Dongfang Modern Agriculture Holding Group Limited
ACN 604 659 270
AND ITS CONTROLLED ENTITIES

PRELIMINARY ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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This preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the half year report for the period ended 30 June 2015 and any other public announcements made by Dongfang Modern Agriculture Holding Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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Appendix 4E

PRELIMINARY ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDED 31 DECEMBER 2015

1. **Details of the Reporting Period**

This is the preliminary information given to the ASX under Listing Rule 4.3A for the Dongfang Modern Agriculture Holding Group Limited Consolidated Entity for the year ended 31 December 2015. As the company was incorporated during the year (10 March 2015) the previous corresponding period reported relates to its wholly owned subsidiary Worldwide Network Investment Group Limited which was acquired during the year and is the year ended 31 December 2014 unless otherwise stated.

The Consolidated Entity is comprised of Dongfang Modern Agriculture Holding Group Limited as the Chief Entity and its wholly owned subsidiaries.

2. **Results for Announcement to the Market**

The Group operates mainly in the People's Republic of China (the "PRC") and most of its transactions are denominated in Renminbi ("RMB"). The results announcement is based on the RMB figures and, for the ease of readers, supplemented by Australian Dollars ("AUD") translated at RMB4.692: AUD1, the exchange rate on 26 February 2016 as quoted on www.oanda.com.

			% Change		RMB'000	AUD'000
2.1	Revenue from ordinary activities	up	25.96%	to	933,945	199,051
2.2	Normalised profit (before listing expense and fair value changes of biological assets)	up	30.19%	to	421,535	89,841
2.3	Profit from ordinary activities after tax attributable to members	up	0.4%	to	384,084	81,859
2.4	Net profit for the year attributable to members	up	0.4%	to	384,084	81,859

2.5 An unfranked interim dividend of AUD0.05 cents per share has been declared.

2.6 The ex-dividend date is 31 March 2016, the record date is 1 April 2016 and the payment date is 3 June 2016 for the proposed dividend.

2.6 Refer to the attached preliminary financial report for details relating to the profit information stated in page 8 and the Directors' Report for information on dividends declared in 2.4.

3. **Income Statement**

Refer to the attached preliminary annual financial report.

4. **Balance Sheet**

Refer to the attached preliminary annual financial report.

5. **Statement of Cash Flows**

Refer to the attached preliminary annual financial report.

6. **Dividends**

There were no dividends paid during the year.

7. Details of Dividend Reinvestment Plans
Details of a Dividend Reinvestment Plan (DRP) will be announced in the coming days.

8. Statement of Retained Earnings
Refer to page 10 “Statement of Changes in Equity” of the attached preliminary annual financial report.

9. Net Tangible Assets

	31/12/2015		31/12/2014	
	RMB	AUD	RMB	AUD
Net tangible asset backing per ordinary share	4.17	0.89	3.03	0.65

10. Details of Joint Venture

Not applicable.

11. Other Significant Information
Refer to the attached preliminary annual financial report.

12. Foreign Entity Accounting Standards
Not Applicable.

13. Commentary on Results
Refer to the Review of Operations in the Directors’ Report of the attached preliminary annual financial report.

14. Audit Report
The report is based on accounts that are in the process of being audited.

15. Statement if Accounts Not Audited
The accounts of Dongfang Modern Agriculture Holding Group Limited Consolidated Entity for the year ended 31 December 2015 are in the process of being audited and are not likely to be subject to dispute or qualification.

16. Statement if Accounts Audited
Not Applicable.

Yours faithfully,

Hongwei Cai
Executive Chairman
29 February 2016

Directors' Report

The Directors of Dongfang Modern Agriculture Holding Group Limited ('DFM') present their Report together with the financial statements of the consolidated entity, being DFM ('the Company') and its Controlled Entities ('the Group') for the year ended 31 December 2015.

Director details

The following persons were Directors of Dongfang Modern Agriculture Holding Group Limited during or since the end of the financial year:

Mr Hongwei Cai

Hongwei Cai (30) is the Executive Chairman of the Board and an executive Director of the Company. He is also the major shareholder of the Company.

Mr Cai is responsible for the overall strategic management, investment planning and business development of the Group. He is also the ultimate controlling shareholder of the Company, and except as disclosed, has no relationship with any other Directors, senior management or substantial shareholders of the Company.

Mr Cai has extensive experience in management, marketing and business development of agricultural enterprises and public relations. He studied investment management in Singapore during the respective periods of September 2006 to December 2007 and January 2009 to December 2009.

For the period from January 2008 to December 2008, Mr Cai worked as a market promotion manager at Ganzhou Dingsheng New Tech Water Products Company Limited, an Independent Third Party, responsible for overall market planning, product marketing and research and development of new products.

Mr Cai has been the major underlying equity holder of Ganzhou Chinese since 2008.

In 2010, Mr Cai joined Ganzhou Chinese, starting as the assistant general manager, aiding in the overall planning and market operation of the company. He was promoted to deputy general manager of Ganzhou Chinese, responsible for the overall market planning and the marketing of products, and the research and development of new products. Mr Cai remained in the position as deputy general manager through to September 2012. Thereafter, Mr Cai acted as the director and deputy general manager of Ganzhou Chinese, performing substantially the same functions but with intensified responsibilities.

In December 2012, Mr Cai was appointed as the chairman of the board of Ganzhou Chinese. He has also served as a director and general manager of Ganzhou Chinese concurrently with his position as chairman. Mr Cai is at present responsible for the overall strategic development, strategic planning, business development and market operation of Ganzhou Chinese. Mr Cai has been a director of Worldwide Network since 9 October 2012.

