

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2016

or

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-34260

**CHINA GREEN AGRICULTURE, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**36-3526027**

(I.R.S. Employer Identification No.)

**Third floor, Borough A, Block A. No. 181, South Taibai Road  
Xi'an, Shaanxi Province, PRC 710065**

(Address of principal executive offices)(Zip Code)

Registrant's telephone number: **+86-29-88266368**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

**Common Stock, \$0.001 Par Value Per Share**

**NYSE**

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report(s)), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

Do not check if a smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$39,916,798 as of December 31, 2015, based on the closing price \$1.52 of the Company's common stock on such date.

The number of outstanding shares of the registrant's common stock on October 3, 2016, was 37,648,605.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement for the 2016 Annual Meeting of Stockholders, which the registrant plans to file with the Securities and Exchange Commission within 120 days after June 30, 2016 are incorporated by reference in Part III of this Form 10-K to the extent described herein.

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## PART I

### Item 1. Business

We, the Company, are primarily engaged in the research, development, production and sale of various types of fertilizers and agricultural products in the People's Republic of China ("PRC") through our wholly-owned Chinese subsidiaries, Jinong (fertilizer production), Gufeng (fertilizer production), our VIE, Yuxing (agricultural products production), and another six VIE companies that we newly acquired in June 2016. Our primary business is of fertilizer products, specifically humic acid-based compound fertilizer produced through Jinong; and compound fertilizer, blended fertilizer, organic compound fertilizer, slow-release fertilizers, highly-concentrated water-soluble fertilizers and mixed organic-inorganic compound fertilizer produced through Gufeng. In addition, through Yuxing, we develop and produce agricultural products, such as top-grade fruits, vegetables, flowers and colored seedlings.

On June 30, 2016, the Company, through its wholly-owned subsidiary Jinong, entered into strategic acquisition agreements and a series of contractual agreements with the shareholders of the following six companies that are organized under the laws of the PRC and would be deemed as variable interest entities (the "VIEs"): Shaanxi Lishijie Agrochemical Co., Ltd., Songyuan Jinyangguang Sannong Service Co., Ltd., Shenqiu County Zhenbai Agriculture Co., Ltd., Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd., Aksu Xindegua Agricultural Materials Co., Ltd., and Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd. (collectively hereafter referred to as "the VIE Companies.")

Fertilizer production was our core business and we generated approximately \$260,378,357, \$259,030,774, and \$229,917,266, or 96.9%, 98.4 % and 98.4% of our total revenues for the years ended June 30, 2016, 2015 and 2014, respectively. Our total annual production capacity was 555,000 metric tons as of June 30, 2016.

As of June 30, 2016, we sold our products through a network of 1,904 regional distributors covering 27 provinces, 4 autonomous regions and 3 central government-controlled municipalities in China. We do not rely on any single distributor. Our top five distributors accounted for an approximately 40% of our fertilizer revenues for the fiscal year ended June 30, 2016, of which Sino-agri Holding Company Limited accounted for 23.3% of the total fertilizer revenues.

As of June 30, 2016, we developed 688 different fertilizer products. We conduct our research and development activities through Yuxing, Jinong's VIE, which tests new fertilizers and grow high quality flowers, vegetables and seedlings for commercial sale.

During the fiscal years ended June 30, 2016, 2015 and 2014, our revenues were \$268,785,020, \$263,354,288 and \$233,402,088, respectively, and our net income were \$25,925,734 \$31,445,126 and \$25,514,695, respectively.

## Recent Developments

### Strategic Acquisitions:

On June 30, 2016, through Jinong, we entered into (i) Strategic Acquisition Agreements (the “SAA”), and (ii) Agreements for Convertible Notes (the “ACN”), with the shareholders of the companies as identified below (the “Targets”).

Company Name	Business Scope	Cash Payment for Acquisition (RMB <sup>(1)</sup> )	Principal of Notes for Acquisition (RMB)
Shaanxi Lishijie Agrochemical Co., Ltd.	Sales of pesticides, agricultural chemicals, chemical fertilizers, agricultural materials; Manufacture and sales of mulches.	10,000,000	3,000,000
Songyuan Jinyanguang Sannong Service Co., Ltd.	Promotion and consulting services regarding agricultural technologies; Retail sales of chemical fertilizers (including compound fertilizers and organic fertilizers); Wholesale and retail sales of pesticides, agricultural machineries and accessories; Collection of agricultural information; Development of saline-alkali soil; Promotion and development of high-efficiency agriculture and related information technology solutions for agriculture, agricultural and biological engineering high technologies; E-commerce; Cultivation of freshwater fish, poultry, fruits, flowers, vegetables, and seeds; Recycle and complex utilization of straw and stalk; Technology transfer and training; Recycle of agricultural economic; Ecological industry planning.	8,000,000	12,000,000
Shenqiu County Zhenbai Agriculture Co., Ltd.	Cultivation of crops; Storage, sales, preliminary processing and logistics distribution of agricultural by-products; Promotion and application of agricultural technologies; Purchase and sales of agricultural materials; Electronic commerce.	3,000,000	12,000,000
Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd.	Promotion and application of new agricultural technologies; Professional prevention of plant diseases and insect pests; Sales of plant protection products, plastic material, chemical fertilizers, pesticides, agricultural mulches, micronutrient fertilizers, hormones, agricultural machineries and medicines, and gardening tools.	6,000,000	12,000,000
Aksu Xindegao Agricultural Materials Co., Ltd.	Wholesale and retail sales of pesticides; Sales of chemical fertilizers, packaged seeds, agricultural mulches, micronutrient fertilizers, compound fertilizers, plant growth regulators, agricultural machineries, and water economizers; Consulting services for agricultural technologies; Purchase and sales of agricultural by-products.	10,000,000	12,000,000
Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd	Sales of chemical fertilizers, packaged seeds, agricultural mulches, micronutrient fertilizers, organic fertilizers, plant growth regulators, agricultural machineries, and water economizers; Purchase and sales of agricultural by-products; Cultivation of fruits and vegetables; Consulting services and training for agricultural technologies; Storage services; Sales of articles of daily use, food and oil; On-line sales of the above mentioned products.		
<b>Total</b>		<b>37,000,000</b>	<b>51,000,000</b>

- (1) The exchange rate between RMB and U.S. dollars on June 30, 2016 is RMB1=US\$0.1508, according to the exchange rate published by Bank of China.

Pursuant to the SAA and the ACN, the shareholders of the Targets, while be in possession of the equity interests and will continue to be the legal owners of such interests, agreed to pledge and entrust all of their equity interests, including the proceeds thereof but excluding any claims or encumbrances, and the operations and management of its business to Jinong, in exchange of an aggregated amount of RMB37,000,000 (approximately \$5,579,600) to be paid by Jinong within three days following the execution of the SAA, ACN and the VIE Agreements, and convertible notes with an aggregated face value of RMB51,000,000 (approximately \$7,690,800) with an annual fixed compound interest rate of 3% and term of three years.

The SAA contains representations and warranties by both Jinong and the shareholders of the Targets including:

Should the shareholders of the Targets fail to satisfy the conditions listed in the exhibit to the SAA, i.e., the entry into the VIE Agreements, as defined below or are in breach of any representations or warranties in the SAA, other than the direct and consequential damages that may cause to Jinong, they shall pay RMB100,000 (approximately \$15,080) as a breach make up.

The shareholders of the Targets agree and ensure its main management members and technology persons to agree and enter into Non-Compete Agreements which shall prohibit any direct or indirect operation, holding of equity interests of the same or similar business of the Targets, its customers or suppliers, unless the operation of such an entity is through the Targets.

The equity interests of the Targets do not have any form of Claims or Encumbrances, as such terms are defined in the SAA. The shareholders of the Targets represented that there is no action, suit, arbitration, or legal proceeding pending or, currently threatened against the Targets that would have a material adverse effect on the Target's capacity to fulfill their contractual obligations. The Targets shall have a minimum of 10% of annual compound growth rate (the "Growth Rate") within the three (3) years after the closing of the Strategic Acquisitions (the "Closing").

According to the SAA, all the existing employees will continue to be the employees of the Targets after the Closing based on the current employment terms, subject to the decisions from the new board of the Targets to be formed after the Closing.

Under the ACN, each convertible note (or note, as referred to below) has a face value of RMB100 with a term of three years and an annual fixed compound interest rate of 3%. The convertible notes take priority over the preferred stock and common stock of Jinong, and any other class or series of capital stocks Jinong issues in the future in terms of interests and payments in the event of any liquidation, dissolution or winding up of Jinong. On or after the third anniversary of the issuance date of the note (the "Mature Date"), noteholders may request Jinong to process the note conversion through mechanics of conversion chosen by Jinong. The noteholder shall not have Jinong convert the note prior to the Mature Date and Jinong may decline the conversion if the noteholder requests so. If the note is converted into the Company's common stock, the noteholder will become the holders of the Company's common stock.

The per share conversion price of the note is the higher of the following: (i) \$5.00 per share or (ii) 75% of the closing price of the Company's common stock on the date the noteholder delivers the conversion notice.

If the profits of the Targets hit certain level of sales target set by the parties, i.e., the Growth Rate, Jinong may at its discretion, convert the notes to (i) cash, (ii) the Company's common stock, or (iii) to a combination of cash and the Company's common stock, in the amount of the face value of the notes with compound interest for three years.

Upon the arrival of the Mature Date of the note, the noteholder can (i) request Jinong to convert all or a part of the note; (ii) continue to hold the note until such a holder delivers a conversion request at his/her will; however, if the holder chooses to hold the note after the Mature Date, no interests shall accrue on the note after the three year term.

In the event that the behavior of the Targets or noteholders materially impair Jinong or, if the annual compounded rate for sales within the three years following the acquisition of any of the Targets by Jinong fail to achieve the sales target listed in the SAA, or the Growth Rate, Jinong may request noteholders to redeem the shares they hold of the Targets with (i) amount represented by the convertible notes including the accrued interests and the cash payment Jinong made on the Closing of the Strategic Acquisition and (ii) 15% of the amount under (i) mentioned immediately prior to this item. However, the noteholder can elect to offset the payment of the interests of the note by the annual increase rate the Targets realizes, despite a lower rate.

#### VIE Structure with the Targets

Jinong, the Targets, and the shareholders of the Targets also entered into a series of contractual agreements for the Targets to qualify as variable interest entities or VIEs (the "VIE Agreements"). The VIE Agreements are as follows:

#### Entrusted Management Agreements

Pursuant to the terms of certain Entrusted Management Agreements dated June 30, 2016, between Jinong and the shareholders of the Targets (the "Entrusted Management Agreements"), the Targets and their shareholders agreed to entrust the operations and management of its business to Jinong. According to the Entrusted Management Agreement, Jinong possesses the full and exclusive right to manage the Targets' operations, assets and personnel, has the right to control all of the Targets' cash flows through an entrusted bank account, is entitled to the Targets' net profits as a management fee, is obligated to pay all of the Targets' payables and loan payments, and bears all losses of the Targets. The Entrusted Management Agreements will remain in effect until (i) the parties mutually agree to terminate the agreement; (ii) the dissolution of the Targets; or (iii) Jinong acquires all of the assets or equity of the Targets (as more fully described below under "Exclusive Option Agreements").

#### Exclusive Technology Supply Agreements

Pursuant to the terms of certain Exclusive Technology Supply Agreements dated June 30, 2016, between Jinong and the Targets (the “Exclusive Technology Supply Agreements”), Jinong is the exclusive technology provider to the Targets. The Targets agreed to pay Jinong all fees payable for technology supply prior to making any payments under the Entrusted Management Agreement. The Exclusive Technology Supply Agreements shall remain in effect until (i) the parties mutually agree to terminate the agreement; (ii) the dissolution of the Targets; or (iii) Jinong acquires the Targets (as more fully described below under “Exclusive Option Agreements”).

#### Shareholder’s Voting Proxy Agreements

Pursuant to the terms of certain Shareholder’s Voting Proxy Agreements dated June 30, 2016, among Jinong and the shareholders of the Targets (the “Shareholder’s Voting Proxy Agreements”), the shareholders of the Targets irrevocably appointed Jinong as their proxy to exercise on such shareholders’ behalf all of their voting rights as shareholders pursuant to PRC law and the Articles of Association of the Targets, including the appointment and election of directors of the Targets. Jinong agreed that it shall maintain a board of directors, the composition and appointment of which shall be approved by the Board of the Company. The Shareholder’s Voting Proxy Agreements will remain in effect until Jinong acquires all of the assets or equity of the Targets.

#### Exclusive Option Agreements

Pursuant to the terms of certain Exclusive Option Agreements dated June 30, 2016, among Jinong, the Targets, and the shareholders of the Targets (the “Exclusive Option Agreements”), the shareholders of the Targets granted Jinong an irrevocable and exclusive purchase option (the “Option”) to acquire the Targets’ equity interests and/or remaining assets, but only to the extent that the acquisition does not violate limitations imposed by PRC law on such transactions. The Option is exercisable at any time at Jinong’s discretion so long as such exercise and subsequent acquisition of the Targets does not violate PRC law. The consideration for the exercise of the Option is to be determined by the parties and memorialized in the future by definitive agreements setting forth the kind and value of such consideration. Jinong may transfer all rights and obligations under the Exclusive Option Agreements to any third parties without the approval of the shareholders of the Targets so long as a written notice is provided. The Exclusive Option Agreements may be terminated by mutual agreements or by 30 days written notice by Jinong.

#### Equity Pledge Agreements

Pursuant to the terms of certain Equity Pledge Agreements dated June 30, 2016, among Jinong and the shareholders of the Targets (the “Pledge Agreements”), the shareholders of the Targets pledged all of their equity interests in the Targets to Jinong, including the proceeds thereof, to guarantee all of Jinong’s rights and benefits under the Entrusted Management Agreements, the Exclusive Technology Supply Agreements, the Shareholder’s Voting Proxy Agreements and the Exclusive Option Agreements. Prior to termination of the Pledge Agreements, the pledged equity interests cannot be transferred without Jinong’s prior written consent. The Pledge Agreements may be terminated only upon the written agreement of the parties.

#### Non-Compete Agreements

Pursuant to the terms of certain Non-Compete Agreements dated June 30, 2016, among Jinong and the shareholders of the Targets (the “Non-Compete Agreements”), the shareholders of the Targets agreed that during the period beginning on the initial date of their services with Jinong, and ending five (5) years after termination of their services with Jinong, without Jinong’s prior written consent, they will not provide services or accept positions including but not limited to partners, directors, shareholders, managers, proxies or consultants, provided by any profit making organizations with businesses that may compete with Jinong. They will not solicit or interfere with any of the Jinong’s customers, or solicit, induce, recruit or encourage any person engaged or employed by Jinong to terminate his or her service or engagement. In the event that the shareholders of the Targets breach the non-compete obligations contained therein, Jinong is entitled to all loss and damages; in the event that the damages are difficult to determine, remedies bore the shareholders of the Targets shall be no less than 50% of the salaries and other expenses Jinong provided in the past.

Jinong acquired the Targets using the VIE arrangement based on our need to further develop our business and comply with the regulatory requirements under the PRC laws.

As our business focuses on the production of fertilizer, all of our business activities intertwine with those in the agriculture industry in China. Specifically, we deal with compliance, regulation, safety, inspection, and licenses in fertilizer production, farm land use and transfer, growing and distribution of agriculture goods, agriculture basic supplies, seeds, pesticides, and trades of grains. It is an industry in which heavy regulations get implemented and strictly enforced. In addition, E-commerce, which is also under strict government regulations in the PRC, has lately become a sale and distribution channel for agricultural products. Currently, we are developing an online platform to connect the physical distribution network we either own or lease.

Compared with the regulatory environment in other jurisdictions, the regulatory environment in the PRC is unique. For example, On August 8, 2006, six PRC regulatory agencies promulgated the Regulation on Merger and Acquisition of Domestic Companies by Foreign Investors (the “M&A Rules”), which became effective on September 8, 2006. The “M&A Rules” purports to require that an offshore special purpose vehicle controlled directly or indirectly by PRC companies or individuals and formed for purposes of overseas listing through acquisition of PRC domestic interests held by such PRC companies or individuals obtain the approval of the China Securities Regulatory Commission (the “CSRC”) prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. However, the CSRC has not issued any definitive rules or interpretations concerning whether offerings such as the Offering are subject to the CSRC approval procedures under the M&A Rules. Based on our understanding of the PRC Laws (including the M&A Rules), a prior approval from the CSRC is not required for the Offering because (1) the Company established its first foreign invested enterprise in 1999, prior to the adoption of M&A Rules; (2) the Company did not acquire any equity interests or assets of a PRC company owned by its controlling shareholders or beneficial owners who are PRC companies or individuals, as such terms are defined under the M&A Rules. However, uncertainties still exist as to how the M&A Rule will be interpreted and implemented and our opinion stated above is subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rule.

