIXIE | 888,888 | 0.38% |
| SHUQING WANG | 750,000 | 0.32% |
| GUO XUEJIAO | 680,000 | 0.29% |
| 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% |
| Total | 231,350,306 | 98.09% |

| B Class Options | | |
|-----------------|-------------------|----------------|
| Option holder | Number | Percentage |
| BINGKUN HUANG | 29,700,000 | 74.25% |
| SINO EQUITY INV | 10,300,000 | 25.75% |
| | 40,000,000 | 100.00% |

Restricted equity securities

ASX restricted securities

232,593 fully paid ordinary shares held by 5 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

174,915,083 fully paid ordinary shares held by 41 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.