Other current Directorships:
None

Previous Directorships (last 3 years):
None

Interests in shares:
312,390,000

Mr Ming Sing Barton Tso

Mr Ming Sing Barton Tso (50) is the Chief Executive Officer and an executive Director of the Company.

Mr Tso is responsible for the overall operation of the Group.

In 1988, Mr Tso graduated from the School of Economics, Fudan University with a Bachelor Degree of Economics, majoring in International Finance.

In the 26 years since graduating from Fudan University, Mr Tso has been engaging in the enterprise management, capital market operation and banking business investment in various enterprises and public companies in PRC Mainland & Hong Kong. Mr Tso also has experience in strategies for public companies, internal control management, enterprise investment and financing and building of talent teams.

Mr Tso was the Financial Manager in the Hong Kong Branch of Fujian Start Group Co., Ltd.,a public company listed in Shanghai Stock Exchange of PRC. Mr Tso was also the Executive Director and Chief Operating Officer in China Fortune Holdings Limited, a public company listed in Hong Kong Stock Exchange

Other current Directorships:
None

Previous Directorships (last 3 years):
None

Interests in shares:
None

Mr Chiu So

Mr Chiu So (40) is the Chief Financial Officer and an executive Director of the Company.

Mr So is responsible for the accounting and financial management of the Group. Mr So has no relationship with any other Directors or senior management of the Company.

Mr So was awarded a bachelor degree in Commerce (Accounting) from Macquarie University in Sydney, Australia in 2000.

Mr So has been a fellow member of Hong Kong Institute of Certified Public Accountants since September 2013 and a member of Certified Practicing Accountant of Australia since 2005.

Mr So possesses over fifteen years of experience in accounting and finance. In particular, he is experienced in assisting enterprises for listing, issuing convertible bonds and arranging equity participation of international funds.
Prior to joining the Group, Mr So was an executive director of China Packaging Group Company Limited, an investment holding company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 572), during the year of 2009. The principal business activities of China Packaging Group Company Limited and its subsidiaries are the manufacture and sale of tinplate cans for the packaging of beverage in Shanxi, PRC. Mr So was responsible for the administration of China Packaging Group Company Limited and its subsidiaries at the material times.

Other current Directorships:

None

Previous Directorships (last 3 years):

None

Interests in shares:
None

Dan Lin

Ms Dan Lin (47) is an Independent Non-executive Director of the Company. Ms Lin has no relationship with any other Directors, senior management or substantial shareholders of the Company.

Ms Lin is currently studying a Capital Operation MBA at Tsinghua University, China.

Ms Lin has extensive experience in the telecommunication industries, including working at Telstra and as a council member and the executive of the council member in the communications industry in China for 7 years.

Ms Lin has experience as an entrepreneur. In 2005, Ms Lin was awarded the title of Outstanding Entrepreneur of Chinese Enterprise Management by China Academy of Management Science.

Ms Lin has experience handling government relations at all levels in China. Ms Lin also has experience in business development.

Other current Directorships:

None

Previous Directorships (last 3 years):

None

Interests in shares:
None

Michael Wai-Man Choi

Michael Wai-Man Choi (57) is an Independent Non-executive Director of the Company.

Mr Choi is an Australian trained professional project manager and engineer with proven records in delivering projects on time and on budget. He has extensive experience in business, management, strategic planning, processing improvement, human resources, financial management, marketing and business development. He is also a facilitator in the political and community arena with proficient leadership and people skills in stakeholder facilitation, consultation and management.

Mr Choi has a Bachelor of Engineering from the University of Queensland and is a Registered Professional Engineer of Queensland. Mr Choi is a member of various professional groups including being a member of the Australia Institution of Project Management. Mr Choi was previously a member of the Queensland China Council, a state government established body. Mr Choi is also an Advisor of the Queensland Chinese United Council, a Permanent Patron of the Queensland Chinese General Chamber of Business and a Committee Member of the Australia China Business Council Queensland Chapter.

Mr Choi was a member of the Queensland Parliament, being the first Asian Australian elected to Queensland Parliament. In this role, Mr Choi held various ministerial portfolios as Assistant Minister including Mines, Energy, Natural Resources, Trade and Multicultural Affairs.

Mr Choi speaks English, Mandarin and Cantonese, and can read and write both English and Chinese.

Other current Directorships:

None

Previous Directorships (last 3 years):

None

Interests in shares:
None

Company Secretary

Greg Starr is a Certified Practicing Accountant. Mr Starr has held senior positions with a number of ASX listed companies and has a Bachelor of Business from the University of Technology Sydney. Mr Starr has been the Company Secretary since July 2015.

Principal activities

During the year, the principal activities of entities within the Group were cultivation and sales of various agricultural produce including the citrus fruits tangerine, pomelo and navel oranges and also camellia fruits and related products in Ganzhou City District, Jiangxi Province of the Peoples Republic of China.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

The Group is a key participant in the agricultural industry in the Jiangxi Province of the PRC, primarily cultivating tangerine, pomelo, camellia and naval oranges.

The Group recorded a year-on-year ("YoY") revenue growth of 25.96% from RMB741 million in financial year ("FY") 2014 to RMB933 million in FY2015, driven by plantation area increased from Tangerine.

The normalised profit (profit before listing expenses and fair value changes in biological assets) increased RMB90million YoY, represent a 30.19% growth as a result of the better yield in the Tangerine cultivation bases.

The profit before income tax recorded only a slight YoY growth of 0.4% to RMB384 million, which is diluted by the listing expenses of RMB9 million and the RMB28 million fair value loss in FY2015, as comparing to a RMB89 million fair value gain in FY2014.

As agriculture business is exempted from various taxes in the PRC, there was no income tax expenses for both years.

Earnings per share remained stable RMB1.09 or AUD0.23.