For both E-commerce and agriculture industries, PRC regulators limit the investment from foreign entities and set particularly rules for foreign-owned entities to conduct business. We expect these limitations on foreign-owned entities will continue to exist in E-commerce and agriculture industries. VIE arrangement, however, provides feasibility for the purpose of obtaining administrative approval process and avoiding industry restrictions that be imposed on an entity that is a wholly-owned subsidiary of a foreign entity. The VIE agreements reduces uncertainty and the current limitation risk. It is our understanding that the VIE agreements, as well as the control we obtained through VIE arrangement, are valid and enforceable. Such legal structure does not violate the known, published, and current PRC laws. While there are substantial uncertainties regarding the interpretation and application of PRC Laws and future PRC laws and regulations, and there can be no assurance that the PRC authorities will take a view that is not contrary to or otherwise different from our belief and understanding stated above, we believe the substantial difficulty that we experienced previously to conduct business in agriculture as a foreign ownership ca be greatly reduced by the VIE arrangement. Further, as an integral part of the VIE arrangement, the underlying equity pledge agreements provide legal protection for the control we obtained. Pursuant to the equity pledge agreements, we have completed the equity pledge processes with the Targets to ensure the complete control of the interests in the Targets. The shareholders of the Targets are not entitled to transfer any shares to the third party under the exclusive option agreements. If necessary, they may transfer shares to our company without consideration.

While the VIE arrangement provides us with the feasibility to conduct our business in the E-Commerce and agriculture industries, validity and enforceability of VIE arrangement is subject to (i) any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws affecting creditors’ rights generally, (ii) possible judicial or administrative actions or any PRC Laws affecting creditors’ rights, (iii) certain equitable, legal or statutory principles affecting the validity and enforceability of contractual rights generally under concepts of public interest, interests of the State, national security, reasonableness, good faith and fair dealing, and applicable statutes of limitation; (iv) any circumstance in connection with formulation, execution or implementation of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, coercionary at the conclusions thereof; and (v) judicial discretion with respect to the availability of indemnifications, remedies or defenses, the calculation of damages, the entitlement to attorney’s fees and other costs, and the waiver of immunity from jurisdiction of any court or from legal process. Validity and enforceability of VIE arrangement is also subject to risk derived from the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC. As a result, there can no assurance that any of such PRC Laws will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect.

## Our History

The Company was incorporated under the laws of the state of Kansas on February 6, 1987 under the name Videophone, Inc. The Company had no operations from December 1996 to December 2007. In October 2007, the Company was reincorporated in the state of Nevada. On December 26, 2007, the Company acquired all of the issued and outstanding capital stock from Green New Jersey, through a share exchange (the “Share Exchange”). As a result of the Share Exchange, the Company owns 100% of Green New Jersey. The Share Exchange occurred simultaneously with a private placement of \$20,519,255 on December 26, 2007.

Green New Jersey was incorporated on January 27, 2007 under the laws of the State of New Jersey. On August 24, 2007, Green New Jersey acquired 100% of the outstanding shares of Jinong, a company incorporated in the PRC on June 19, 2000.

After the acquisition of Green New Jersey, the Company changed its name to China Green Agriculture, Inc., effective on February 5, 2008. The trading symbol changed from DCOV.OB to CGAG.OB on the same day.

On July 23, 2009, Yuxing became a direct, wholly-owned subsidiary of Jinong to facilitate the research and development of agricultural products and fertilizers. Effective June 16, 2013, Yuxing was converted into a PRC domestic enterprise wholly owned by an individual who entered into a series of contractual agreements with Jinong pursuant to which Yuxing became Jinong’s variable interest entity, or VIE.

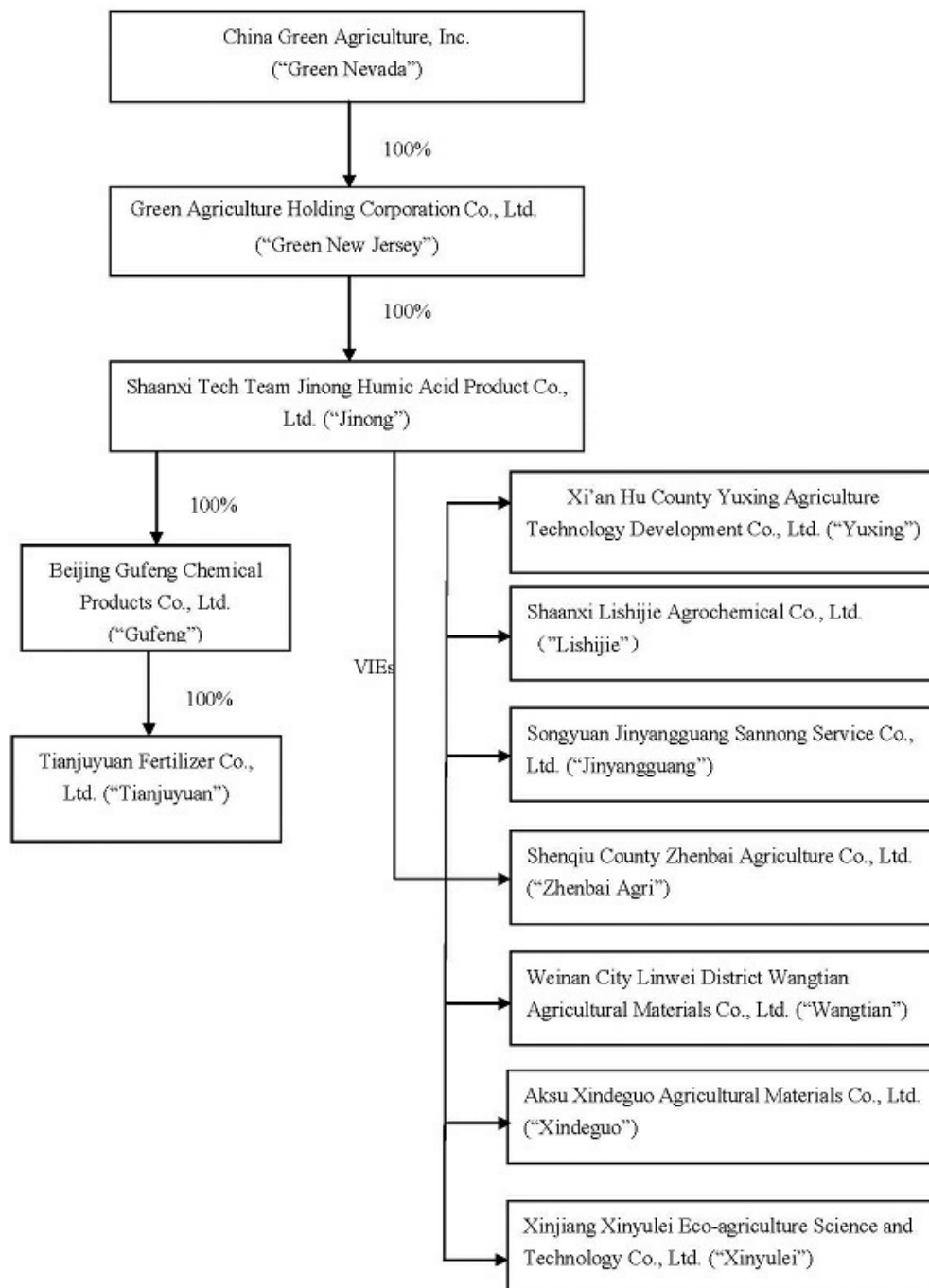
On March 9, 2009, the Company’s common stock was listed on the NYSE MKT, formerly known as NYSE Amex Equities under the trading symbol “CGA”. On December 4, 2009, the Company voluntarily ceased trading its common stock on the NYSE Amex Equities and transferred its listing to the New York Stock Exchange on December 7, 2009. The Company’s ticker symbol remains “CGA”.

On July 2, 2010, the Company, through Jinong, consummated a transaction to acquire all equity interests of Gufeng and its subsidiary Tianjuyuan. As a result, Gufeng and Tianjuyuan became wholly-owned subsidiaries of Jinong and indirect subsidiaries of the Company. Our principal executive offices are located at 3<sup>rd</sup> Floor, Borough A, Block A. No. 181, South Taibai Road, Xi’an, Shaanxi Province, People’s Republic of China 710065 and our telephone number is +86-29-88266368. Our website address is [www.cgagri.com](http://www.cgagri.com). The Company routinely posts important information on its website.

On June 30, 2016, the Company, through its wholly-owned subsidiary Jinong, entered into strategic acquisition agreements and a series of contractual agreements with the shareholders of the following six companies that are organized under the laws of the PRC and would be deemed as our VIEs: Shaanxi Lishijie Agrochemical Co., Ltd., Songyuan Jinyangguang Sannong Service Co., Ltd., Shenqiu County Zhenbai Agriculture Co., Ltd., Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd., Aksu Xindegua Agricultural Materials Co., Ltd., and Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd.



Our current corporate structure is set forth in the following diagram:



## Industry Analysis

### Fertilizer Market in China

Influenced by the sluggish demand in domestic and international fertilizer market, China's fertilizer market is in downturn during this year. In terms of production, the output of fertilizer will reach another record high during the Fiscal Year 2016. However, large inventory of fertilizer guarantee no profits. The prices of raw material move down, so the price of fertilizer is hard to rise; in terms of domestic consumption, though grain price increased to some extent, the domestic consumption capacity is limited; as for export, international market is depressed continuously resulted from the declined export price. In this year, fertilizer industry is in downward trend as the profit is compressed again and the losses of enterprises are enlarged. Under the pressure of sluggish growth in fertilizer market, industrial restructuring, mergers and reorganization were frequently conducted in the industry, hence the number of enterprises continued to decline. At the same time, the production equipment and technological level was largely improved: coal-water slurry gasification technology, powdered coal pressure gasification technology, large sulfur-based compound fertilizer technology and beneficiation technology of mid-low grade phosphorite were widely used, while new fertilizer products such as slow controlled release fertilizer and microbial fertilizer has been rapidly developed and resulted in significant market expansion.

Recently, as the growth of China's economy has gradually slowed down and the risk of economic downturn therefore exists, the government has adopted various measures to maintain the growth and the Company needs structural adjustment and growth pattern transformation.

On the one hand, government's support to agricultural production includes intensive agricultural investment, subsidies and minimum purchasing price raise for farm products. China has seen another bumper year of grain production, making 2013 the 10<sup>th</sup> year in a row of increase output, which supports fertilizer scale to remain high in 2016. The country has achieved 10 consecutive year of rising grain harvests since the founding of the People's Republic of China in 1949. As the concentration of fertilizer industry is steadily improving, the influence on market from key enterprises have increased which helped to ease the weakened market volatility. On the other hand, the current oversupply problem is hard to relieve. Mechanism of Price reform for raw materials (such as coal, natural gas, sulfur phosphate ore, etc.) is accelerating, which casted pressure on production cost. Stricter export tariff policy is expected to last for long, and weak external economical situation may limit the operation and expansion of fertilizer enterprises in international market.

The interaction of the above factors complicated the situation in fertilizer market in 2016. The overall growth rate of this industry has continually slowed down and the market has fluctuated violently. The transformation for China's fertilizer industry from quantitative growth pattern to qualitative growth pattern is irreversible. The centralization of production, high-end orientated product, service orientated marketing and market-oriented raw materials dominated the development in fertilizer market.

Additionally, government support for the agriculture industry in China would act as an additional boost to the fertilizer industry in China. However, we anticipate organic fertilizers will become an emerging segment in the coming years given the additional subsidies for farming, elimination of certain land taxes, land reform initiatives to be implemented by the PRC government to promote the growing of organic produce. We believe the demand for fertilizer will continue to grow as a result of increase in food demand, decrease in arable land and reduction of crop yields. The demand for fertilizers nationwide is expected to reach thousands of tons of nutrient by 2017, with a compound annual growth rate of 5.7% between 2012-2017.

#### *Organic versus Chemical Fertilizers*

In general, fertilizer products are categorized into organic and chemical fertilizers. Organic fertilizers can be natural or developed artificially. Natural organic fertilizers include manure, slurry, worm castings, peat, seaweed, humic acid, brassin and guano. Artificial organic fertilizers include compost, blood meal, bone meal, humic acid, and are typically supplemented with other nutrient ingredients. Chemical fertilizers normally are composed of synthetic chemicals such as phosphate and potassium compounds. The primary difference between organic fertilizers and chemical fertilizers is in the sourcing process of ingredients as the nutrient contents are largely the same.

Over the past 20 years, the use of chemical fertilizers in China substantially increased, but years of use created unintended consequences for the agriculture industry—Agricultural products gradually lack certain minerals since Chemical fertilizers applied fell short of natural minerals which made soil infertile.

In addition, heavy use of chemical fertilizers would create "fertilizer burn", the over-fertilization of a single nutrient such as nitrogen, which dried roots and suspend crop growth due to the upset of balance in compound salts and soil acidification. Another drawback caused by chemical fertilizers is that soil are easily depleted by irrigation, rainfall and flooding. In addition, the production of chemical fertilizers consumed a great deal of natural resources. For example, the production of synthetic ammonia, a common chemical fertilizer, consumes about 5% among the world's natural gas consumption.

Organic fertilizers, on the other hand, improve the biodiversity and long-term productivity of soil. Organic nutrients increase the abundance of soil organisms by providing organic micronutrients. Unlike chemical fertilizers, organic fertilizer nutrients are diluted with better solubility. It requires less application on soil to reach the same result as of chemical fertilizers, which maintains soil fertility and avoid the runoff caused by components like soluble nitrogen and phosphorus. However, the composition of organic fertilizer is more complex and costly than chemical products. As an alternative to pure chemical fertilizer use, farmers can also use inorganic fertilizer supplemented with small portion of organic fertilizers.

Since the 1980s, China has intensified the use of chemical fertilizers in order to increase crop yields. While the increase in crop yield slowed down in recent years, the overuse of chemical fertilizers also caused many environmental issues ranging from water pollution to soil damage. As a result, the PRC government has been promoting the use of environmental friendly green fertilizers, such as humic acid-based organic compound fertilizers and mixed organic-inorganic compound fertilizers, because they provide crops with incremental yield by adding various nutrients essential to soil. Although being relatively new to farmers, the demand for these green fertilizers was increasing and we expect this trend to continue in the coming years. Among other Asian and Southeast Asian countries we expanded business to, the PRC remained our principal market for organic compound fertilizers and related agricultural products.

#### *The “Green Food” Industry in the PRC*

The rise of the PRC industry for food free from pollutants or harmful chemicals, or “green food”, raise the demand for organic fertilizers. “Green Food”, the certificate for agricultural products promoted by Chinese Government, positioned between ordinary agricultural food from common farming practice and the organic food has two levels: “AA Green Food” and “A Green Food”. The “AA Green Food” standard indicates or equals to that of organic agriculture. Since the market for organic agricultural products in China has huge potential, it is forecasted that the increase of organic agricultural products consumption in China will exceed that of the average organic agricultural products consumption in the world in the next few years, and the market of Chinese organic agricultural products will reach RMB 24.8 billion-59.4 billion in 2015 with an incremental 15 percent increase year over year during the next following years.

With the rapid development of organic food industry in China, an increasing number of companies have been entering into the green food sector to utilize market opportunities. In 1990, the PRC Ministry of Agriculture began to promote the production of green food; In 1992, the PRC Ministry of Agriculture established the China Green Food Development Center (CGFDC) to supervise the development and management of green food at the national and provincial levels in the PRC; In 1993, the PRC Ministry of Agriculture established regulations for green food labeling; In 1996, a trademark for green food was registered and put into use in the PRC.

Crops grown with the use of our products are qualified for “AA Green Food” certificate. As mentioned above, the “AA” rating indicates that the crops contain minimal chemical residue from fertilizers. Although our products are not qualified for the “AA Green Food” certificate, they are (except for the products from “Gufeng”) certified as “Green Food Production Material” by the CGFDC.

According to the statistics from the CGFDC, China's annual output of green food reached 15 million tons in 2008. However, the domestic consumption level remains relatively low, comprising approximately 3% of the market share of food commodities. The low consumption level is primarily due to: (i) small scale of production of green food; (ii) lack of consumer awareness of green food and (iii) the presence of counterfeit green food products that adversely affect consumers’ purchase.

As described by the CGFDC, the development strategy for China’s green food industry are as follows: first, maintain high quality standards and focus on developing key products; second, promote and facilitate the industrialization of green food; third, implement an integrated development strategy emphasizing producers, production base and farmers; fourth, accelerate the pace of development with the aid of the government; and fifth, to carry out an international development strategy aimed at promoting exports.

According to the Investment and Forecast Report on China Green Food Industry 2012-2016 by Research in China, a Chinese market research company, the green food industry is a high growth industry with significant investment potential. According to the report, leading green food producers will experience huge growth when they achieve national and provincial agricultural industrialization with the supports of favorable government policies and tax breaks.

## Growth Strategy

We believe that our increased production capacity and our research and development capability positioned us to benefit from the anticipated growth of the PRC fertilizer market. We expect to expand sales and grow revenues through the following strategies:

□ *Expand Capacity and Diversify Product Offerings.* Our current annual fertilizer production capacity is 555,000 metric tons and our portfolio of fertilizers includes 459 products. In the future we will expand our existing production lines, develop new products and acquire certain PRC fertilizer manufacturers that complement our product lines.

□ *Capitalize on Synergies Created by Research and Development Efforts.* In connection with the construction of Yuxing's research and development center, we have established 98 sunlight greenhouses and six "intelligent" greenhouses. We expect the Yuxing facility to help us shorten the fertilizer market cycle by providing an advanced testing field for new products which are manufactured by Jinong. In addition, by making efforts in research and development, we expect to simultaneously facilitate the production of superior agricultural products, such as flower bulbs, flowers, fruits and vegetables, which would eventually increase revenues.