Significant changes in the state of affairs

The Company listed on the Australian Securities Exchange on 19 October 2015.

Dividends

No dividends were paid in the FY2015 (FY2014: Nil).

Directors have declared an unfranked final dividend of approximately AUD19, 514,000 (AUD 5c per share) to be paid on 3 June 2016 (2014: Nil).

Events arising since the end of the reporting period

Apart from the final dividend declared, there are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity’s operations in future financial years
- the results of those operations in future financial years; or
- the entity’s state of affairs in future financial years

Likely developments, business strategies and prospects

The Group is actively seeking available cultivation bases to expand its production scale and is also looking for business combination for down-stream integration.

Should there be capital needs in the above activities, the Group may consider obtaining banking facilities or placement as the market condition warrant.

Rounding of amounts

DFM is a type of Company referred to in ASIC Class Order 98/100 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest RMB 1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the Class Order.

Hongwei Cai, Executive Chairman

29 February 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December2015

	Notes	2015 RMB '000	2014 RMB '000
Revenue	6	933,945	741,470
Cost of sales		(505,207)	(414,819)
Gross profit		428,738	326,651
Other income	6	1,038	833
Change in fair value of biological assets	13	(27,900)	58,780
Selling and distribution expense		-	(359)
Administrative expenses		(17,783)	(3,346)
	7	**384,093**	**382,559**
Finance costs		(9)	-
Profit before income tax		**384,084**	**382,559**
Income tax expense	8	-	-
Profit for the year		**384,084**	**382,559**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		8,153	-
Income tax relating to items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax		8,153	-
Total comprehensive income for the period		**392,237**	**382,559**
Earnings per share			
Basic	19	**RMB1.09**	**RMB 1.09**
Diluted	19	**RMB1.09**	**RMB 1.09**

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 RMB '000	2014 RMB '000
Assets			
Current			
Cash and cash equivalents	15	632,190	288,767
Trade and other receivables	14	60,688	78,702
Deferred expenses	12	106,942	94,565
Total current assets		**799,820**	**462,034**
Non-current			
Property, plant and equipment	11	421	738
Biological assets	13	660,573	388,473
Deposits for acquisition of biological assets	13	155,400	240,000
Deferred expenses	12	29,899	33,999
Total non-current assets		**846,293**	**663,210**
Total assets		**1,646,113**	**1,125,244**
Liabilities			
Current			
Trade and other payables	16	15,118	60,175
Amount due to a shareholder	22	1,685	38
Total current liabilities		**16,803**	**60,213**
Net assets		**1,629,310**	**1,065,031**
Equity			
· share capital	18	172,042	-
· Reserves		69,116	60,963
· retained earnings		1,388,152	1,004,068
Total equity		**1,629,310**	**1,065,031**

Note: This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the year ended 31 December2015

	Share capital	Statutory reserve	Capital reserve	Exchange reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	-	20,321	40,642	-	621,509	682,472
Profit and total comprehensive income for the year	-	-	-	-	382,559	382,559
Balance at 31 December 2014	-	20,321	40,642	-	1,004,068	1,065,031
Issue of share capital	172,042	-	-	-	-	172,042
Transactions with owners	172,042	-	-	-	-	172,042
Profit for the year	-	-	-	-	384,084	384,084
Other comprehensive income	-	-	-	8,153	-	8,153
Total comprehensive income for the year	-	-	-	8,153	384,084	392,237
Balance at 31 December 2015	**172,042**	**20,321**	**40,642**	**8,153**	**1,388,152**	**1,629,310**

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December2015

	Notes	2015 RMB '000	2014 RMB '000
Operating activities			
Profit before income tax		384,093	382,559
Fair value changes of biological assets		27,900	(58,780)
Depreciation		317	503
Interest expense		9	-
Interest income		(896)	(833)
Operating profit before changes in working capital		411,423	323,449
Inventory		-	26
Deferred expense		(8,277)	49,296
Trade and other receivables		18,014	(52,572)
Trade and other payables		(45,057)	46,945
Amount due to a shareholder		1,647	19
Cash generated from operations		377,750	367,163
Interest received		896	833
Net cash from operating activities		378,646	367,996
Investing activities			
Deposits and payment for purchases of biological assets		(215,400)	(299,648)
Net cash used in investing activities		(215,400)	(299,648)
Financing activities			
Net proceeds from issue of shares		172,042	-
Interest paid		(9)	-
Net cash from financing activities		172,033	-
Net change in cash and cash equivalents		**335,279**	**68,348**
Cash and cash equivalents, beginning of period		288,767	220,419
Exchange differences on cash and cash equivalents		8,144	-
Cash and cash equivalents, end of period		**632,190**	**288,767**

Note: This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements[8]

1 Nature of operations

During the year, the principal activities of entities within the Group were cultivation and sales of various agricultural produce including the citrus fruits tangerine, pomelo and navel oranges; and also camellia fruits and related products in Ganzhou City District, Jiangxi Province of the Peoples Republic of China.

2 General information and statement ofcompliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Dongfang Modern Agriculture Holding Group Limited is the Group's Ultimate Parent Company. Dongfang Modern Agriculture Holding Group Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office is Level 12, 225 George Street, Sydney NSW 2000 Australia.

The Consolidated Financial Statements have been derived from the consolidated financial statements of Worldwide Network Investment Group Limited (Worldwide Network) and its subsidiary Ganzhou Chinese Modern Agriculture Co., Ltd (Ganzhou Chinese).

On 15 May 2015, the Company became the sole shareholder of Worldwide Network (the Acquisition). Prior to the Acquisition, Worldwide Network had one (1) ordinary share on issue. The Acquisition was effected via the following transactions:

- Worldwide Network issued 99 new ordinary shares to the Company for a total consideration of HK$99.00; and
- The remaining one (1) ordinary share in Worldwide Network was transferred from the original shareholders to the Company for a total consideration of HK$1.00.

As the shareholders of Worldwide Network, prior to the Acquisition, were the same as the shareholders of the Company on completion of the Acquisition, the Financial Information has been prepared as if the Company and Worldwide Network formed part of the same consolidated group for financial reporting purposes. In addition, the Acquisition has been treated as a "common control transaction" which does not meet the requirements of a "business combination" as set out in AASB 3 Business Combinations and accordingly, no additional intangible assets (including any goodwill) have been recognised upon completion of the Acquisition.

As the Company was incorporated in 2015, there were not statutory results for 2014. For comparative purposes the Worldwide Network results for these periods are compared.

The consolidated financial statements for the year ended 31 December 2015 were approved and authorised for issue by the Board of Directors on 26 February 2016.

3 Summary of accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the periods presented.

3.1 Consolidation

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control, where all assets and liabilities are recorded at predecessor carrying amounts, as if the existing group structure had been in existence throughout the years presented, and the existing business have been combined from the date when they first came under the control of the controlling party, where differences between consideration payable and the net assets value are taken to the capital reserve.

Inter-company transactions and balances between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.2 Property, plant and equipment and depreciation

Property, plant and equipment, is stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows :-

Category	Estimated useful life	Estimated residual values
Furniture and equipment	3 - 10 year	0% - 3%
Motor vehicle	4 years	3%
Leasehold improvements	Over the shorter of lease terms and estimated useful life	-

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at the end of each reporting periods.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3.3 Prepaid leases payments

Upfront payments made to acquire land use rights and/or plantation bases under an operating lease are stated at costs less accumulated amortisation and any accumulated impairment losses. Minimum lease payments are amortised on a straight line basis over the term of the lease except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

3.4 Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organized by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

3.5 Biological assets

Biological assets comprise Camellia, Navel Orange and Tangerine trees in forests, of which the Forestry Right Certificates have been issued to the Group for the purpose of Camellia, Navel Orange and Tangerine cultivation, involved in the Agriculture activities of the transformation of biological assets into Agriculture produce for sale or further processing.

Biological assets are measured at fair value less costs to sell at initial recognition and at the end of each reporting period, with any change therein recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets.

Agriculture produce harvested from biological assets for further processing is measured at its fair value less costs to sell at the point of harvest. The fair value less costs to sell at the time of harvest is deemed as the cost of agriculture produce for further processing.

If an active market exists for a biological asset or Agriculture produce with reference to comparable species, growing condition and expended yield of the crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values or as determined by independent professional valuers.

All the plantation costs incurred after the harvest period is stated as deferred expenses at cost. When the Agriculture produce is harvested, the carrying amount of the deferred expenses is recognised as expenses in the period in which the related revenue is recognised.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and comprises all costs of purchasing cost of raw materials direct labour and other costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimates of costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related turnover is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories as an expense in the period in which the reversal occurs.

3.7 Trade and other receivables

Trade and other receivables are initially recognised at fair value, and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

3.8 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arose on initial recognition of assets and liabilities that affect neither accounting nor taxable profit, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised in profit or loss.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met :-

i. In the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

ii. In the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either :-

- the same taxable entity; or
- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and other short-term (with original maturity less than three months), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.10 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

3.11 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

3.12 Classification of assets leased to the Group

Assets that are held by Group under lease which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

3.13 Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

3.14 Impairment of assets

i. Impairment of trade and other receivables

ii. Trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events: -

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

iii. Impairment of Other Assets

iv. If any of such evidence exist, an impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the receivables' original effective interest rate (i.e. the effective interest rate computed at initial recognition), where the effect of discounting is material. The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

v. If in a subsequent period the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the receivable exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

vi. Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased: -

- property, plant and equipment;
- inventories;
- deferred expenses; and
- prepayments

vii. If any such indication exists, the asset's recoverable amount is estimated.

viii. Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash generating unit).

ix. Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

x. Reversals of impairment losses

xi. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3.15 Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if :-

a) A person, or a close member of that person's family, is related to the Group if that person :-

   i. has control or joint control over the Group;

   ii. has significant influence over the Group; or

   iii. is a member of the key management personnel of the Group or the Group's holding company.

b) An entity is related to the Group if any of the following conditions applies :

   i. The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3.16 Foreign currency translation

These consolidated financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to functional currency at rates of exchange ruling at the end of each reporting period. All exchange differences are recognised in profit or loss.

3.17 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

i. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. This is usually taken as the time when the goods are delivered and the customers have accepted the goods.

ii. Interest income is recognised on an accrual basis using the effective interest method.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Impairment of trade receivables and other receivables

Impairment of trade receivables and other receivables is made based on assessment of their recoverability. The identification of impairment of trade receivables and other receivables requires management's judgment and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables and impairment loss or reversal of impairment in the period in which such an estimate has been changed.

ii. Fair value of biological assets

Biological assets are measured at fair value less costs to sell. In determining the fair value of the biological assets, the professional valuer has applied a discounted cash flow method of the income approach which requires a number of key assumptions and estimates to be made such as discount rate, Agriculture produce selling price, operating costs and lifecycle. Any change in the estimates may affect the fair value of the biological assets significantly. The professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of biological assets.

5 DIVIDENDS

An unfranked interim dividend of AUD0.05 cents per share has been declared (2014 – Nil). .