□ *Develop new advanced high efficient fertilizers.* The new fertilizer products represented by slow controlled-release fertilizer, microbial fertilizer and others, developed rapidly with high market expansion. Gufeng has signed a cooperation agreement with Anhui Diyuan Biological Technology Co., LTD ("Anhui Diyuan") to produce the "Tianjuyuan" controlled-release fertilizer. The objective is to provide Gufeng with fertilizer agent supplied by Anhui Diyuan to improve the control release effectiveness when producing controlled-release compound fertilizers. In the agreement, Chinese Academy of Sciences ("CAS") and Anhui Diyuan authorized Gufeng to refer to CAS and Anhui Diyuan's name in marketing related fertilizer products. We expect that Gufeng's controlled-release compound fertilizer will stay an advantageous position in the market.

## Products

Our principal products are our fertilizers, which consist of liquid, granular and powdered fertilizers and various kinds of compound fertilizers developed to increase crop yields. We manufacture and sell 459 fertilizer products from humic acid-based fertilizers to compound fertilizers. In addition, we produce high quality agricultural products such as fruits, vegetables and flowers for commercial sale.

### *Fertilizer Products*

Fertilizer business is our main business, which produce approximately 96.9% of total revenues. Fertilizers are produced and sale through Jinong and Gufeng. We believe that Jinong utilizes one of the most advanced automated humic acid production lines in China. Humic acid is a complex with natural, organic ingredient essential to make soil fertile. Humic acid-rich material, such as peat, lignite or weathered coal generating naturally from decomposed plant or animal remains, is one of the major organic constituents for soil composition. Humic acid exhibits a high capacity for cation exchange (a chemical process in which cations of like charge are exchanged equally between a solid and a solution), which serves to chelate plant nutrient elements and release them as the plant requires. The chelation process prevents leaching of nutrients by holding them in the soil solution. Moreover, humic acids can bind soil toxins along with plant nutrients, thereby strongly stabilize soil. The regular use of humic acid organic liquid compound fertilizer can effectively reduce the use of chemical fertilizer, insecticide, herbicide and water. This mechanism contributes to environmental protection by preventing contamination of water sources caused by runoff.

In nature, humic acid improves soil structure and aeration, nutrient absorption and water retention. It also increases soil's buffering capacity against fluctuations in PH levels, and reduces soil crusting and erosion from wind and water as well as radical toxic pollutants. Humic acid promotes the developing of root systems, seed germination and overall plant growth. It also enhances health, resilience and overall appearance of plants. We believe there is no synthetic material currently known to match humic acid's effectiveness and versatility.

The pure humic acid used in our fertilizers is distilled and extracted from weathered coal by way of alkaline digestion and acid recrystallization. Our Jinong fertilizers are principally used as a foliar fertilizer (a liquid, water soluble fertilizer applied to a plant's foliage by a fine spray so the plant absorbs the nutrients through its leaves), through spraying directly on soil or injecting into the irrigation systems. Benefits of using our products are to stimulate the growth and yield of plants, protecting them from drought, disease and temperature damages while improving soil structure and fertility.

Gufeng and Tianjuyuan produce compound fertilizer, blended fertilizer, organic compound fertilizer, slow-release fertilizers, highly-concentrated water-soluble fertilizers and mixed organic-inorganic compound fertilizer. Gufeng sells its products under four brands: “KEBA”, “Mei Er An”, “Huang Cheng Gen” and “SPR HOP”, which are all registered trademarks in the PRC. Tianjuyuan’s products are marketed under the brands “AGR GFJ” and “T.J.Y.” which are both PRC registered trademarks.

We have a multi-tiered product line of 459 fertilizer products, covering humic acid-based compound fertilizer produced through Jinong, and organic/inorganic compound fertilizer through Gufeng.

During the fiscal years ended June 30, 2016, 2015 and 2014, we earned \$260,378,357, \$259,030,774 and \$229,717,266, respectively, in gross revenues from sales of our fertilizer products, representing 96.9%, 98.4% and 98.4% of our total revenues for such periods. Gufeng and Tianjuyuan manufacture a total of 332 fertilizer products. 89.6% of Gufeng’s fertilizer revenue came from humic acid compound fertilizers and 10.4% from compound fertilizer for the fiscal year ended June 30, 2016.

#### *Agricultural Products*

Our subsidiary, Yuxing, Jinong’s VIE produce top-grade fruits, vegetables, flowers and colored seedlings for commercial sale. The gross revenues from the sale of our agricultural products for the fiscal years ended June 30, 2016, 2015 and 2014, were \$8,406,663, \$4,323,514 and \$3,684,822, respectively, representing 1.6%, 1.6% or 1.6% of our total revenues, respectively.

Yuxing was originally established to be the research and development base for humic acid fertilizers produced by Jinong. By simulating the growing conditions and cycles of various plants, such as flowers, vegetables and seedlings, Yuxing regularly conducts experimental testing to enhance the efficacy of our new fertilizers.

#### **Fertilizer Manufacturing Process**

Our production lines employ scientifically-designed production procedures and strict quality control systems to ensure high quality in our products. These production lines are fully automated and ran by a central control system with minimal manual input by technicians. The machinery and vats for the line are supplied by a local medical machinery manufacturer and the automatic control systems were developed by us. Our access management system protects the proprietary ingredient mixes from any unauthorized use at all time. Our computer server is connected to the electronic scales on each of the material input bins to ensure that the exact quantity of each elements or ingredients is delivered correctly, thus maintain product quality and reduce waste. Our production line producing liquid fertilizer and powered fertilizer is centrally controlled by a wireless panoramic audio and video monitoring system that allows connectivity with mobile terminals such as cell phones.

In Jinong, we operate a 6,495 square meters (69,911 square feet) production facility that manufactures liquid fertilizer products and a 13,803 square meter (148,576 square feet) production facility that produces liquid and highly concentrated (powdered) fertilizers. Jinong’s total annual production capacity of these facilities is 55,000 metric tons.

In Gufeng and Tianjuyuan, we operate eight manufacturing facilities located in No. 6 Mafang Logistics Park, Pinggu, Beijing. These facilities produce various kinds of fertilizers and have a total annual production capacity of 500,000 metric tons.

The manufacturing techniques utilized by Gufeng include extruder granulation, rotary drum steam granulation, urea-based spraying granulation and resin-coated sustained release, which enable Gufeng to effectively meet the production requirements of all different compound fertilizers. To ensure high quality, Gufeng and Tianjuyuan employ strict quality controls from the raw materials purchases to the products sales to end users.

We produced and sold a total of approximately 413,633 metric tons of fertilizer products during the fiscal year ended June 30, 2016.

## **Raw Materials and Suppliers**

### *Fertilizer Products*

Among the three materials utilized to produce humic acid (weathered coal, lignite and peat), we have chosen weathered coal as our principal raw material because it is abundant with the price of approximately \$116.1 per metric ton including delivery. We have been using Inner Mongolia Tianlibao Fertilizer Co., Ltd. ("Tianlibao") as our main supplier for the abundant and high-quality weathered coal in Inner Mongolia Autonomous Region. We do not have any purchase volume commitment pursuant to our supply agreement with Tianlibao, which is renewable on a monthly basis.

In addition to weathered coal, we also use approximately 50 different components in our production process, including elements such as sodium, calcium, zinc, iron and potassium, all of which can be readily obtained from local markets. We utilize spectral analysis technology to select raw materials with the best quality, and we have specially-trained buyers to ensure the consistency of raw materials procured.

The fertilizer products that Gufeng and Tianjuyuan manufacture incorporate over 50 different raw materials, including coal, sulfuric acid and NPK (nitrogen, phosphorus and potassium) related compounds such as amide and hydro nitrogen. Shaanxi Shanbei Agriculture Co., Ltd. and Sino-agri are the primary suppliers for raw materials to Gufeng, accounting for approximately 29.1% and 26.8%, respectively, of Gufeng's total purchase for the fiscal year end June 30, 2016. However, the loss of either of these suppliers would not cast a material adverse effect on our business. We do not believe there is any material risk of losing these suppliers during the next 12 months.

Our products are packaged in bottles, bags and boxes. Each type of packaging material, along with packaging labels, is readily available for purchase from manufacturers in Shaanxi, Beijing, Shandong and Zhejiang provinces.

### *Agricultural Products*

The plants that generate our top-grade flowers and multi-colored seedlings are mainly planted and cultivated in research and development facilities maintained by Yuxing. We purchase seeds of green vegetables and fruits from agricultural companies, such as RijkZwaan Company which imports the seeds from foreign markets including Holland. We cultivate our agricultural products by applying fertilizers produced by Jinong.

## **Inventory**

For our fertilizer products, our efficient production methods allow us to maintain low inventory levels, which keep inventory costs down. We purchase raw materials and packaging materials based on real demands. Products are shipped directly to distributors after production in response to orders we received. We normally carry finished goods up to one week and do not maintain any work-in-process.

For our agricultural products, we maintain approximately one month's inventory because we need a significant amount of agricultural products to serve as our product testing base for research and development purpose.

## **Return Policy**

The Company only accepts returns of defective fertilizer products. During the fiscal year ended June 30, 2016, the Company did not experience any significant returns.

## **Backlog**

As of June 30, 2016, we had a backlog of orders in the amount of \$9,664,348 as compared to \$9,413,250, \$5,359,200, and \$1,009,062 in backlog orders as of June 30, 2015, 2014 and 2013.

## Seasonality

The peak season to sell fertilizer products was from January through June. However, during the fiscal year ended June 30, 2016, Jinong did not experience seasonal variation with respect to its fertilizer sales since approximately 47.5% of its annual sales revenue occurred in the third fiscal quarter (winter) and the fourth fiscal quarter (spring). Gufeng's sales of compound fertilizer has undergone significant seasonal variation in China. Correspondingly, the purchase of its raw material, basic fertilizers, is affected by the supply and demand in the fertilizer market with seasonality. Over non-peak sales season, when the raw material price is low, Gufeng still places larger orders for raw material as its export business offset the seasonality when exportation made to southern Asia, such as India, where their selling are on corresponds to the non-peak season in China.

The peak selling season for our agricultural products is from October till March the next calendar year, namely our second fiscal quarter (fall) and the third fiscal quarter (winter). This was primarily due to the strong demand for high-end fruits and decorative flowers during the holiday seasons. However, Yuxing did not have seasonal variation problem during the period from October 2015 through March 2016, it generated approximately 5.3 million, or 63.7% of our annual sales of agricultural products.

## Marketing, Distribution and Customers

### Overview

We currently market our fertilizer products to private wholesalers and retailers of agricultural farm products in 27 provinces, 4 autonomous regions and 3 central government-controlled municipalities in China. For the fiscal year 2016, the following five PRC provinces, collectively accounted for 56.3% of our total fertilizer revenue: Beijing(24.1%), Hebei (11.9%), Shaanxi (8.4%), Heilongjiang (6.8%) and Liaoning (5.0%). We believe this geographically diverse distribution greatly helps us to become a leader in the compound fertilizer market as compared to regional competitors because we are not heavily dependent on any single geographic area for sales and are able to raise our brand and product awareness nationwide. We also manufacture our fertilizer products for exportation through contracted distributors in foreign countries, including India and Ghana. Total revenues from exported products accounted for approximately 0.1% of our total fertilizer revenues in fiscal 2016.

### FY2016 Export Details

Export to	Subsidiary	Type	Amount (\$)
India	Gufeng	40% humic acid organic/inorganic fertilizer	0
India	Jinong	Liquid Fertilizer	170,512
India	Jinong	Solid Fertilizer	52,029
Total			222,541

Our agricultural products are distributed through various channels in Shaanxi Province and other provinces. Decorative flowers are usually sold through our fertilizer distributors to end-users such as flower shops, luxury hotels and government agencies. Fruits and vegetables are sold to high-end supermarkets and upscale restaurants. Seedlings are sold primarily to departments of city planning.

A multi-tiered product strategy allows us to tailor our fertilizer products to the needs and preferences of the various geographic regions in China. Our fertilizers can be tailored to different crops grown in varying climate and soil conditions. For example, climate and rainfall conditions in Southern and Eastern China allow farmers to grow high margin crops such as fruit and seasonal vegetables. As a result, these farmers are willing to invest in expensive and specialized fertilizers. In contrast, we market low-cost fertilizers to farmers in the Northwest areas of China due to the inclement weather.

Our research and development capabilities allows us to tailor products to meet specific farming needs in considering different factors such as crops species, humidity, weather and soil conditions.

#### *Marketing*

Our marketing staff is trained to closely work with distributors and customers, including retailers and farmers, providing professional advice on customizing our products to customer needs and offering agricultural knowledge and other extensive customer support. In addition, our employees educate and communicate with distributors and customers by regularly organizing training courses on new agricultural techniques.

Compared with industry norms, we believe our product development cycle of three to nine months is relatively short. Through our regular collection of market data, including growth records of a variety of plants cultivated in different soil and climate conditions, together with feedbacks from our end-users, we are able to conduct nationwide market analysis, ascertain new product needs, estimate demand and customer demographics and develop new products tailored to current market needs.

Although we utilize television advertisements and mass media, the majority of our marketing efforts are conducted through joint activities with distributors. Our sales and marketing staff works with and trains distributors and retail clients through lectures and interactive meetings. We emphasize the technological components of our products to end-users to help them understand the differences in products and how to effectively use them. Word-of-mouth advertising and sample trials of new products in new areas are also essential components of our marketing efforts. In addition, we have established nationwide telephone hotlines to answer questions and have constructed an SMS text message platform to have real-time interaction with customers.

Our best-selling fertilizers, based on revenues for the fiscal year ended June 30, 2016, are listed below:

Ranking	Product Names	Volume (Tons)	Revenues (USD)	Percent of Fertilizer Sales
1	Organic/Inorganic Compound Fertilizer (humic acid) NPK46%	158,593	59,779,757	22.3%
2	Compound Fertilizer NPK40%	149,922	52,529,295	19.1%
3	Organic/Inorganic Compound Fertilizer (humic acid) NPK45%	11,208	4,505,530	1.7%
4	Organic/Inorganic Compound Fertilizer (humic acid) NPK54%	8,991	3,783,319	1.4%
5	Organic/Inorganic Compound Fertilizer (humic acid) NPK50%	5,433	2,208,884	0.8%

#### *Fertilizer Products*

The fertilizer product market in China is highly fragmented. Our primary sales strategy is to establish contractual relationships with qualified distributors throughout the country, who, in turn, will distribute our products to wholesalers and retailers, and ultimately, the farmers.



As of June 30, 2016, we sold our products through a carefully constructed network of about 1,904 distributors covering 27 provinces, 4 autonomous regions and 3 central government-controlled municipalities in China.

The distributors sell our products to the smaller, local wholesale and retail outlets who then sell to the end-users, typically farmers. We do not grant provincial or regional exclusivity because there is currently no single distributor sufficiently dominant to warrant exclusivity. We enter into non-exclusive written distribution agreements with chosen distributors that demonstrate their ability in regional sales networks. The distribution agreements do not dictate distribution quantity because changes in weather and local market could dramatically affect sales quotas.

For the fiscal year ended June 30, 2016, sales to our top five distributors accounted for approximately 38.5% of our fertilizer product revenue, of which Sino-agri Holding Company Limited accounted for 23.7% of the total fertilizer revenues. As we do not depend on any particular customers, we believe that the loss of single customers would not have any significant effect on our business.

#### *Agricultural Products*

We distribute our agricultural products through several networks depending on the type of product. Our top-grade flowers are mainly distributed through our fertilizer distribution network; Our green vegetables and fruits are mainly distributed to a variety of wholesale markets and supermarkets in Xi'an, while our multi-colored seedlings are distributed to the seedling centers and planting companies in China with which we have had long-term cooperation. The following is a list of our top five customers in terms of revenues for our agricultural products for the fiscal year ended June 30, 2016. Yuxing's customers accounted for approximately 29.7% of the total revenues from Yuxing's agricultural products.

#### *Retail Stores and Authorized Retailers*

We have successfully implemented two marketing programs in Shaanxi, Hebei, Anhui, Jiangsu and Guangzhou provinces. These marketing programs consist of: (i) establishment of Company directly-owned retail stores to sell fertilizer products produced by Jinong and Gufeng through the designated sales personnel (the "Pilot Program") and (ii) selection of qualified retailers from the Company's distributor base to be designated as "China Green Agriculture Authorized Retailers". Under the Pilot Program, we currently have one directly-owned store operating in Shaanxi Province, with each store having an assigned territory in order not to compete with other existing distributors. Since the launch of the Pilot Program in January 2010, we have worked closely with our existing distributors who designate over 26,175 retailers, namely the "China Green Agriculture Retailers" for fiscal year ended June 30, 2016. We have entered into agreements with these retailers to prominently display "China Green Agriculture Authorized Retailer" on their exhibits, and have well-positioned standardized shelf and product displays in their retail stores. In addition, we provide the retailers with educational materials on proper product use and billboard ads with our product logo to attract target farmers.

## Research and Development

We conduct the bulk of our research and development activities through Yuxing. Through Yuxing, we cultivate high-quality flowers, green vegetables and fruits in our own greenhouses and sell them to various end-users, including airlines, hotels and restaurants. Yuxing operates advanced research and development facilities that: (i) provide testing and an experimental data collection base for new fertilizers produced by Jinong by simulating the growing conditions and development stages of a variety of plants, such as flowers, vegetables and seedlings, (ii) increase our capability to produce more products while shortening the new product development cycle, which allows us to release products to market quickly, thus increasing revenues and market share. In addition, our research and development capabilities allow us to develop products tailored to specific farming needs generated by different crop species, humidity, weather and soil conditions. Flowers, fruits and vegetables grown from experimental testing of Jinong's humic acid compound fertilizers are of high quality and are sold to local supermarkets and airline companies.