6 REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:-

For the year ended 31 December 2015	**2015 RMB '000**	**2014 RMB '000**
Revenue :		
Sales of goods	933,945	741,470
Other income :		
Rebate	142	-
Bank interest income	896	833
	934,983	742,303

7 PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging;-

For the year ended 31 December 2015	**2015 RMB '000**	**2014 RMB '000**
(a) Employee benefit expense :-		
Wages and salaries	3,678	3,438
Social welfare and other costs (including defined contribution pension schemes)	1,613	1,325
Subtotal	**5,291**	**4,763**
(b) Other items :-		
Depreciation	317	503
Operating lease charges for plantation bases	82,874	79,506
Operating lease charges for office premises	306	282
IPO and listing expenses	9,551	-
	93,048	**80,291**

8 INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No Hong Kong profits tax has been provided as there was no assessable profit earned in or derived from Hong Kong during the years presented.

The National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law") on 16 March 2007 and the State Council has announced the Detailed Implementation Regulations on 6 December 2007, which has been effective since 1 January 2008.

Ganzhou Chinese and PRC taxation

The currently applicable tax rates in PRC are as follows:

Category	**Tax Rate**
Value Added Tax	13%
Income Tax	25%
Education Surcharge	3%
Local Education Surcharge	2%
Stamp Tax for sale agreement	0.1%

1. Income tax

a. According to the PRC enterprise income tax law (“EIT Law”) and its implementation rules, the PRC statutory income tax rate is 25%.

b. However, because Ganzhou Chinese is engaging in growing, processing and sales of Agriculture products it is currently exempt from PRC enterprise income tax (“EIT”) subject to approval by or registration with the relevant tax authority. According to the Preferential Tax Treatments Confirmation Form issued by the State Tax Bureau of Xingguo County Jiangxi Province, Ganzhou Chinese is currently exempt from PRC EIT

c. While Ganzhou Chinese expects to receive a Preferential Tax Treatments Confirmation Form for the future years, if it does not receive the same, its profits may be subject to income tax of 25%.

2. Withholding Tax

a. Dividends paid by Ganzhou Chinese to Worldwide Network will be subject to a 10% withholding tax in PRC.

3. Value-Added Tax

a. According to the Interim Regulations of the People’s Republic of China on Value-added Tax and the Notification of the Ministry of Finance and the State Administration of Taxation Pertaining to the Explanatory Notes on the Levying Scope of Agriculture Products, enterprises engaging in Agriculture production and operation, and the sale of self-produced Agriculture products, are exempt from value-added tax.

b. According to the Preferential Tax Treatments Confirmation Form issued by the State Tax Bureau of Xingguo County Jiangxi Province, Ganzhou Chinese is currently exempt from Enterprise value-added tax.

c. While Ganzhou Chinese expects to receive a Preferential Tax Treatments Confirmation Form for the future years, if it does not receive the same, the sale of its Agriculture products will become subject to VAT of 13%.

For the year ended 31 December 2015	**2015** **RMB ’000**	**2014** **RMB ’000**
Profit before income tax	384,084	382,559
Taxation at the applicable tax rate of 25%	96,021	95,640
Expenses not deductible for tax purposes	3,520	3
Effect of different tax rates	1	2
Effect of tax concession for Agriculture activities in the PRC	(99,542)	(95,645)
Income tax expense	-	-

9 KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation of key management personnel of the Group is as follows:-

For the year ended 31 December 2015	**2015** **RMB ’000**	**2014** **RMB ’000**
Wages and salaries	665	673
Pension scheme contributions	45	35
	710	708

10 SEASONAL FLUCTUATIONS

By its very nature, the business undertaken by Ganzhou Chinese is highly seasonal with all harvests and sales occurring during the months of September to December each year as follows:

Camellia	October and November
Pomelo	November
Navel Orange	November
Tangerine	September , October and November

11 PROPERTY, PLANT AND EQUIPMENT

The following tables show the movements in property, plant and equipment:

Cost	**Motor vehicle RMB'000**	**Electronic and office equipment RMB'000**	**Computer software RMB'000**	**Leasehold improvement RMB'000**	**Total RMB'000**
Gross carrying amount					
As at 1.1.2014	1,528	466	85	486	2,565
As at 31.12.2014	**1,528**	**466**	**85**	**486**	**2,565**
As at 31.12.2015	**1,528**	**466**	**85**	**486**	**2,565**
Accumulated depreciation					
As at 1.1.2014	938	354	16	16	1,324
Charge for the period	362	35	9	97	503
As at 31.12.2014	**1,300**	**389**	**25**	**113**	**1,827**
Charge for the period	182	29	8	98	317
As at 31.12.2015	**1,482**	**418**	**33**	**211**	**2,144**
Net value as at 31.12.2015	**46**	**48**	**52**	**275**	**421**
Net value as at 31.12.2014	228	77	60	373	738

12 DEFERRED EXPENSES

For the year ended 31 December 2015	**Prepaid lease payments RMB '000**	**Deferred Plantation costs RMB '000**	**Total RMB '000**
At 1 January 2014	**140,516**	**37,344**	**177,860**
Payments during the year	30,075	34,730	64,805
Utilisation for the year	(79,506)	(34,595)	(114,101)
At 31 December 2014	**91,085**	**37,479**	**128,564**
Payments during the year	89,729	38,900	128,629
Utilisation for the year	(82,873)	(37,479)	(120,352)
At 31 December 2015	**97,941**	**38,900**	**136,841**

As at:	**2015 RMB '000**	**2014 RMB '000**
Non-current portion	29,899	33,999
Current portion	106,942	94,565
	136,841	128,564

Prepaid lease payments represent the rental payment of the cultivation bases situated in the PRC which are held operating lease with terms of approximately 14 years.

Deferred plantation costs represent the costs incurred to cultivate agriculture produces which will be harvested in the subsequent years. The deferred plantation costs in relation to the harvest with 12 months from the end of each reporting period are classified as deferred expenses under current assets.
Deferred expenses classified under current assets represent the prepaid lease payments and plantation costs incurred for the harvest of agriculture produces within 12 months from the end of each reporting period.

13 BIOLOGICAL ASSETS

	Tangerine RMB '000	Camellia RMB '000	Navel orange RMB '000	Total RMB '000
At 1 January 2014	**-**	**10,637**	**319,056**	**329,693**
Changes in fair value less cost to sell	-	1,003	57,777	58,780
At 31 December 2014	**-**	**11,640**	**376,833**	**388,473**
Increase due to purchase	**300,000**		-	**300,000**
Changes in fair value less cost to sell	(77,609)	(3,975)	53,684	(27,900)
At 30 June 2015	**222,391**	**7,665**	**430,517**	**660,573**

Biological assets represent Camellia, Navel Orange and Tangerine Forests ("the Forests") located in the PRC. In 2011, the Group acquired Camellia Forest with total cultivable area of 897Mu. In 2012, the Group acquired Navel Orange Forests with total cultivable area of 670Mu and further acquired 7,456Mu during the year end 31 December 2013. In 2015, the Group acquired Tangerine Forest with total cultivable area of 6,000Mu. Hence, the total cultivable areas are 1,567Mu as at 31 December 2013, and 9,023Mu as at 31 December 2014, and 15,023Mu at 31 December 2015.

The Group recognises the Camellia, Navel Orange and Tangerine Forests as biological assets when, and only when:-

- The Group controls the Forests as a result of past event, which is evidenced by the risks and rewards of cultivation bases have been passed to the Group;
- It is probable that future economic benefits associated with the Forests will flow to the Group; and
- The fair value or cost of the Forests can be measured reliably.

According to the Forestry Right Certificates issued by the relevant PRC authority, the Group was granted a right to perform Camellia, Navel Orange and Tangerine plantation and harvest within the cultivable area of 15,023 Mu for 20 to 30 years.

The Forests were independently valued by Roma Appraisals Limited ("ROMA"). ROMA and its professional valuers in charge of this valuation have appropriate qualifications and relevant experiences in various valuation assignments involving biological assets and Agriculture produce. The professional valuers of ROMA involved in this valuation include professional members of the Royal Institution of Chartered Surveyors ("MRICS"), the American Institute of Certified Public Accountants ("AICPA") and the Institute of Public Accountants ("MIPA"), as well as charter holders of Chartered Financial Analyst ("CFA") and Financial Risk Manager ("FRM"). They have extensive experiences in valuing different kinds of assets such as property assets, industrial assets, biological assets, mining rights and assets, technological assets and financial assets worldwide and have previously performed valuations of biological assets and Agriculture produce such as forest, rubber tree plantation, jatropha plantation, fruit plantation, etc. Among the professional institutions mentioned above, the Royal Institution of Chartered Surveyors is a member organisation of the International Valuation Standards Council (the "IVSC") which encourages their respective members to adopt and use the International Valuation Standards laid down by the IVSC. ROMA has assessed and declared its independence based on the requirements of the International Valuation Standards.

Based on the above qualifications and various experiences of ROMA and/or its members, the directors are of the view that ROMA is independent and competent to determine the fair value of the Forests.

Since there is no active market for the regions that the Forests are located, no market price information is available to adopt the market approach. Accordingly, ROMA has adopted an income approach in valuing the Forests.

The following steps have been taken for the site inspection of the Forests conducted by ROMA:-

- Verified the physical existence of the Forests;
- Checked the coverage of the plantation area of the Forests;
- Identified the species of the Forests; and
- Evaluated the operation of the plantation.

The following are the major assumptions used in the valuation:-

a) The market price variables, which represent the assumed market price for Camellia, Navel Orange and Tangerine produced by the Group. The valuation adopted the market selling prices prevailing as of the end of the reporting period for Camellia, Navel Orange and Tangerine produced by the Group as the sales price estimation. The market prices are assumed to be increased by 3% per annum, which is similar to the projected long term inflation rate.

b) The yield per tree variables, which represent the harvest level of the Camellia, Navel Orange and Tangerine trees. The yield of Camellia, Navel orange and Tangerine trees is affected by the age, species and health of the trees, as well as the climate, location, soil condition, topography and infrastructure. In general, yield per Camellia tree increases from age 5 to 9, remains stable for about 70 years, and then decreases until age 81. The yield per Navel Orange tree increases from 3 to 9, remains stable for about 30 years, and then decreases until age 38. The yield per Tangerine tree increases from years 5 to 9, remains stable for about 30 years, then decreases until age 38.

c) The direct production cost variables, which represent the direct costs necessary to bring the Camellia, Navel Orange and Tangerine to their sale form, includes raw material costs and direct labour costs. The direct production cost variables are determined by reference to actual costs incurred for areas that have been previously harvested, and have taken into account the projected long-term inflation rate of 3% per annum.

d) The Capital Asset Pricing Model has been used to determine a discount rate to be applied to the Forests as follows:-

For the full year ended 31 December 2015	**2015**	**2014**
Camellia Forests	15.90%	14.92%
Navel orange Forests	15.90%	14.92%
Tangerine Forests	15.90%	14.92%

e) Other key assumptions which have taken into account in valuing the Group's biological assets includes, among other things,

i. cash flows are calculated from the current rotation of Camellia, Navel Orange and Tangerine trees only, without taking into account the projected revenue or costs related to the re-establishment of new trees;

ii. projected cash flows have taken into account the projected long term inflation rate of 3% per annum and excluded finance costs and taxation;

iii. as discounted cash flows are based on current prices, planned future business activities that may impact the future prices of harvested from the Group's plantations are not considered; and

iv. no material changes in the existing political, legal, technological, fiscal, economic conditions, climate and nay other unfavourable natural conditions.