The capital expenditure and other payments on Yuxing's construction were approximately \$13,300,313, \$474,322 and \$927,153 for the fiscal year ended June 30, 2016, 2015 and 2014, respectively. Upon completion, we expect the research and development center to help expanding our output of high quality agricultural products for commercial sale while providing an advanced testing field for new products. The new facility will continue to enhance our capability to produce more products while shortening the development cycle, thus increase revenues and market share. In addition to developing new humic acid-based fertilizer products, we plan to develop other agricultural derivatives such as humic-acid based organic pesticides, which can provide additional revenue sources. For the fiscal year ended June 30, 2016, we sold approximately \$8,406,663 of these agricultural products.

	<b>FY 2016</b>	<b>FY2015</b>	<b>FY2014</b>
Machines, Buildings and Equipment	\$ 13,236,949	\$ 405,401	\$ 878,270
Land Use Right	\$ -	\$ -	\$ -
Advanced Payment	\$ -	\$ -	\$ -
Construction in Progress	\$ 63,364	\$ 68,921	\$ 48,883
Total	\$ 13,300,313	\$ 474,322	\$ 927,153

The research and development costs in Jinong for the fiscal year ended June 30, 2016, 2015 and 2014 are illustrated as the following:

	FY 2016	FY2015	FY2014
Freight Expense	\$ 4,316	\$ 4,316	\$ 1,011
Travel Expense	\$ 6,984	\$ 10,562	\$ 4,514
Salary	\$ 56,750	\$ 56,960	\$ 58,140
Experiment and Testing	\$ 52,240	\$ 44,379	\$ 86,595
Other	\$ 20,308	\$ 13,321	\$ 7,105
Total R&D Expense for Jinong	\$ 136,282	\$ 129,538	\$ 157,365

The research and development costs in Gufeng for the fiscal year end June 30, 2016, 2015 and 2014 are illustrated in the table below:

Item	FY 2016	FY2015	FY2014
Raw material	\$ 49,428	\$ 537,26	\$ 46,869
Manufacturing Cost	\$ 4,578	\$ 49,76	\$ 1,949
Experiment and Testing	\$ 229	\$ 2,48	\$ 97
Labor Cost	\$ 2,289	\$ 24,88	\$ 974
License fee	\$ 0	\$ 0	\$ 0
Total R&D Expense for Gufeng	\$ 56,524	\$ 61,438	\$ 49,889

In summary, as illustrated by the summary table below, for Jinong, Gufeng and Yuxing, the Company bears research and development costs as incurred. For the years ended June 30, 2016, 2015 and 2014, research and development costs were \$192,806, \$190,976 and \$207,254 respectively.

	FY 2016	FY2015	FY2014
Yuxing	\$ 0	\$ 0	\$ 0
Jinong	\$ 136,282	\$ 129,538	\$ 157,365
Gufeng	\$ 56,524	\$ 61,438	\$ 49,889
Total	\$ 192,806	\$ 190,976	\$ 207,254

#### New Product

With our strong and advanced research and development capabilities, we have developed 459 products and continued to develop new products. During the fiscal year ended June 30, 2016, we developed 5 new products, which contributed \$29,248 to our sales revenue for the period.

Among the new products we introduced in fiscal year 2016, there are several powder fertilizers, liquid fertilizers and compound fertilizers.

In addition to developing new fertilizer products, we also developed soilless seeding and breeding of colored-leaf plants, rare flowers and new species of fruits and vegetables.

#### Intellectual Property

Trademark	Registration Number	Valid term
Huang Cheng Gen	No.5219720	June 28, 2009 to June 27, 2019
Mei Er An	No.1508004	January 21, 2011 to January 20, 2021
KEBA	No.10045980	December 07, 2012 to December 06, 2022
KEBA	No.10046405	December 14, 2012 to December 13, 2022
KEBA	No.10045898	March 07, 2013 to March 06, 2023
KEBA	No.10046344	March 07, 2013 to March 06, 2013
AGR GFJ	No.3320281	May 28, 2014 to May 27, 2024
SPR HOP	No.3320282	May 28, 2014 to May 27, 2024
T.J.Y	No.3320283	May 28, 2014 to May 27, 2024
KEBA	No.760379	August 14, 2005 to August 13, 2025

We hold the following trademarks registered with the PRC Trademark Offices of National Industrial and Commerce Administrative Bureau (the “PRC Trademark Offices”):

A registered trademark is protected in China for a term of 10 years, and is renewable for another 10 year term under the PRC trademark law, as long as the renewal application is submitted to the PRC Trademark Offices within 6 months prior to the expiration of the previous term.

Listed below are Jinong's four patents for a fertilizer formulation and a proprietary production line and manufacturing processes.

<b>Patent/Pending Patent Application</b>	<b>Type of Patent</b>	<b>Patent No. /Application No.</b>	<b>Inventor's Name and Patent Holder</b>	<b>Date of Application</b>	<b>Date of Publication and Term</b>
Patent: Production facility of Humic Acid Products	Utility Model Patent	Patent No.: ZL NL 2007 20031884.2	Inventor: Tao Li Patent Holder: Jinong	May 29, 2007	May 14, 2008; 10 years
Patent: Method and recipe of the water soluble humic acid fertilizers	Utility Model Patent	Application No.: ZL200710017334.x	Applicant: Jinong	February 1, 2007	November 24, 2010; 20 years
Patent: Production method of Organic Fertilizer	Utility Model Patent	Application No.: ZL201110282544.8	Applicant: Jinong	September 22, 2011	December 4, 2013; 20 years
Patent: Production method of Multifunctional liquid calcium fertilizer	Utility Model Patent	Application No.: NL 201410020442.2	Applicant: Jinong	January 17, 2014	October 19, 2014; 20 Years

The PRC Patent Law was adopted by the PRC National People's Congress in 1984 and was subsequently amended in 1992 and 2000. Under the PRC Patent Law, an invention patent is valid for a term of 20 years and a utility or design patent is valid for a term of 10 years. Both of our registered patents are all utility patents. Any use of our patent without consent or a proper license from the us constitutes an infringement of patent rights.

In addition to trademark and patent protection in China, we also rely on contractual confidentiality provisions to protect our brand and intellectual property rights. To safeguard these rights our research and development personnel and executive officers are subject to confidentiality agreements. They are also subject to a non-compete covenant following the termination of employment. They also agree that all work products belong to us. Moreover, we take steps to limit the number of personnel involved in the production process and, instead of disclosing fertilizer ingredients to employees, we refer to the ingredients by numbers.

### **Competitive Strengths**

We believe our products possess the following competitive advantages which enable us to compete in the PRC fertilizer market.

*Nation-wide sales network.* In the highly fragmented Chinese fertilizer market, we have established our own distribution channels with private distributors that sell our products to retail stores and farmers throughout China. We have over 1,292 distributors nationwide across 27 provinces, 4 autonomous regions and 3 central government-controlled municipalities in China. Most of our competitors do not have a sales team as large as ours that specializes in the sale of compound fertilizer products. Moreover, we believe the regional strengths of Gufeng's distribution network have expanded and will continue to expand our sales coverage to certain cities and counties as well as foreign markets.

*Strong Research and Development.* Our research and development is managed effectively. Typically, it takes only three to nine months from the decision to develop a new product to mass production, which ensures product flow and helps to maintain market share. Our strong research and development department is based on our intelligent greenhouse facilities. The advanced equipment and soil-free techniques in such facilities simulate the natural environment in different areas and control selected factors. Since most of Jinong's experimental work is conducted in Yuxing's greenhouse facilities, thereby speeding up development cycles, we are able to reduce costs without sacrificing accurate results. During the fiscal year ended June 30, 2016, we generated approximately \$8,406,663 revenue from sales of Yuxing's agricultural products, and we anticipate that this source of revenue will grow in the future. We have built 98 sunlight greenhouses and six intelligence greenhouses over an 88-acre parcel of land in connection with Yuxing's pending research and development center, which expands output of high quality agricultural products for commercial sale while providing an advanced testing field for new products.

Gufeng and Tianjuyuan have a total of 17 employees in research and development. They have independently developed seven technologies:

- (1) Drying fan for urea-based compound fertilizer;
- (2) Heat balance control system for flexible compound fertilizer;
- (3) Automatic control system for the anti-block of compound fertilizer;
- (4) Water control technology for low nitrogen, low potassium and high phosphorus compound fertilizer;
- (5) Manufacturing technology for salt-alkaline resistance and soil improvement of compound fertilizer(The company had won the third prize for "Progress in Science and Technology in Pinggu District Beijing" with this technology);
- (6) Manufacturing technology for compound HA fertilizer with high density (NPK  $\geq 51\%$ );
- (7) Manufacturing technology for the sustained release of blending and compound fertilizer

While we believe our greenhouse facilities provide us with a competitive advantage over the competitors, some of them may still have better understanding in certain local markets where they successfully marketed products over a period of time and have developed specifically formulated fertilizers for local plants, soil and climate conditions. To enhance our competitiveness, we will seek to diversify our fertilizers to benefit a wider range of plants and soil conditions.

*Well-known Brand.* We believe customers have strong brand recognition and would make purchase decision accordingly. "Jinong", "KEBA" and "T.J.Y" are registered trademarks and are well recognized by end users; in addition, certain large national fertilizer traders, such as Sinoagri Holding Company Limited, one of the largest domestic fertilizer traders in China, had strong brand preference for Gufeng's fertilizer products. Gufeng sells its products under four brands, namely "KEBA", "Meier'an", "Huangchenggen" and "SPR HOP". Tianjuyuan's products are marketed under the brands "AGR GFJ" and "T.J.Y." The primary products sold under the Gufeng and Tianjuyuan brands include organic/inorganic compound fertilizer (humic acid) with NPK  $\geq 40\%$ , and organic /inorganic compound fertilizer (humic acid) with NPK  $\geq 48\%$ .

*Automated Production Line and Process.* All of Jinong's major production procedures are controlled by a centralized computer system only accessible for authorized personnel. Jinong's production lines are fully automated to ensure that content in each product is measured exactly according to its recipe by linking the computer server with the electronic weights on each material input bins. In addition, spectral analysis is used to accurately check the composition of materials. During the fiscal year 2016, Jinong's highly advanced production lines manufactured a multi-tiered line of 132 fertilizer products, and we believe that Jinong's production lines are among the few advanced lines in the Chinese industry. As mentioned above, we have patent protection for Jinong's two proprietary production lines, one of which has medical grade production equipment with precise quality control, and the other is capable of producing liquid, powder and granular fertilizers. We currently have an annual production capacity of 555,000 metric tons.

## Competition

### *Fertilizer Products*

Based on our internal estimates, there are approximately 2,000 organic fertilizer manufacturers in China with no discernible market leaders in the sector. We believe our competitors are currently comprised of approximately 90% small-sized local manufacturers and 10% large national manufacturers such as Yongye International, Inc. We believe we are among the largest national fertilizer manufacturers.

Gufeng's primary competitor is Stanley Fertilizer Co., Ltd. ("Stanley"), a compound fertilizer manufacturer based in Linyi, Shandong Province, which was listed on Shenzhen Stock Exchange (China) in June 2011. Stanley manufactures various kinds of compound fertilizers and tailored fertilizers which were in direct compete with Gufeng.

The smaller competitors of ours are generally producers of amino acid compound fertilizers which are very price competitive. However, lacking of adequate quality or process control technologies, these companies always sell products with inconsistent quality.

The Chinese fertilizer market has been fully opened to foreign companies since China's entry into the World Trade Organization in December 2006. Accordingly, the PRC government has increased its fertilizer import quota and, since January 2007, has reduced the import tariffs on foreign fertilizer to 1%. However, foreign fertilizers are generally more expensive than PRC manufactured fertilizers and are not customized to soil conditions influenced by China's diverse climate and terrains.

### *Agricultural Products*

The competitive market of our agriculture products varies among our three main products: Top-grade flowers, green vegetables and fruits, multi-colored seedlings.

**Top-grade Flowers:** The main competitor to our flowers and flower seedlings is Sanyi Agriculture Technology Co., Ltd. (Beijing). We believe that our flower products have comparative advantages in terms of the advanced technologies we apply, the superior species of the seedlings we select and the efficiency and stability due to strict quality control. In addition, our greenhouse facilities enable us to produce flower seedlings year-round.

**Green Vegetables and Fruits:** Our competitors are primarily the vegetable planting centers and planters in Shaanxi, Shandong and Gansu provinces that produce vegetables such as cucumbers and peppers. With the aid from our green fertilizers that improve soil conditions and limit bacterial growth, our competitive advantage lies in the advanced greenhouse facilities which contribute to the pollution-free end products.

**Multi-colored Seedlings:** In the market of Multi-colored seedlings, one of our main competitors is Kunming Anthura horticulture Co. Ltd. Our products, primarily red photiniaserrulata, are imported from other countries with high survival rates.

## Government Regulation

Our business operations are subject to various laws, including environmental, health and workplace safety laws issued by governmental agencies on the provincial and state levels. Business and company registrations, along with the products, are monitored through the issuance of licenses and certificates including the following:

*“Green” Certification.* Except for those manufactured by Gufeng and Tianjuyuan, all of our fertilizer products are certified by the CGFDC as “Green Food Production Material”. Currently, the CGFDC provides two different certifications within the green food industry: “Green Food Certification” granted to edible foods, and “Green Food Production Material Certification” granted to production materials such as our fertilizers. A “Green Food Production Material Certification” was issued to Jinong on March 2015 and will expire in March 2018. The certificate is renewable with an application within 90 days prior to the expiration.

*Operating license.* Our operating license enables us to (1) undertake research and development, production, sales and services of humic-acid liquid fertilizer, (2) sales of pesticides, and (3) export and import of products, technology and equipment. Jinong’s license (Registration No. 610000100003655) is valid until August 8, 2057, and the license is renewable. Gufeng and Tianjuyuan maintain valid operating licenses with expiration day on August 1, 2043 (for the license with Registration No. 110000008250498) and August 7, 2021 (for the license with Registration No.110117003157142), respectively.

*Fertilizer Registration.* Fertilizer registration is issued by the Ministry of Agriculture of the PRC and is required for producing fertilizers. There are two kinds of registrations: interim registration and formal registration. The interim registration is valid for one year and applies to fertilizers in the stages of in-the-field testing and test selling; Fertilizers that have completed in-the-field testing and test selling must obtain formal registration, which, if granted, is valid for five years, and thereafter must be renewed every five years. Jinong currently holds 16 formal fertilizer registration certificates. Gufeng and Tianjuyuan hold 11 interim fertilizer certificates and 259 formal certificates.

As of the date of this Report, we believe we are in material compliance with all registrations and requirements for the issuance and maintenance of all licenses required to conduct our businesses and operations.

#### **Item 1a. Risk Factors**

*Investing in our securities involves risk. Before making an investment decision, you should carefully consider the following information about these risks, together with the other information contained in this Report. Our business, results of operations or financial condition could be adversely affected by any of these risks, which could result in a decline in the market price of our securities, causing you to lose all or part of your investment.*

#### **Risks Related to Our Business**

*The industry in which we do business is highly fragmented and competitive and we face competition from numerous fertilizer manufacturers in China and elsewhere.*

We compete with numerous local Chinese fertilizer manufacturers. Although we may have greater resources than many of our competitors, most of which are small local fertilizer companies and it is possible that these competitors have better access in certain local markets, an enhanced ability to customize products to particular regions and better established local distribution channels. We also compete with a few large PRC national competitors, such as Yuntianhua Group Co., Ltd and Yongye International, Inc. Although we have advanced automated humic acid-based fertilizer production lines and green house supported research and development centers, we cannot assure you that such large competitors will not develop their own similar production or research and development facilities. Further, China’s access into the World Trade Organization has led to increased foreign competition for us. International producers and traders import products into China that generally are of higher quality than those produced by the local Chinese manufacturers. If they are localized and become familiar with fertilizers we produce, we may face additional competition. If we are not successful in our research, development and production of new products and/or in our marketing and advertising efforts to increase awareness of our brands, our revenues could decline, which might have a material adverse effect on our business, financial condition, results of operations and share price.

Our major competitors may be able to endure downturns in our industrial sector more than we are. When facing reduced demand for our products, we can either choose to maintain market share by reducing selling prices to meet competition, or to maintain the prices while sacrificing a portion of market share. The overall profitability would be reduced in either case. In addition, we cannot assure you that additional competitors will not enter into our existing markets, or that we will be able to compete successfully against existing or new competitors.

*If we are unable to design, manufacture, and market fertilizer products in a timely and efficient manner, we may not remain as competitive.*

A lot of our fertilizer products are characterized by short product development cycles as they target at the unique climate and soil conditions where our customers are located. Accordingly, we devote a substantial amount of resources to product development. To compete successfully, we must develop new and/or improved fertilizer products that cater to customer needs. New fertilizers may not be easily developed. As a result, we may experience performance difficulties, which may result in delays, setbacks and cost overruns. Our inability to develop and offer new and/or improved fertilizer products or to achieve customer acceptance of these products could limit our ability to compete in the market or to grow revenues at a desired rate.