The movements in the fair value of the assets are as follows:-

As at:	2015 RMB '000	2014 RMB '000
Opening balance	388,473	329,693
Increase due to purchase	300,000	-
Changes in fair value less cost to sell	(27,900)	58,780
Closing balance	**660,573**	**388,473**

The following unobservable inputs were used to measure the Group's Camellia, Navel Orange and Tangerine cultivation:-

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs		Relationship of unobservable
			2014	**2015**	
Camellia cultivation	Multi-period excess earnings method, one of the income approach, which is based on the discounted future cash flows to be generated by the biological assets	Market price	RMB 4.9 Increased by 3% per annum	RMB 4.7 Increased by 3% per annum	The higher the market price, the higher the fair value
		Yield per Mu	700 Kg per Mu per annum	680 Kg per Mu per annum	The higher the yield per Mu, the higher the fair value
		Discount rate	14.92%	15.90%	The higher the discount rate, the lower the fair value
Orange cultivation	Multi-period excess earnings method, one of the income approach, which is based on the discounted future cash flows to be generated by the biological assets	Market price	RMB 3.5 Increased by 3% per annum	RMB 3.0 Increased by 3% per annum	The higher the market price, the higher the fair value
		Yield per Mu	1,950-2,700 Kg per Mu per annum	2,200-3,000 Kg per Mu per annum	The higher the yield per Mu, the higher the fair value
		Discount rate	14.92%	15.90%	The higher the discount rate, the lower the fair value
Tangerine cultivation	Multi-period excess earnings method, one of the income approach, which is based on the discounted future cash flows to be generated by the biological assets	Market price		RMB 2.6 Increased by 3% per annum	The higher the market price, the higher the fair value
		Yield per Mu		2,200 Kg per Mu	The higher the yield per Mu,

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs		Relationship of unobservable
				per annum	the higher the fair value
		Discount rate		15.90%	The higher the discount rate, the lower the fair value

The Group is exposed to a number of risks related to Camellia, Navel Orange and Tangerine cultivation:-

f) Regulatory and environmental risks

The Group is subject to laws and regulations in the PRC in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks. The directors are not aware of any environmental liabilities as at 31 December 2015.

g) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of Agriculture produce. When possible the Group manages this risk by controlling its harvest volume, according to market conditions. Management performs regular industry trend analysis to ensure the Group's pricing policy is comparable to the market and the projected harvesting volumes are consistent with the expected demand.

h) Climate and other risks

The Group's plantation is exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has procedures in place aimed at monitoring and mitigating those risks, including regular forest inspections and pesticide preventions.

On 19 October 2015, the Group entered into two acquisition agreements to acquire two camellia forest rights with total cultivable areas of 4,633Mu and 8,633 Mu for 30 years at total considerations of RMB71,811,500 and RMB126,526,500 respectively, of which RMB54,600,000 and RMB100,800,000 were paid as deposit as at 31 December 2015. According to the agreements, the seller should assist the Group to obtain the Forestry Certificate by 31 December 2016. Should the seller fail to assist the Group to obtain the Forestry Certificate by 31 December 2016, the Group has the discretion to rescind the transaction. The remaining balances of RMB17,122,500 and RMB25,726,500 are payable 3 days after the issuance of the respective Forestry Certificates to the Group by the relevant PRC authority.

14 TRADE AND OTHER RECEIVABLES

The Group seeks to maintain strict control over its outstanding receivables. Trade receivables are non-interest-bearing and neither past due nor impaired.

The Group's credit terms with customers during the year presented were mainly 30 days.
An aged analysis of the trade receivables as at the end of each reporting period, based on the invoice date, is as follows :-

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
Trade Receivables 0 to 30 days	-	18,591
Deposits	41	111
Prepayments	59,218	60,000
Input tax credit	1,429	-
Total	**60,688**	**78,702**

15 CASH AND CASH EQUIVALENTS

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
Cash and bank balances	632,190	288,767

The Group's cash and bank balances at the end of each reporting period were denominated RMB.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange.

Bank balances earns interest at floating rates based on daily bank deposit rates.

16 TRADE AND OTHER PAYABLES

The trade payables were interest-free. The credit term during the year presented were mainly 30-90 days.

An aged analysis of the trade payables at the end of each reporting period, based on the invoice date, is as follows:-

For the year ended 31 December 2015	2015 RMB '000	2014 RMB '000
Payable for the Acquisition of Biological Assets	10,336	60,000
Other payable	18	29
Salary payable	515	523
Total	**15,118**	**60,175**

17 EMPLOYEE RETIREMENT BENEFITS

As stipulated by the PRC state regulations, the subsidiaries in the PRC participate in a defined contribution retirement scheme. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount of the geographical area of their last employment at their retirement date. The PRC subsidiary is required to make contributions to the local social security bureau at 29.4% to 37.4% of the previous year's average basic salary amount of the geographical area where the employees are under employment with the PRC subsidiaries.

The Group has no obligation for the payment of pension benefits beyond the annual contributions as set out above.

According to the relevant rules and regulations of the PRC, the PRC subsidiary and their employees are each required to make contributions to an accommodation fund at 9% of the salaries and wages of the employees which is administered by the Public Accumulation Funds Administration Centre. There is no further obligation on the part of the Group except for such contributions to the accommodation fund.

As at 30 June 2015, the Group had no significant obligation apart from the contributions as stated above.

18 SHARE CAPITAL

The Company was incorporated on 10 March 2015 through the issue of one (1) ordinary share to Mr Cai for AUD 1.00.