*Our proprietary fertilizer formula may become obsolete or be unintentionally disclosed to competitors, which could materially adversely affect the competitiveness of our future fertilizer products.*

Our proprietary fertilizer formula is the base for producing our fertilizer. Our future success will depend upon our ability to address the increasingly sophisticated needs of our customers by supplying existing humic acid fertilizer products and by developing new products on a timely basis that keep pace with the evolving industry standards and changing customer requests. If our proprietary formula becomes obsolete as our competitors develop better products than ours, our future business and financial results could be adversely affected. In addition, although we have entered into confidentiality agreements with key employees, we cannot assure you that if there is a breach of such agreement by an employee, we would not lose any competitive advantage that we currently have with respect to our proprietary fertilizer formula. If we are forced to take legal action to protect our proprietary formula, significant expense will incur and a favorable outcome cannot be guaranteed.

*If our warehouse selling and credit sales of certain fertilizer products continue to increase and we fail to collect the accounts receivables that are due in a timely manner, our financial condition and results of operation may be materially adversely affected.*

We had accounts receivable of \$118,021,105 as of June 30, 2016, as compared to \$68,528,598 and \$88,781,608 as of June 30, 2015 and 2014, respectively, an increase of \$49,492,507 and a decrease of \$20,253,010, or 72.2% and 22.8% year over year. The increase was primarily due to the increased credit sales of Gufeng's fertilizer products and the aggressive marketing of Jinong's humic acid fertilizer products including liquid and powder fertilizers. We offer a tentative credit period up to 180 days to our customers. Although we perform routine assessment of our customers' creditworthiness, evaluate the structure and collectability of accounts receivable and provide an allowance for doubtful accounts when necessary, we may not be able to receive or collect payment for our products on time or at all if our customers encounter financial difficulties. Any such failure may have a material adverse impact on our financial condition and results of operation.

*Our concentration of customers could have a material adverse effect on us.*

Gufeng's top five distributors accounted for 75.2% of its revenues with its largest distributor accounted for 46.2% of the total revenues for the fiscal year of 2016. Jinong's top five distributors accounted for 1.6% of its fertilizer revenues for the fiscal year ended June 30, 2016. If those major customers reduce or discontinue their product purchases from us and we are unable to find their replacements, it would adversely affect our results of operations.



*If we fail to adequately protect or enforce our intellectual property rights, we may be exposed to intellectual property infringement and the value of our intellectual property rights could diminish.*

Our success, competitive position and future revenues will depend in part on our ability to obtain and maintain patent protection for our products, methods, processes and other technologies, to preserve our trade secrets, to prevent third parties from infringing on our proprietary rights and to operate without infringing the proprietary rights of third parties.

Jinong is the holder of four registered patents. The first patent is a fertilizer formulation named “Method and Recipe of the Water Soluble Humic Acid Fertilizers”. The second patent, “Production Facility of Humic Acid Products”, relates to our proprietary production line and manufacturing processes in the PRC. The third patent is “Production Method of Organic Fertilizer”. The fourth patent is “Production method of Multifunctional liquid calcium fertilizer”. Gufeng and Tianjuyuan do not have patents but currently possess seven proprietary technologies. However, we cannot predict the degree and range of protection patents and confidentiality agreements with respect to proprietary technologies will defense us against competitors. Third parties may find ways to invalidate or otherwise circumvent our patents and proprietary technologies. Third parties may attempt to obtain patents claiming aspects similar to our patent applications. We cannot assure you that our current or potential competitors do not have, and will not obtain, patents that will prevent, limit or interfere with our ability to make, use or sell our products in the PRC.

If we need to initiate litigation or administrative proceedings, such actions may be costly and may divert management attention as well as consume other resources which could otherwise have been devoted to our business. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation. In addition, historically, implementation of PRC intellectual property-related laws has been lacking, primarily because of ambiguities in the PRC laws and difficulties in enforcement. Accordingly, intellectual property rights and confidentiality protections in China may not be as effective as that in the United States or other countries, which increases the risk that we may not be able to adequately protect our intellectual property. Moreover, litigation may be necessary in the future to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our management’s attention and resources, and could disrupt our business, as well as have a material adverse effect on our financial condition and results of operations. Given the relative unpredictability of China’s legal system and potential difficulties enforcing court judgments in China, there is no guarantee that we would be able to halt any unauthorized use of our intellectual property through litigation.

*If we infringe on the intellectual property rights of third parties, we could be prevented from selling products, forced to pay damages and compelled to defend against claims by third parties, which, if successful, could cause us to pay significant damage awards and incur other costs.*

Our success also depends in large part on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. As litigation becomes more common in the PRC in resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims. The validity and scope of claims relating to humic acid fertilizer production technology and related devices and machine patents involve complex technical, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability including damage awards to third parties, require us to seek licenses from third parties (which may not be available on commercially reasonable terms, if at all), to pay ongoing royalties, or to redesign our products or subject us to injunctions preventing the manufacture and sale of our products. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation.

*Disruptions in the supply of raw materials used in our products could cause us to be unable to meet customer demand in a timely manner, which could result in the loss of customers and net sales or could result in a lower profit margin for us.*

Jinong is supplied with approximately 50 different types of raw materials, of which weathered coal is the primary one as it is the raw material from which humic acid is extracted and applied to the manufacturing of our products. Although there are numerous weathered coal suppliers available in market, we have been using Inner Mongolia Tianlibao Fertilizer Co., Ltd. (“Tianlibao”) as our main supplier of weathered coal because of the abundance and high quality of weathered coal in the Inner Mongolia Autonomous Region. Our supply agreement with Tianlibao is renewed on a monthly basis. If Tianlibao does not intend to renew the supply agreement with us for any reason, or if there are any business interruptions at Tianlibao and we are unable to locate an alternative supplier in a timely manner or on the same terms, we may not be able to meet customer demand on humic acid-based fertilizers in a timely manner or maintain our standards of quality for humic acid-based fertilizers during the transitional period, which may result in the loss of customers and net sales or we may not be able to keep our profit margin as before for our humic acid-based fertilizers.

Gufeng and Tianjuyuan are supplied with over fifty types of raw materials from a diversified pool of suppliers. Neither Gufeng nor Tianjuyuan are dependent on any single supplier for its raw materials; however, if we experience a significant increase in demand or if we need to replace any of these suppliers, we cannot be assured that the adequate supply of raw materials or a replacement supplier will be acquired in a timely manner to avoid any material adverse effect on our business operations and financial condition.

*Any significant fluctuation in our production costs may have a material adverse effect on our operating results.*

The prices for the raw materials and other inputs to manufacture our fertilizer products are subject to market forces largely beyond our control, including the price of weathered coal, energy costs, mineral and non-mineral elements, and freight costs. The costs for these inputs may fluctuate significantly based upon changes in the economy and markets. Although we may pass any increase of such costs to our customers, in the event we are unable to do so, we could incur significant losses and a diminution of our share price.

*We do not presently maintain business disruption insurance. Any disruption of the operations in our factories would damage our business.*

Our operations could be interrupted by fire, flood, earthquake and other events beyond our control for which we do not carry adequate insurance. While we have property damage insurance and automobile insurance, we do not carry business disruption insurance, which is not readily available in China. Any disruption of the operations in our factories would have a significant negative impact on our ability to manufacture and deliver products, which would cause a potential diminution in sales, the cancellation of orders, damage to our reputation and potential lawsuits.

*We do not presently maintain product liability insurance, and our property and equipment insurance does not cover the full value of our property and equipment, which leaves us with exposure in the event of loss or damage to our properties or claims filed against us.*

We currently do not carry any product liability or other similar insurance. We cannot assure you that we would not face liability in the event of the failure of any of our products. We also cannot assure you that, especially as China’s domestic consumer economy and industrial economy continues to expand, product liability exposure and litigation will not become more commonplace in the PRC, or that we will not face product liability exposure or actual liability as we expand our sales into international markets where product liability claims could be more prevalent.

*The occurrence of any acts of God, war, terrorist attacks and other emergencies which are beyond our control may have a material adverse effect on our business operations and financial condition.*

Acts of God, war, terrorist attacks and other emergencies which are beyond our control may have a material adverse effect on the economy and infrastructure in the PRC and on the livelihood of the Chinese population. Our business operations and financial condition may be materially and adversely affected should such events occur. We cannot give assurance that any acts of God such as floods, earthquakes, drought or any war, terrorist attack or other hostilities in any part of the PRC or even the world, potential or threatened, will not, directly or indirectly, have a material adverse effect on our business, financial condition and operating results.

*If we cannot renew our fertilizer registration certificates, we will be unable to sell some or all of our products. If we do not receive the formal fertilizer registration certificates for our new products, upon the expiration of the temporary registration certificates, we cannot continue to produce such new products.*

All fertilizers produced in China must be registered with the PRC Ministry of Agriculture. No fertilizer can be manufactured without such registration. There are two kinds of registrations: interim registration and formal registration. The interim registration is valid for one year and applies to fertilizers in the stages of in-the-field testing and test selling. Fertilizers that have completed in-the-field testing and test selling must obtain formal registration, which is valid for five years, and thereafter must be renewed each five years. Jinong has 16 formal registration certificates. Gufeng and Tianjuyuan have 19 interim fertilizer certificates and 259 formal certificates. We will apply for formal certificates for each of our interim certificates before the applicable expiration date.

Our belief is that the PRC Ministry of Agriculture generally grants an application for renewal in the absence of illegal activity by the applicant. However, there is no assurance that the PRC Ministry of Agriculture will grant renewal of our formal Fertilizer Registration Certificates. If we cannot obtain the necessary renewal, we will not be able to manufacture and sell such fertilizer products without certificates which will cause the termination of commercial operations for such fertilizer products. With respect to the transformation of the interim fertilizer registration certificates to formal fertilizer registration certificates, we believe that we can receive formal fertilizer registration certificates for our 19 interim fertilizer registration certificates in due course; however, if the government imposes additional burden on the application procedure or put temporary suspension on its certificate granting process due to any unexpected incidents in China, we cannot assure you that our formal fertilizer registration certificates can be obtained without delay or can be obtained at all in which case our production could be adversely affected.

*We may not possess all the licenses required to operate our business, or may fail to maintain the licenses we currently hold. This could subject us to fines and other penalties, which could have a material adverse effect on our results of operations.*

In addition to a fertilizer registration certificate, we are required to hold a variety of other permits, licenses and certificates to conduct our business in China. We may not possess or receive all the permits, licenses and certificates required for our business or for which application has been made. In addition, there may be circumstances under which the approvals, permits, licenses or certificates granted by the governmental agencies are subject to change without substantial advance notice. If we fail to obtain or to maintain such permits, licenses or certificates or renewals are granted with onerous conditions, we could be subject to fines and other penalties and be limited in the number or the quality of the products that we would be able to offer. As a result, our business, result of operations and financial condition could be materially and adversely affected.

*Potential environmental liability could have a material adverse effect on our operations and financial condition.*

Our manufacturing operations are subject to numerous laws, regulations, rules and specifications relating to the environment, including, among others, the Integrated Emission Standard of Air Pollutants GB 16297-1996 and the Standard of Environmental Noise of Urban Area GB 3096-93. Failure to comply with any laws and regulations and future changes to them may result in significant consequences to us, including civil and criminal penalties, liability for damages and negative publicity. Our business and operating results may be materially and adversely affected if we were to be held liable for violating existing environmental regulations or if we were to incur significant expenditures to comply with environmental regulations affecting our operations.

*Our success depends on our management team and other key personnel, the loss of any of whom could disrupt our business operations.*

We depend, to a large extent, on the abilities and participation of our current management team, with a particular reliance upon Mr. Tao Li, our CEO and Chairman of the Board of Directors. The loss of the services of Mr. Li, for any reason, may have a material adverse effect on our business and prospects. We cannot assure you that the services of Mr. Li will continue to be available to us, or that we will be able to find a suitable replacement for him in the event his services are not available to us. We do not carry key man life insurance for our key personnel.

The agricultural chemicals business is specialized and requires the employment of personnel with significant scientific and operational experience in the industry. Accordingly, we must attract, recruit and retain a sizeable workforce of technically and scientifically competent employees. Our ability to effectively implement our business strategy will depend upon, among other factors, the successful recruitment and retention of additional management and other key personnel that have the necessary scientific, technical and operational skills and experience with the fertilizer industry. These individuals are difficult to find in the PRC and we may not be able to retain such skilled employees. If we are unable to hire individuals with the requisite experience, we may not be able to produce enough products to optimize profits, and the research and development initiatives may be delayed which will negatively impact our financial condition, results of operations and share price.

*Mr. Tao Li, our Chairman and CEO may not devote all of his time to our business.*

Our Chairman and CEO, Mr. Tao Li, also serves as Chairman of Xi'an Techteam Science & Technology Industry (Group) Co. Ltd., a company engaged in hi-tech application fields in China, Chairman and CEO of Xi'an Techteam Investment Holding (Group) Co., Ltd, a holding company for certain entities such as Gem Grain, and Chairman of Kingtone Wirelessinfo Solution Holding Ltd, a publicly-traded, China-based developer and provider of mobile enterprise solutions. This may give rise to further allocation of Mr. Li's time to each business. While Mr. Li anticipates having sufficient time to devote to our business, a lack of adequate time spent by him on our business may adversely affect our business, financial condition, results of operations and share price.

*If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. As a result, current and potential investors could lose confidence in our financial reporting, which could harm our business and have an adverse effect on our stock price.*

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to annually furnish a report by our management on our internal control over financial reporting. Such report must contain, among other matters, an assessment by our principal executive officer and our principal financial officer on the effectiveness of our internal control over financial reporting, including a statement as to whether or not our internal control over financial reporting is effective as of the end of our fiscal year. This assessment must include disclosure of any material weakness in our internal control over financial reporting identified by management. Performing the system and process documentation and evaluation needed to comply with Section 404 are both costly and challenging. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. We cannot provide assurance that we will not fail to achieve and maintain an effective internal control environment on an ongoing basis, which may cause investors to lose confidence in our reported financial information and have a material adverse effect on the price of our common stock.

*We are responsible for the indemnification of our officers and directors.*

Our Bylaws provide for the indemnification of our directors, officers, employees, and agents, under certain circumstances, against costs and expenses incurred by them in any litigation to which they become a party arising from their association with or activities on our behalf. Consequently, we may be required to expend substantial funds to satisfy these indemnity obligations.

*Our inability to effectively improve the financial performance of Gufeng may have a material adverse effect on our business, financial condition and results of operations.*

Although Gufeng had sales revenues of \$134,661,420 for its fiscal year ended June 30, 2016, Gufeng's net income for such period was \$10,557,315. This was primarily due to the lower profit margins on Gufeng's products, inefficiencies in production and daily operations and negative working capital. In addition, rising transportation costs passed on by Gufeng's distributors may further erode margins on Gufeng's products. As Gufeng is based in Beijing, it is susceptible to rising costs of labor common in large cities such as Beijing, which may make it difficult for us to expand the workforce of Gufeng and Tianjuyuan to meet our strategic goals

Although we have made progress in terms of integrating Gufeng's employees, products and distribution network into our business during the past 12 months, there is no assurance that we will be able to continue effectively to do so, which may result in a material adverse effect on our business, financial condition and results of operations.

*We have not obtained the land use right over the premises on which certain facilities of Gufeng, our indirect, wholly-owned subsidiary, is located. As a result, the lack of a proper title certificate may jeopardize our right to use the premises and our possession of the buildings we built on such premises.*

Through Tianjuyuan, we lease approximately 47,333 square meters (509,488 square feet) of land in the Ping Gu District of Beijing (the "Premises"). Under the lease dated February 16, 2004 with the village committee of Dong Gao Village and Zhen Nan Zhang Dai Village in the Beijing Ping Gu District (the "Lease"), Tianjuyuan leases the land at an annual rent of RMB 35,500 (approximately \$5,783). The term of the Lease is from February 1, 2004 to January 31, 2054. We were informed by our PRC counsel that the Lease is invalid and unenforceable pursuant to the PRC Land Administration Law and related regulations. Therefore, we have been in the process of applying for the proper land use right certificate from the relevant government authorities in order to legitimize our right over the Premises. As of the date of this report, we were informed by the local government that our application materials for the land use right in issue has been moved up from the department in charge of general matters to the land administrative department of the local government and is under their review. However, there can be no assurance that such land use right certificate will be granted to us. Until we obtain the land use right certificate, there is a risk that the PRC government may declare the Lease invalid, evict our personnel from the Premises and tear down the buildings we built on the Premises. As of the date of this Report, we have no knowledge of any pending or threatened governmental actions relating to the Premises.

*A severe or prolonged downturn in the global economy could materially and adversely affect our business and results of operations.*

The global market and economic conditions during the years 2008 through 2010 were unprecedented and challenging, with recessions occurring in most major economies. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, and the availability and cost of credit have contributed to increased market volatility and diminished expectations for economic growth around the world. The difficult economic outlook has negatively affected businesses and consumer confidence and contributed to volatility of unprecedented levels.

The PRC economy also faces challenges. The PRC government has implemented various measures recently to curb inflation. If economic growth slows or an economic downturn occurs, our business and results of operations may be materially and adversely affected.

### **Risks Related to Doing Business in the PRC**

Substantially all of our assets and operations are located in the PRC, and substantially all of our revenue is sourced from the PRC. Accordingly our results of operations and financial position are subject to a significant degree to economic, political and legal developments in the PRC, including the following risks:

*Changes in the policies of the PRC government could have a significant impact upon the business we may be able to conduct in the PRC and the profitability of such business.*

The PRC's economy is in a transition from a planned economy to a market oriented economy subject to five-year and annual plans adopted by the government that set national economic development goals (Source: President Hu's Report at 17th Party Congress). Policies of the PRC government can have significant effects on economic conditions in China. Our interests may be adversely affected by changes in policies by the PRC government, including:

- changes in laws, regulations or their interpretation;
- confiscatory taxation;
- restrictions on currency conversion, imports or sources of supplies and export tariff;
- expropriation or nationalization of private enterprises.

Although the PRC government has been pursuing economic reform policies for more than two decades, we cannot assure you that the government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption, or other circumstances affecting political, economic and social life in China.

*The PRC laws and regulations governing our current business operations are sometimes vague and uncertain. Any changes in such PRC laws and regulations may have a material and adverse effect on our business.*

We and any future subsidiaries are considered foreign persons or foreign funded enterprises under PRC laws, and we are subject to PRC laws and regulations. These laws and regulations are sometimes vague and may be subject to future changes, and their official interpretation and enforcement may involve substantial uncertainty. The effectiveness of newly enacted laws, regulations or amendments may be delayed, resulting in detrimental reliance from foreign investors. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

*We derive a substantial portion of our revenues from sales in the PRC and any downturn in the Chinese economy could have a material adverse effect on our business and financial condition.*

Substantially all of our operations are conducted in the PRC and substantially all of our revenues are generated from sales in the PRC. We anticipate that revenues from sales of our products in the PRC will continue to represent a substantial proportion of our total revenues in the near future. Any significant decline in the condition of the PRC economy could, among other things, adversely affect the consumption of our products, which in turn would have a material adverse effect on our revenues and profitability.

*Inflation in the PRC could negatively affect our profitability and growth.*

While the PRC economy has experienced rapid growth, it has been uneven among various sectors of the economy and in different geographical areas of the country. Rapid economic growth can lead to growth in the money supply and rising inflation. If prices for our products do not rise at a rate that is sufficient to fully absorb inflation-driven increases in our costs of supplies, our profitability can be adversely affected.

According to the International Monetary Fund or IMF, the inflation rate in China fluctuated on an annual basis from a low rate of -1.4% in 1999 to the highest rate of 5.9% in 2008. The inflation rate was 2.6%, 2.0%, and 1.44% in 2013, 2014 and 2015, respectively. These fluctuations and economic factors have led to the adoption by the Chinese government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. In order to control inflation in the past, the PRC government has imposed controls on bank credits, limits on loans for fixed assets and restrictions on state bank lending. The implementation of these and other similar policies can impede economic growth and thereby harm the market for our products.

*Our subsidiaries are subject to restrictions on paying dividends and making other payments to our subsidiary, Green New Jersey; as a result, we might therefore be unable to pay dividends to you.*

We are a holding company incorporated in the State of Nevada and do not have any assets or conduct any business operations other than our investments in our subsidiaries, Green New Jersey, Jinong, Gufeng and Yuxing (a VIE entity). As a result of our holding company structure, we rely entirely on dividends payments from our subsidiaries in the PRC. PRC regulations currently permit payment of dividends only out of accumulated profits, as determined in accordance with PRC accounting standards and regulations. Our subsidiaries are also required to set aside a portion of its after-tax profits according to PRC accounting standards and regulations to fund certain reserve funds. We may experience difficulties such as lengthy processing time from the foreign exchange administrative bureau's side and formality requirement on paperwork in completing the administrative procedures necessary to obtain and remit foreign currency. Furthermore, if any of our subsidiaries incurs debt on its own in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments. If we or Green New Jersey are unable to receive any profits from the operations of our subsidiaries in the PRC, we may be unable to pay dividends to our common stock holders.

*Governmental control of currency conversion may affect the value of your investment.*

The PRC government imposes controls on the convertibility of Renminbi ("RMB") into foreign currencies and, in certain cases, the remittance of currency out of the PRC. We receive substantially all our revenues in RMB, which is currently not a freely convertible currency. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends, or otherwise satisfy foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from the transaction, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange ("SAFE") by complying with certain procedural requirements. However, approval from appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of bank loans denominated in foreign currencies.

The PRC government also may at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay certain of our expenses as they come due.

*The fluctuation of RMB may materially and adversely affect your investment.*

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. As we rely entirely on revenues earned in the PRC, any significant revaluation of RMB may materially and adversely affect our cash flows, revenues and financial condition. For example, to the extent that we need to convert U.S. dollars we receive from an offering of our securities into RMB for our operations, appreciation of the RMB against the U.S. dollar could lead the RMB equivalent of the U.S. dollars be reduced and could have a material adverse effect on our business, financial condition and results of operations. Conversely, if we decide to convert our RMB into U.S. dollars for the purpose of making dividend payments on our common stock or for other business purposes and the U.S. dollar appreciates against the RMB, the U.S. dollar equivalent of the RMB we convert would be reduced. In August 2015, China's currency dropped by a cumulative 4.4% against the U.S. dollar on hopes of boosting the domestic economy, making Chinese exports cheaper and imports into China more expensive by that amount. The effect on trade can be substantial. In addition, the depreciation of significant U.S. dollar denominated assets could result in a charge to our income statement and a reduction in the value of these assets.

*PRC regulations relating to the establishment of offshore special purpose companies by PRC domestic residents may subject our PRC resident beneficial owners to personal liability, limit our ability to inject capital into our PRC subsidiaries, limit our subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.*

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 (the "SAFE Notice") requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle" (the "SPV"). SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. Under the SAFE Notice, failure to comply with the registration procedures set forth above could result in liability under Chinese law for foreign exchange evasion and may result in penalties and legal sanctions, including fines, the imposition of restrictions on a Chinese subsidiary's foreign exchange activities and its ability to distribute dividends to the SPV, its ability to pay the SPV proceeds from any reduction in capital, share transfer or liquidation in respect of the Chinese subsidiary and the SPV's ability to contribute additional capital into or provide loans to the Chinese subsidiary. After consultation with China counsel, we do not believe that any of our PRC domestic resident stockholders are subject to the SAFE registration requirement. However, we cannot provide any assurances that all of our stockholders who are PRC residents will not be required to make or obtain any applicable registrations or approvals required by these SAFE regulations in the future. The failure or inability of our PRC resident stockholders to comply with the registration procedures set forth therein may subject us to fines and legal sanctions, restrict our cross-border investment activities, or limit our PRC subsidiaries' ability to distribute dividends or obtain foreign-exchange-dominated loans to our company.



As it is uncertain how the SAFE regulations will be interpreted or implemented, we cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the SAFE regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

*We may be subject to fines and legal sanctions by SAFE or other PRC government authorities if we or our employees who are PRC citizens fail to comply with PRC regulations relating to employee stock options granted by offshore listed companies to PRC citizens.*

On March 28, 2007, SAFE promulgated the Operating Procedures for Foreign Exchange Administration of Domestic Individuals Participating in Employee Stock Ownership Plans and Stock Option Plans of Offshore Listed Companies, or Circular 78. Under Circular 78, Chinese citizens who are granted share options by an offshore listed company are required, through a Chinese agent or Chinese subsidiary of the offshore listed company, to register with SAFE and complete certain other procedures, including applications for foreign exchange purchase quotas and opening special bank accounts. We and our Chinese employees who have been granted share options are subject to Circular 78. Failure to comply with these regulations may subject us or our Chinese employees to fines and legal sanctions imposed by SAFE or other PRC government authorities and may prevent us from further granting options under our share incentive plans to our employees. Such events could adversely affect our business operations.

*Our business and financial performance may be materially adversely affected if the PRC regulatory authorities determine that our acquisition of Jinong constitutes a Round-trip Investment without the PRC Ministry of Commerce ("MOFCOM") approval.*

On August 8, 2006, six PRC regulatory agencies promulgated the Regulation on Merger and Acquisition of Domestic Companies by Foreign Investors (the "2006 M&A Rules"), which became effective on September 8, 2006. According to the 2006 M&A Rules, a "Round-trip Investment" is defined as having taken place when a PRC business that is owned, directly or indirectly, by PRC individual(s) is sold to a non-PRC entity that is established or controlled, directly or indirectly, by those same PRC individual(s) and their PRC affiliates. Under the 2006 M&A Rules, any Round-trip Investment must be approved by the MOFCOM. The application of the 2006 M&A Rules with respect to the definition of Round-trip Investment remains unclear with no consensus currently existing among the leading PRC law firms regarding the definition, scope of the applicability of the MOFCOM approval.

We, through Green New Jersey, acquired 100% capital stock of Jinong (the "Jinong Acquisition"), Jinong was a PRC business whose stockholders were two PRC individuals and a PRC entity, of which Mr. Tao Li, our current Chairman and CEO, was the controlling stockholder holding 31% of its shares. The PRC regulatory authorities may take the view that the Jinong Acquisition could be part of a Round-trip Investment. The PRC legal counsel of Jinong has opined that the Jinong Acquisition did not violate any PRC law, which would include the 2006 M&A Rules. We, however, cannot assure you that the PRC regulatory authorities, MOFCOM in particular, may take the same view as the PRC legal counsel. If the PRC regulatory authorities take the view that the Jinong Acquisition constitutes a Round-trip Investment under the 2006 M&A Rules, we cannot assure you we may be able to obtain the approval required from MOFCOM.

If the PRC regulatory authorities take the view that the Jinong Acquisition constitutes a Round-trip Investment without MOFCOM approval, they could invalidate our acquisition and ownership of Jinong. Additionally, the PRC regulatory authorities may take the view that the Jinong Acquisition constitutes a transaction which requires the prior approval of the China Securities Regulatory Commission, or CSRC, before MOFCOM approval is obtained. We believe that if this takes place, we may be able to find a way to re-establish control of Jinong's business operations through a series of contractual arrangements rather than an outright purchase of Jinong. We cannot assure you that such contractual arrangements will be protected by PRC law or that we can receive as complete or effective economic benefit and overall control of Jinong's business than if the Company had direct ownership of Jinong. In addition, we cannot assure you that such contractual arrangements can be successfully effected under PRC law. If we cannot obtain MOFCOM or CSRC approval if required by the PRC regulatory authorities to do so, and if we cannot put in place or enforce relevant contractual arrangements as an alternative and equivalent means of control of Jinong, our corporate structure, in particular, the control asserted by the shareholders in the United States will be materially adversely affected.

*Jinong's contractual arrangements with Yuxing may result in adverse tax consequences to us.*

We could face material and adverse tax consequences if the PRC tax authorities determine that Jinong's contractual arrangements with Yuxing were not made on an arm's length basis and adjust our income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could result in a reduction, for PRC tax purposes, of adjustments recorded by Yuxing, which could adversely affect us by increasing Yuxing's tax liability without reducing Jinong's tax liability, which could further result in late payment fees and other penalties to Yuxing for underpaid taxes.

*We control Yuxing through contractual arrangements which may not be as effective in providing control over Yuxing as direct ownership, and if Yuxing or its shareholders breach the contractual arrangements, we would have to rely on legal remedies under PRC law, which may not be available or effective, to enforce or protect our rights.*

Effective June 16, 2013, we conduct substantially all of our operations on agriculture products, and generate substantially all of our revenues from agriculture products, through contractual arrangements with our VIE, Yuxing, that provide us, through our ownership of Green New Jersey and its ownership of Jinong, with effective control over Yuxing. We have no direct ownership interest in Yuxing. We depend on Yuxing to hold and maintain agriculture products contracts with our customers. Yuxing also owns substantially all of our property, facilities and other assets relating to the operation of our agriculture products business, and employs the personnel for substantially all of our agriculture products business. Neither our company nor Jinong has any ownership interest in Yuxing. Although we believe that that each contract under Jinong's contractual arrangements with Yuxing is valid, binding and enforceable under current PRC laws and regulations in effect, these contractual arrangements may not be as effective in providing us with control over Yuxing as direct ownership of Yuxing would be. In addition, Yuxing may breach the contractual arrangements. For example, Yuxing may decide not to make contractual payments to Jinong, and consequently to our company, in accordance with the existing contractual arrangements. In the event of any such breach, we would have to rely on legal remedies under PRC law. These remedies may not always be available or effective, particularly in light of uncertainties in the PRC legal system.

Yuxing may also seek to renew its agreements on terms that are disadvantageous to us. Although we have entered into a series of agreements that provide us with substantial ability to control Yuxing, we may not succeed in enforcing our rights under them insofar as our contractual rights and legal remedies under PRC law are inadequate. If we are unable to renew these agreements on favorable terms when these agreements expire or enter into similar agreements with other parties, our business may not be able to operate or expand, and our operating expenses may significantly increase.

In addition, although we do not rely on Yuxing's revenue, Yuxing's VIE structure is subject to uncertainty amid the PRC's changing legislative practice. In January 2015, China's Ministry of Commerce unveiled a draft legislation that could change how the government is regulating corporate structures, especially for VIEs controlled by foreign investments. Instead of looking at "ownership", the draft law focused on the entities or individuals hold control of a VIE. If a VIE is deemed to be controlled by foreign investors, it may be barred from operating in restricted sectors or the prohibited sectors listed on a "negative list", where only companies controlled by Chinese nationals could operate, even if structured as VIEs.

In the event that the draft law is implemented in any form, and that the Company's business was characterized as one of the "restricted" or "prohibited" sectors, Yuxing may be barred from operation which will materially adversely affect our business.

*PRC laws and regulations governing our businesses and the validity of certain of our contractual arrangements are uncertain. If we are found to be in violation of such PRC laws and regulations, we could be subject to sanctions. In addition, changes in such PRC laws and regulations may materially and adversely affect our business.*

There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including, but not limited to, the laws and regulations governing our business, or the enforcement and performance of Yuxing's contractual arrangements with Jinong. Jinong is considered a foreign invested enterprise under PRC law. As a result, Jinong is subject to PRC law limitations on its businesses and foreign ownership of Chinese companies. These laws and regulations are relatively new and may be subject to change, and their official interpretation and enforcement may involve substantial uncertainty. The effectiveness of newly enacted laws, regulations or amendments may be delayed, resulting in detrimental reliance by foreign investors. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively.

The PRC government has broad discretion in dealing with violations of laws and regulations, including levying fines, revoking business and other licenses and requiring actions necessary for compliance. In particular, licenses and permits issued or granted to us by relevant governmental bodies may be revoked at a later time by higher regulatory bodies. We cannot predict the effect of the interpretation of existing or new PRC laws or regulations on our businesses. We cannot assure you that our current ownership and operating structure would not be found in violation of any current or future PRC laws or regulations. As a result, we may be subject to sanctions, including fines, and could be required to restructure our operations or cease to provide certain services. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. Any of these or similar actions could significantly disrupt our business operations or restrict us from conducting a substantial portion of our business operations, which could materially and adversely affect our business, financial condition and results of operations.

*The PRC environment laws and regulations may adversely impact on our business.*

Our manufacturing operations are subject to numerous environment laws, ordinances and regulations. These laws, ordinances and regulations address and regulate, among other matters, wastewater discharge, air quality and the generation, handling, storage, treatment, disposal and transportation of solid and hazardous waste. It is possible that compliance with a new regulatory requirement could impose significant compliance costs on us. Such costs could have a material adverse effect on our business, financial condition and results of operations.

We believe that we have obtained all permits, licenses and approvals, and filed all registrations required for the conduct of our business, except where the failure to obtain such permit, license or approval, or file any registration would not have a material adverse effect on our business, financial condition and results of operations. We have not been notified by any governmental authority of any continuing noncompliance, liability or other claim in connection with any of our properties or business operations, nor are we aware of any other material environmental condition with respect to any of our properties or arising out of our business operations at any other location.

However, No assurance can be given that all potential environmental liabilities have been identified or properly quantified or that any prior owner, operator, or tenant has not created an environmental condition unknown to us. Moreover, no assurance can be given that (i) future laws, ordinances or regulations will not impose any material environmental liability or (ii) the current environmental condition of the properties will not be affected by the condition of land or operations in the vicinity of the properties (such as the presence of underground storage tanks), or by third parties unrelated to us.

*PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds we received from any offerings to make loans to our PRC subsidiaries or to make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.*

We are a holding company in the United States conducting our operations in China through our PRC subsidiaries. In utilizing the proceeds we received from any offerings, we may make loans to our PRC subsidiaries, whether currently in existence or to be formed in the future, or make additional capital contributions to our PRC subsidiaries.

Any loans we make to our PRC subsidiaries cannot exceed statutory limits and must be registered with SAFE, or its local counterparts. Under applicable PRC law, the government authorities must approve a foreign-invested enterprise's registered capital amount, which represents the total amount of capital contributions made by the stockholders that have registered with the registration authorities. In addition, the authorities must also approve the foreign-invested enterprise's total investment, which is equal to the company's registered capital plus the amount of stockholder loans it is permitted to borrow under the law. The ratio of registered capital to total investment cannot be lower than the minimum statutory requirement. If we make loans to our operating subsidiaries in China that does not exceed its current maximum amount of borrowings, we will have to register each loan with SAFE or its local counterpart for the issuance of a registration certificate of foreign debts. In practice, it could be time-consuming to complete such SAFE registration process. Alternatively or concurrently with the loans, we might make capital contributions to our operating subsidiaries in China and such capital contributions involve uncertainties of their own. Further, SAFE promulgated a new circular (known as Circular 142) in August 2008 with respect to the administration of conversion of foreign exchange capital contributions of a foreign invested enterprise. The circular clarifies that RMB converted from foreign exchange capital contributions can only be used for the activities within the approved business scope of such foreign invested enterprise and cannot be used for domestic equity investments unless otherwise permitted.