Share issues following incorporation were as follows;

i. the issue of 312,389,999 ordinary shares to Mr Cai on 24 April, 2015 for $0.000001 per Share;

ii. the issue of 21,060,000 ordinary shares to Super Fusion International Limited on 24 April, 2015 for $0.000001 per Share;

iii. the issue of 17,550,000 ordinary shares to Huge Ease Limited on 24 April, 2015 for $0.000001 per Share;

iv. the issue of 39,271,600 ordinary shares upon the listing of the Company's shares on the Australian Securities Exchange on 19 October 2015.

Capital management:
The Company's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholder commensurately with the level of risk. To meet these objectives, the company manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholder, issuing new equity shares, and raising or repaying debt as appropriate.

For the year ended 31 December 2015	**Year to 31 December 2015 DFM (Incorporated 10 Mar 15)**		**Year to 31 December 2014 (Worldwide)**	
	Shares	**RMB'000**	**Shares**	**RMB'000**
Shares issued:				
· beginning of the period	-	-	1	-
· issued under share-based payment plans	-	-	-	-
· shares issue for group restructuring	351,000,000	-	-	-
· share issue for public offering	39,271,600	176,745	-	-
Shares issued and paid	390,271,600	176,745	1	-
· shares authorised for share based payments	-	-	-	-
Total shares issued and paid at the end of the year	390,271,600	176,745	1	-

19 EARNINGS PER SHARE

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company as the numerator, i.e. no adjustments to profits were necessary during the period to 10 March 2015 and 31 December 2015.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

For the year ended 31 December 2015	**2015 Incorporated 10 March 2015**
Weighted average number of shares used in diluted earnings per share	358,961,913

For the year ended 31 December 2015	**2015 RMB**	**2014 RMB**
Earnings per share		
Basic	**1.09**	**1.09**
Diluted	**1.08**	**1.09**

The comparative 2014 EPS was calculated using shares in issued right after the completion of the Group Restructuring, as if they had been in issue throughout the year ended 31 December 2014..

20 RESERVES

Capital reserve

Capital reserve represents the paid-in capital of the Ganzhou Agriculture and presented as capital reserve as a result of corporate restructuring.

Statutory surplus reserve

In accordance with the Company Law of the PRC, the Company's subsidiary registered in the PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC (''PRC GAAP'') to the statutory surplus reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of this reserve is not less than 25% of registered capital.

21 OPERATING LEASE ARRANGEMENT

At the end of each year presented, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:-

For the year ended 31 December 2015	**2015 RMB '000**	**2014 RMB '000**
Within 1 year	5,139	26,526
After 1 year but within 5 years	313,763	303,880
After 5 years	511,296	575,331
	830,198	905,737

The Group is the lessee in respect of a number of cultivation bases and office premise held under operating leases. The leases typically run for an initial period of three to fifteen years.

22 RELATED PARTY TRANSACTIONS AND BALANCES

The amount due to a shareholder is interest free, unsecured and repayable on demand. The Group had no other material related party transactions during the years presented.

23 NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS

The Group's principal financial instruments comprise trade receivables, deposits, cash and cash equivalents, trade and other payables. These financial instruments mainly arise from its operations.

The carrying amounts of the Group's financial instruments approximated to their fair values as at the end of each reporting period. Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments.

These estimates are subjective in nature and involve uncertainties and matters of significant judgement, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The director of the Company reviews and agrees policies for managing each of these risks which are summarised below.

23.1 Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group has a credit policy in place and exposure to the credit risk is monitored on an ongoing basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group had significant exposure to individual customers.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The trade receivables are due within one month from the date of billing. Normally, the Group does not obtain collateral from customers.

The director considers that the credit risk from bank balances is minimal as the balances are placed with financial institutions with high credit ratings.

The director considers that the credit risk of trade receivables and deposits is minimal as the counter parties have no past history of default and are financially healthy.

The Group does not provide any guarantees which would expose the Group to credit risk.

23.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the debt-to-equity capital ratio.

23.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the end of each year presented, only the bank balances bearing variable interest that were exposed to interest rate risk.

Since the maturities are short, the Group is not exposed to significant interest rate risk.

23.4 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group manages currency risk, when it is considered significant, by entering into appropriate currency forward contracts.

The Group does not have significant currency risk as it only has immaterial amount of liabilities denominated in foreign currencies at the end of each year presented.

23.5 Fair value

The Group considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximated their fair value.

24 DETAILS OF SUBSIDIARIES

Company name	Place and date of incorporation/ and kind of legal entity	Particulars of capital as at 31.12.2014	Attributable equity interest held	Principal activities
Ganzhou Chinese Modern Agriculture Co., Ltd	Established in the PRC on 14.10.2005, wholly foreign-owned enterprise	Registered and paid-in capital of HK$39,000,000	100%	Cultivation and sale of agriculture produce
Worldwide Network	Incorporated in Hong Kong on 15.10.2012	HK$100	100%	PRC subsidiary Holding Company
DFM Group Australia Pty Ltd	Incorporated in Australia on 18.11.2015	$1	100%	Australian services
DFM HK Limited	Incorporated in Hong Kong on 19.11.2015	HK$1	100%	Hong Kong services

On 15 May 2015, the Company became the sole shareholder of Worldwide Network (the Acquisition). Prior to the Acquisition, Worldwide Network had one (1) ordinary share on issue. The Acquisition was effected via the following transactions:

- Worldwide Network issued 99 new ordinary shares to the Company for a total consideration of HK$99.00; and
- The remaining one (1) ordinary shares in Worldwide Network was transferred from the original shareholders to the Company for a total consideration of HK$1.00.
- The Company Listed on the Australian Securities Exchange on 19 October 2015.

25 EVENTS AFTER THE REPORTING DATE

Nil.