While we do not foresee this to happen in the near future, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, when the need arises. If circumstances call and if we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we receive from this offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely and materially affect our ability to fund and expand our business.

*If we were deemed as a “resident enterprise” by PRC tax authorities, we could be subject to tax on our global income at the rate of 25% under the new Enterprise Income Tax Law (“2008 EIT Law”) in the PRC and our non-PRC shareholders could be subject to certain PRC taxes.*

Under the 2008 EIT Law and the implementing rules, both of which became effective January 1, 2008, an enterprise established outside of the PRC with “de facto management bodies” within the PRC may be considered a PRC “resident enterprise” and will be subject to the enterprise income tax at the rate of 25% on its global income as well as PRC enterprise income tax reporting obligations. The implementing rules of the 2008 EIT Law define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. If we were to be considered a “resident enterprise” by the PRC tax authorities, our global income would be taxable under the 2008 EIT Law at the rate of 25% and, to the extent we were to generate a substantial amount of income outside of PRC in the future, we would be subject to additional taxes. In addition, the dividends we pay to our non-PRC enterprise shareholders and gains derived by such shareholders from the transfer of our shares may also be subject to PRC withholding tax at the rate up to 10%, if such income were regarded as China-sourced income. In addition, the circular mentioned above details that certain Chinese-invested enterprises controlled by Chinese enterprises or Chinese group enterprises will be classified as “resident enterprises” if the following are located or resident in China: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and stockholders’ meetings; and half or more of the directors with voting rights or senior management. However, as of the date hereof, no final interpretation on the implementation of the “resident enterprise” designation is available. Moreover, any such designation, when made by PRC tax authorities, will be determined based on the facts and circumstances of individual cases. As a result, we cannot determine the likelihood or consequences of our being designated a “resident enterprise” as of the date hereof.

If the PRC tax authorities determine that we are a “resident enterprise,” we may be subject to enterprise income tax at a rate of 25% on our worldwide income and dividends paid by us to our non-PRC stockholders as well as capital gains recognized by them with respect to the sale of our stock may be subject to a PRC withholding tax. This will have an impact on our effective tax rate, a material adverse effect on our net income and results of operations, and may require us to withhold tax on our non-PRC stockholders.

*Because our principal assets are located outside of the United States and because almost all of our directors and officers reside outside of the United States, it may be difficult for you to use the United States Federal securities laws to enforce your rights against us and our officers and most of our directors or to enforce judgments of United States courts against us or most of our directors and officers in the PRC.*

Almost all of our present officers and directors reside outside of the United States. In addition, our operating subsidiaries are located in the PRC and substantially all of their assets are located outside of the United States. It may therefore be difficult for investors in the United States to enforce their legal rights based on the civil liability provisions of the United States Federal securities laws against us and our officers and most of our directors in the courts of either the United States or the PRC and, even if civil judgments are obtained in courts of the United States, to enforce such judgments in PRC courts. It is unclear if extradition treaties now in effect between the United States and the PRC would permit effective enforcement against us or most of our directors and officers of criminal penalties, under the United States Federal securities laws or otherwise. In addition, enforcement of a foreign judgment in the PRC may be limited or otherwise affected by applicable bankruptcy, insolvency, liquidation, arrangement, moratorium or similar laws relating to or affecting creditors’ rights generally and will be subject to a statutory limitation of time within which proceedings may be brought.

*Failure to comply with the U.S. Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.*

We are required to comply with the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including some that may compete with us, are not subject to these prohibitions, and therefore may have a competitive advantage over us. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur in the PRC. If our competitors engage in these practices they may receive preferential treatment, giving our competitors an advantage in securing business, which would put us at a disadvantage. We can make no assurance that our employees or other agents will not engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

*We may have difficulty managing the risk associated with doing business in the Chinese fertilizer and agricultural products sectors.*

In general, the fertilizer and agricultural products sectors in China is affected by a series of factors, including, but not limited to, natural, economic and social such as climate, market, technology, regulation, and globalization, which makes risk management difficult. Fertilizer and agricultural products operations in China face similar risks as present in other countries, however, in the PRC these can either be mitigated or exacerbated due to governmental intervention through policy promulgation and implementation either in the fertilizer and agricultural products or sectors which provide critical inputs to fertilizer and agricultural products such as energy or outputs such as transportation. While not an exhaustive list, the following factors could significantly affect our ability to do business:

- food, feed, and energy demand including liquid fuels and crude oil;
- agricultural, financial, energy and renewable energy and trade policies;
- input and output pricing due to market factors and regulatory policies;
- production and crop progress due to adverse weather conditions, equipment deliveries, and water and irrigation conditions; and
- infrastructure conditions and policies.

Currently, we do not hold and do not intend to purchase insurance policies to protect revenue in the case that the above conditions cause losses of revenue.

#### **Risks Related to an Investment in our Stock.**

*We may not pay any cash dividends in the foreseeable future.*

We paid cash dividend on January 30, 2015 to stockholders of record as of the close of business on the record date of October 31, 2014. However, we may not anticipate paying cash dividends on our common stock in the foreseeable future and we may not have sufficient funds legally available to pay dividends. Even if the funds are legally available for distribution, we may nevertheless decide not to pay, or may be unable to pay, any dividends. We intend to retain all earnings for our company's operations.

*The market price for our common stock may be volatile and subject to wide fluctuations, which may adversely affect the price at which you can sell our shares.*

The market price for our common stock may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly operations results;
- filing of a class action lawsuit against us and certain of our current and former officers;

- changes in financial estimates by securities research analysts;
- conditions in foreign or domestic fertilizer and agricultural markets;
- changes in the economic performance or market valuations of other companies in the same industry;
- announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of exchange rates between the RMB and the U.S. dollar;
- intellectual property litigation;
- general economic or political conditions in the PRC; and
- Other events or factors, many of which are beyond our control.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our stock, regardless of our actual operating performance.

*We may require additional financing in the future and our operations could be curtailed if we are unable to obtain required additional financing when needed.*

We may need to obtain additional equity or debt financing to fund future capital expenditures. Additional equity may result in dilution to the holders of our outstanding shares of capital stock. Additional debt financing may include conditions that would restrict our freedom to operate our business, such as conditions that:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

We cannot guarantee that we will be able to obtain any additional financing on terms that are acceptable to us, or at all.

*A SEC investor bulletin regarding reverse mergers may drive down the market price of our common stock.*

On June 9, 2011, the SEC issued an investor bulletin in which it explained the process by which a company becomes a public company by means of a reverse merger, described the potential risks of investing in a reverse merger company and detailed recent enforcement actions taken by it against certain reverse merger companies. In particular the investor bulletin raised specific concerns with respect to foreign companies that access the U.S. markets through the reverse merger process, as we did. The SEC investor bulletin could lead investors in our common stock to sell their shares and may cause other investors not to invest in us, thus driving down the market price of our common stock or making it more difficult for us to raise funds in the future.

*Stockholders should have no expectation of any dividend in the futures.*

We paid cash dividend on January 30, 2015 to stockholders of record as of the close of business on the record date of October 31, 2014. However, the Board of Directors may not intend to declare any dividends on our common stock in the near future, but instead intends to retain all earnings, if any, for use in the operation and expansion of our business. If we decide to pay dividends, foreign exchange and other regulations in China may restrict our ability to distribute retained earnings from China or convert those payments from Renminbi into foreign currencies. – See “*Our subsidiaries are subject to restrictions on paying dividends and making other payments to our subsidiary, Green New Jersey; as a result, we might therefore, be unable to pay dividends to you.*” under this section. *If our common stock were delisted and determined to be a “penny stock,” a broker-dealer may find it more difficult to trade our common stock and an investor may find it more difficult to acquire or dispose of our common stock in the secondary market.*

If our common stock were removed from listing with the New York Stock Exchange, it may be subject to the so-called “penny stock” rules. The SEC has adopted regulations that define a “penny stock” to be any equity security that has a market price per share of less than \$5.00, subject to certain exceptions, such as any securities listed on a national securities exchange. For any transaction involving a “penny stock,” unless exempt, the rules impose additional sales practice requirements on broker-dealers, subject to certain exceptions. If our common stock were delisted and determined to be a “penny stock,” a broker-dealer may find it more difficult to trade our common stock and an investor may find it more difficult to acquire or dispose of our common stock on the secondary market. Investors in penny stocks should be prepared for the possibility that they may lose their whole investment.

#### **Item 1B. Unresolved Staff Comments**

Not applicable.

#### **Item 2. Properties**

There is no private ownership of land in China. All land is owned by the PRC government on behalf of all Chinese citizens or collectively owned by farmers. Land use rights can be granted or transferred with or without consideration upon approval by the PRC State Land Administration Bureau or its authorized branches.

Our principal executive offices are located at Third floor, Borough A, Block A. No. 181, South Taibai Road, Xi'an, Shaanxi Province, PRC 710065. The office space is approximately 360 square meters (3,875 square feet). It is leased from Xi'an Kingtone Information Technology Co., Ltd. (“Kington Information”), for a term of two years from July 1, 2016 at monthly rent of RMB25,723 (approximately \$4,000) for 612 square meters (approximately 6,588 square feet) of office space.

Through Jinong, we own an approximately 6,495 square meters (69,911 square feet) production facility that manufactures liquid fertilizer products and a 13,803 square meter (148,576 square feet) production facility that produces liquid and highly concentrated (powdered) fertilizers, located in the Yang Ling Agriculture High-tech Demonstration Zone, on No. 6 Guhua 5 Road, Yangling, Xi'an, Shaanxi province, PRC 712100. The production facilities occupied approximately 30,947 square meters (333,111 square feet) of land, which contains office buildings, warehouses and research laboratories. The production lines have a total annual production capacity of 55,000 metric tons. We own the land use rights for the land Jinong's manufacturing facilities are situated for a term of 50 years from 2001.

Yuxing, Jinong's wholly-owned subsidiary, has land use rights to over 353,000 square meters (3,799,660 square feet) of land located in Hu County, Xi'an, Shaanxi Province on which we have built 98 sunlight greenhouses and 6 intelligent greenhouses as part of a research and development center currently under construction. Yuxing owns the land use rights to the property for a terms of 50 years from 2009.



Through Gufeng and Tianjuyuan, we own an additional 17,930 square meters (approximately 192,997 square feet) of manufacturing, office and warehouse space and 47,110 square meters (approximately 507,088 square feet) of auxiliary facilities of the building located on approximately 42,726 square meters (459,898 square feet) of land located in No. 6 Mafang Logistics Park, Pinggu, Beijing. In addition, the eight manufacturing facilities of Gufeng and Tianjuyuan collectively increased our total annual production capacity by another 500,000 metric tons.

Tianjuyuan leases approximately 47,333 square meters (509,488 square feet) of land in the Ping Gu District of Beijing. Under the lease dated February 16, 2004 with the village committee of Dong Gao Village and Zhen Nan Zhang Dai Village in the Beijing Ping Gu District, Tianjuyuan leases the land at an annual rent of RMB 35,500 (approximately \$5,591). The lease term is from February 1, 2004 to January 31, 2054. While the lease was recognized previously by our PRC counsel as invalid and unenforceable due to the its permitted use, we have since obtained the proper land use right certificate from the relevant government entity.

The details on our properties and manufacturing facilities are described in the table below:

<b>Facility Location and Production Segment</b>	<b>Address</b>	<b>Area (square meters/ square feet)</b>	<b>Ownership Status and Term</b>
Xi'an – Fertilizers (Jinong)	Yang Ling Agriculture High-tech Demonstration Zone, No. 6 Guhua 5 Road, Yangling, Xi'an, Shaanxi province	30,947 sq. m. (333,111 sq. ft.)	Land use right (Certificate #006012633) expires in January 2051* <sup>(1)</sup>
Xi'an – Fertilizers (Jinong)	Yang Ling Agriculture High-tech Demonstration Zone, No. 6 Guhua 5 Road, Yangling, Xi'an, Shaanxi province	6,495 sq. m. (69,911 sq. ft.)	Building Ownership Certificate (Certificate # 20050722) * <sup>(1)</sup>
Xi'an – research and development center (Yuxing)	North Xin'an Village, Weifeng, Hu County, Shaanxi Province	353,000 sq. m. (3,799,660 sq. ft.)	Land use right (Certificate #006001700) expires in August 2059
Beijing – fertilizers (Tianjuyuan & Gufeng)	South of Nanzhangdai Village, Donggaocun Town, Ping Gu District, Beijing	42,726 sq. m. (459,898 sq. ft.)	Land use right (Certificate #2003189) expires in August 2053 * <sup>(1)</sup>
Beijing – fertilizers (Tianjuyuan & Gufeng)	South of Nanzhangdai Village, Donggaocun Town, Ping Gu District, Beijing	17,930 sq. m. (192,997 sq. ft.)	Building Ownership Certificate# 33142 * <sup>(1)</sup>
Beijing – fertilizers (Tianjuyuan & Gufeng)	South of Nanzhangdai Village, Donggaocun Town, Ping Gu District, Beijing	47,333 sq. m. (509,488 sq. ft.)	Lease from February 2004 to January 2054

\* <sup>(1)</sup> As of June 30, 2016, the encumbrances over our land use right and building ownership are summarized as below:

<b>No.</b>	<b>Loan Amount</b>	<b>Lending Institution</b>	<b>Contract Period</b>	<b>Type of Guarantee</b>	<b>Interest Rate (Per Annum)</b>	<b>Property under Mortgage</b>
1	RMB 13 million (\$2,021,500)	Agriculture Bank of China-Pinggu Branch	May 18, 2016-Mar 17, 2017	Mortgage	4.9%	Tianjuyuan's land
2	RMB 8 million (\$1,244,000)	Agriculture Bank of China-Pinggu Branch	Jan 19, 2016-Jan 17, 2017	Mortgage	5.0%	Tianjuyuan's land

**Item 3. Legal Proceedings**

There are no actions, suits, proceedings, inquiries or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

**Item 4. Mine Safety Disclosures.**

This item is not applicable to us.

## **PART II**

### **Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

#### **Market Information**

We have two classes of equity securities: (i) common stock, par value \$0.001 per share, 37,648,605 shares of which were outstanding as of October 3, 2016, and (ii) preferred stock, par value \$0.001 per share, of which no shares were outstanding as of October 3, 2016. Since December 7, 2009, our common stock has been listed and traded on the NYSE under the symbol "CGA". From March 9, 2009 to December 4, 2009, our common stock was listed and traded on the NYSE MKT, formerly known as NYSE Amex Equities. From August 27, 2007 until March 9, 2009, our common stock was traded on the Over-the-Counter Bulletin Board.

As of October 3, 2016, there were approximately 572 shareholders of record of our common stock. This does not reflect the number of persons or entities who held stock in nominee or "street" name through various brokerage firms.

<b>Quarter Ended</b>	<b>High</b>	<b>Low</b>
09/30/2014	\$ 2.15	\$ 1.94
12/31/2014	\$ 1.54	\$ 1.48
03/31/2015	\$ 1.77	\$ 1.73
06/30/2015	\$ 2.16	\$ 2.07
09/30/2015	\$ 2.20	\$ 1.51
12/31/2015	\$ 1.95	\$ 1.43
03/31/2016	\$ 1.50	\$ 1.10
06/30/2016	\$ 1.63	\$ 1.22

#### **Holders**

As of October 3, 2016, there were approximately 572 shareholders of record of our common stock. This does not reflect the number of persons or entities who held stock in nominee or "street" name through various brokerage firms.

#### **Dividends**

Our board of directors has not declared a dividend on our common stock during the last two fiscal years or the subsequent interim period due to our business expansion and integration in the last two fiscal years and in the subsequent interim period, which required and would require a high demand on capital.

The payment of dividends, if any, is at the discretion of the Board of Directors and is contingent on the Company's revenues and earnings, capital requirements, financial conditions and the ability of our operating subsidiaries to obtain approval to send money out of the PRC. The PRC's national currency, the Yuan or RMB, is not a freely convertible currency. Please read "*Our subsidiaries are subject to restrictions on paying dividends and making other payments to our subsidiary, Green New Jersey; as a result, we might therefore, be unable to pay dividends to you.*" under Item 1A "Risk Factors" of this Report.

#### **Securities Authorized for Issuance Under Equity Compensation Plans**

On October 27, 2009, our Board of Directors (the "Board") adopted the Company's 2009 Equity Incentive Plan (the "Incentive Plan"). On December 11, 2009, our stockholders approved the Incentive Plan. The Incentive Plan gives us the ability to grant stock options, stock appreciation rights (SARs), restricted stock and other stock-based awards to our employees, consultants and to non-employee members of our advisory board or our Board or the board of directors of any of our subsidiaries. On October 3, 2012, October 25, 2013 and May 15, 2015, our Board approved the amendment to increase of three million shares of Common Stock reserved under the Incentive Plan each time. All three amendments were approved by our stockholders on the annual meeting held on December 15, 2012, December 22, 2013, and June 30, 2015, respectively. As a result, a total of 11.26 million shares of Common Stock have been reserved under the Incentive Plan.

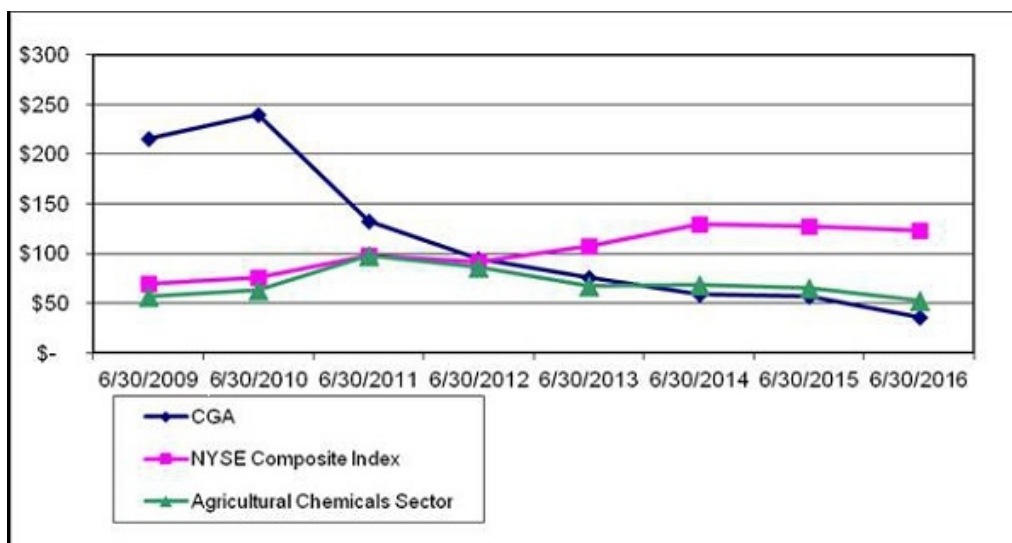
As of June 30, 2016, there were outstanding options to purchase an aggregate of 115,099 shares of common stock granted under the Plan. Options granted in the future under the Incentive Plan are within the discretion of our Board or our compensation committee, as delegated by the Board. The following table summarizes the number of shares of our Common Stock authorized for issuance under our Incentive Plan as of June 30, 2016.

## Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	115,099	\$ 14.66	759,418
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>115,099</b>	<b>\$ 14.66</b>	<b>759,418</b>

## Performance Graph

The following graph compares the cumulative total return on our common stock, the NYSE Composite Index and a peer group index consisting of companies reporting under the Standard Industrial Classification Code 2870 over the period commencing on June 30, 2009 and ending on June 30, 2016.



The performance graph in this Item 5 is not deemed to be “soliciting material” or to be “filed” with the Commission or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, whether made before or after the date of this Report and irrespective of any general incorporation language in such filings.

## Recent Sales of Unregistered Securities; Use of Proceeds from Unregistered Securities.

There was no unregistered sale of the Company's equity securities during the fiscal year ended June 30, 2016, that were not otherwise disclosed in a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

## Issuer Purchases of Equity Securities

There was no purchase of equity securities by the Company during the fiscal year ended June 30, 2016, that were not otherwise disclosed in a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

## Item 6. Selected Financial Data

The following selected consolidated income statement data for the years ended June 30, 2016, 2015 and 2014 and the selected consolidated balance sheet data as of June 30, 2016 and 2015 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. These consolidated financial data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements and related notes included elsewhere in this Report. Our selected consolidated income statement data for the year ended June 30, 2013 and the selected consolidated balance sheet data as of June 30, 2013, 2012 have been derived from our audited financial statements which are not included in this Report. The historical results presented below are not necessarily indicative of the results that may be expected in any future period.

	As of June 30,				
	2016	2015	2014	2013	2012
Revenue	\$ 268,785,020	\$ 263,354,288	\$ 233,402,088	\$ 216,897,956	\$ 217,524,205
Cost of goods sold	175,755,689	159,398,386	142,203,315	137,514,102	138,248,972
Gross profit	93,029,331	103,955,902	91,198,773	79,383,854	79,275,233
Operating expenses	60,437,412	62,242,978	55,881,113	23,998,392	25,350,223
Income from operations	32,591,919	41,712,924	35,317,660	55,385,462	53,925,010
Non-operating income (expense)	(515,759)	(1,350,983)	(1,742,019)	(427,426)	(1,165,872)
Provision for income taxes	7,371,967	8,916,815	8,060,946	10,183,988	10,801,313
Net income	\$ 24,704,193	\$ 31,445,126	\$ 25,514,695	\$ 44,774,048	\$ 41,957,825
Weighted average shares outstanding:					
Basic	36,703,576	33,983,698	31,403,001	27,775,964	26,943,530
Diluted	36,703,576	33,983,698	31,403,001	27,775,964	26,943,530
Earnings (loss) per share:					
Basic	\$ 0.67	\$ 0.93	\$ 0.81	\$ 1.61	\$ 1.56
Diluted	\$ 0.67	\$ 0.93	\$ 0.81	\$ 1.61	\$ 1.56

	As of June 30,				
	2016	2015	2014	2013	2012
Total current assets	\$ 335,581,234	\$ 304,184,346	\$ 228,212,666	\$ 227,164,937	\$ 175,089,323
Total assets	418,782,527	429,582,618	393,110,210	348,728,342	288,031,053
Total current liabilities	48,298,195	56,633,144	61,070,418	51,875,050	45,774,399
Total liabilities	48,298,195	56,633,144	61,070,418	51,875,050	45,774,399
Total stockholders' equity	\$ 370,484,332	\$ 372,949,474	\$ 332,039,792	\$ 296,853,292	\$ 242,256,654

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes to those financial statements appearing elsewhere in this report. This discussion and analysis contains forward-looking statements that involve significant risks and uncertainties. As a result of many factors, such as the slow-down of the global financial markets and its impact on economic growth in general, the competition in the fertilizer industry and the impact of such competition on pricing, revenues and margins, the weather conditions in the areas where our customers are based, the cost of attracting and retaining highly skilled personnel, the prospects for future acquisitions, and the factors set forth elsewhere in this report, our actual results may differ materially from those anticipated in these forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this report will in fact occur. You should not place undue reliance on the forward-looking statements contained in this report.*

*The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by U.S. federal securities laws, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. Further, the information about our intentions contained in this report is a statement of our intention as of the date of this report and is based upon, among other things, the existing regulatory environment, industry conditions, market conditions and prices, and our assumptions as of such date. We may change our intentions, at any time and without notice, based upon any changes in such factors, in our assumptions or otherwise.*

Unless the context indicates otherwise, as used in the notes to the financial statements of the Company, the following are the references herein of all the subsidiaries of the Company (i) Green Agriculture Holding Corporation (“Green New Jersey”), a wholly-owned subsidiary of Green Nevada incorporated in the State of New Jersey; (ii) Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. (“Jinong”), a wholly-owned subsidiary of Green New Jersey organized under the laws of the PRC; (iii) Xi'an Hu County Yuxing Agriculture Technology Development Co., Ltd. (“Yuxing”), a Variable Interest Entity in the PRC (“VIE”) controlled by Jinong through contractual agreements; (iv) Shaanxi Lishijie Agrochemical Co., Ltd. (“Lishijie”), a VIE controlled by Jinong through contractual agreements; (v) Songyuan Jinyangguang Sannong Service Co., Ltd. (“Jinyangguang”), a VIE in the PRC controlled by Jinong through contractual agreements; (vi) Shenqiu County Zhenbai Agriculture Co., Ltd. (“Zhenbai Agri”), a VIE controlled by Jinong through contractual agreements; (vii) Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd. (“Wangtian”), a VIE controlled by Jinong through contractual agreements; (viii) Aksu Xindegao Agricultural Materials Co., Ltd. (“Xindegao”), a VIE controlled by Jinong through contractual agreements; (ix) Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd (“Xinyulei”), a VIE controlled by Jinong through contractual agreements; (x) Beijing Gufeng Chemical Products Co., Ltd., a wholly-owned subsidiary of Jinong in the PRC (“Gufeng”), and (xi) Beijing Tianjuyuan Fertilizer Co., Ltd., Gufeng's wholly-owned subsidiary in the PRC (“Tianjuyuan”).

Unless the context otherwise requires, all references to (i) “PRC” and “China” are to the People's Republic of China; (ii) “U.S. dollar,” “\$” and “US\$” are to United States dollars; and (iii) “RMB,” “Yuan” and Renminbi are to the currency of the PRC or China.

### Overview

We are engaged in research, development, production and sale of various types of fertilizers and agricultural products in the PRC through our wholly-owned Chinese subsidiaries, Jinong and Gufeng (including Gufeng's subsidiary Tianjuyuan), and our VIE, Yuxing. Our primary business is fertilizer products, specifically humic-acid based compound fertilizer produced by Jinong and compound fertilizer, blended fertilizer, organic compound fertilizer, slow-release fertilizer, highly-concentrated water-soluble fertilizer and mixed organic-inorganic compound fertilizer produced by Gufeng. In addition, through Yuxing, we develop and produce various agricultural products, such as top-grade fruits, vegetables, flowers and colored seedlings. For financial reporting purposes, our operations are organized into three business segments: fertilizer products (Jinong), fertilizer products (Gufeng) and agricultural products production (Yuxing).

The fertilizer business conducted by Jinong and Gufeng generated approximately 96.9% and 98.4% of our total revenues for the years ended June 30, 2016 and 2015, respectively. Yuxing serves as a research and development base for our fertilizer products.

As of June 30, 2016, we had developed, produced, and sold a total of 688 different fertilizer products in use, of which 132 were developed and produced by Jinong, 332 by Gufeng, and 224 by the six VIEs (namely Lishijie, Jinyangguang, Zhenbai Agri, Wangtian, Xindegao, Xinyulei) that we acquired on June 30, 2016 (as described below). Through the acquisition of these six VIEs, we expanded our product offering and begin to offer our customers a broader range of products.

Below is a table that shows the metric tons of fertilizer sold by Jinong and Gufeng and the revenue per ton for the periods indicated:

	Year Ended June 30,		Change 2015 to 2016	
	2016	2015	Amount	%
	(metric tons)			
Jinong	55,259	74,351	(19,092)	(25.7)%
Gufeng	358,374	287,428	70,946	24.7%
	<u>413,633</u>	<u>361,779</u>	<u>51,854</u>	
	Year Ended June 30,			
	2016	2015		
	(revenue per tons)			
Jinong	\$ 2,275	\$ 1,913		
Gufeng	376	407		

For the fiscal year ended June 30, 2016, we sold approximately 413,633 metric tons of fertilizer products, as compared to 361,779 metric tons for the fiscal year ended June 30, 2015. For the fiscal year ended June 30, 2016, Jinong sold approximately 55,259 metric tons of fertilizer products, as compared to 74,351 metric tons for the fiscal year ended June 30, 2015. For the fiscal year ended June 30, 2016, Gufeng sold approximately 358,374 metric tons of fertilizer products, as compared to 287,428 metric tons for the fiscal year ended June 30, 2015.

Our sales of fertilizer products to five provinces accounted for approximately 56.3% of our fertilizer revenue for year ended June 30, 2016. Specifically, the provinces and their respective percentage contributed to our fertilizer revenues were: Beijing (24.1%), Hebei (11.9%), Shaanxi (8.4%), Heilongjiang (6.8%) and Liaoning (5.0%).

As of June 30, 2016, we had a total of 1,904 distributors covering 27 provinces, four autonomous regions and three central government-controlled municipalities in China. Jinong had 1,076 distributors in China. Jinong's sales are not dependent on any single distributor or any group of distributors. Jinong's top five distributors accounted for 1.6% of its fertilizer revenues for the fiscal year ended June 30, 2016. Gufeng had 300 distributors, including some large state-owned enterprises. Gufeng's top five distributors accounted for 75.2% of its revenues for the fiscal year ended June 30, 2016. In addition to the distributors Jinong and Gufeng has had for its respective products, we also gained access to 528 new distributors through the acquisition of the six VIEs completed in June 2016.

#### *Agricultural Products*

Through Yuxing, we develop, produce and sell high-quality flowers, green vegetables and fruits to local marketplaces and various horticulture and planting companies. We also use certain of Yuxing's greenhouse facilities to conduct research and development activities for our fertilizer products. The three PRC provinces that accounted for 87.8% of our agricultural products revenue for the fiscal year ended June 30, 2016 were Shaanxi (75.5%), Gansu (3.5%), Shanghai (3.4%).

#### **Recent Developments**

##### *New Products*

During the three months ended June 30, 2016, Jinong launched 2 new fertilizer products. Jinong's new products generated approximately \$19,520 of Jinong's fertilizer revenues for the three months ended June 30, 2016. Jinong also added 12 new distributors for the three months ended June 30, 2016. Jinong's new distributors accounted for approximately \$1,922,002 of Jinong's fertilizer revenues for the three months ended June 30, 2016.

During the three months ended June 30, 2016, Gufeng added 1 new distributors.

## Strategic Acquisitions

On June 30, 2016, through Jinong, we entered into (i) Strategic Acquisition Agreements (the “SAA”), and (ii) Agreements for Convertible Notes (the “ACN”), with the shareholders of the companies as identified below (the “Targets”).

Company Name	Business Scope	Cash Payment for Acquisition (RMB <sup>(1)</sup> )	Principal of Notes for Acquisition (RMB)
Shaanxi Lishijie Agrochemical Co., Ltd.	Sales of pesticides, agricultural chemicals, chemical fertilizers, agricultural materials; Manufacture and sales of mulches.	10,000,000	3,000,000
Songyuan Jinyanguang Sannong Service Co., Ltd.	Promotion and consulting services regarding agricultural technologies; Retail sales of chemical fertilizers (including compound fertilizers and organic fertilizers); Wholesale and retail sales of pesticides, agricultural machineries and accessories; Collection of agricultural information; Development of saline-alkali soil; Promotion and development of high-efficiency agriculture and agriculture informatization, agricultural and biological engineering high technologies; E-commerce; Cultivation of freshwater fish, poultry, fruits, flowers, vegetables, and seeds; Recycle and complex utilization of straw and stalk; Technology transfer and training; Recycle of agricultural economic; Ecological industry planning.	8,000,000	12,000,000
Shenqiu County Zhenbai Agriculture Co., Ltd.	Cultivation of crops; Storage, sales, preliminary processing and logistics distribution of agricultural by-products; Promotion and application of agricultural technologies; Purchase and sales of agricultural materials; Electronic commerce.	3,000,000	12,000,000
Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd.	Promotion and application of new agricultural technologies; Professional prevention of plant diseases and insect pests; Sales of plant protection products, plastic material, chemical fertilizers, pesticides, agricultural mulches, micronutrient fertilizers, hormones, agricultural machineries and medicines, and gardening tools.	6,000,000	12,000,000
Aksu Xindegua Agricultural Materials Co., Ltd.	Wholesale and retail sales of pesticides; Sales of chemical fertilizers, packaged seeds, agricultural mulches, micronutrient fertilizers, compound fertilizers, plant growth regulators, agricultural machineries, and water economizers; Consulting services for agricultural technologies; Purchase and sales of agricultural by-products.	10,000,000	12,000,000
Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd	Sales of chemical fertilizers, packaged seeds, agricultural mulches, micronutrient fertilizers, organic fertilizers, plant growth regulators, agricultural machineries, and water economizers; Purchase and sales of agricultural by-products; Cultivation of fruits and vegetables; Consulting services and training for agricultural technologies; Storage services; Sales of articles of daily use, food and oil; On-line sales of the above mentioned products.		
Total		37,000,000	51,000,000

(1) The exchange rate between RMB and U.S. dollars on June 30, 2016 is RMB1=US\$0.1508, according to the exchange rate published by Bank of China.



Pursuant to the SAA and the ACN, the shareholders of the Targets, while be in possession of the equity interests and will continue to be the legal owners of such interests, agreed to pledge and entrust all of their equity interests, including the proceeds thereof but excluding any claims or encumbrances, and the operations and management of its business to Jinong, in exchange of an aggregated amount of RMB37,000,000 (approximately \$5,579,600) to be paid by Jinong within three days following the execution of the SAA, ACN and the VIE Agreements, and convertible notes with an aggregated face value of RMB51,000,000 (approximately \$7,690,800) with an annual fixed compound interest rate of 3% and term of three years.

Jinong acquired the Targets using the VIE arrangement based on our need to further develop our business and comply with the regulatory requirements under the PRC laws.

As our business focuses on the production of fertilizer, all of our business activities intertwine with those in the agriculture industry in China. Specifically, we deal with compliance, regulation, safety, inspection, and licenses in fertilizer production, farm land use and transfer, growing and distribution of agriculture goods, agriculture basic supplies, seeds, pesticides, and trades of grains. It is an industry in which heavy regulations get implemented and strictly enforced. In addition, E-commerce, which is also under strict government regulations in the PRC, has lately become a sale and distribution channel for agricultural products. Currently, we are developing an online platform to connect the physical distribution network we either own or lease.

Compared with the regulatory environment in other jurisdictions, the regulatory environment in the PRC is unique. For example, the “M&A Rules” purports to require that an offshore special purpose vehicle controlled directly or indirectly by PRC companies or individuals and formed for purposes of overseas listing through acquisition of PRC domestic interests held by such PRC companies or individuals obtain the approval of the China Securities Regulatory Commission (the “CSRC”) prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. However, the CSRC has not issued any definitive rules or interpretations concerning whether offerings such as the Offering are subject to the CSRC approval procedures under the M&A Rules. Based on our understanding of the PRC Laws (including the M&A Rules), a prior approval from the CSRC is not required for the Offering because (1) the Company established its first foreign invested enterprise in 1999, prior to the adoption of M&A Rules; (2) the Company did not acquire any equity interests or assets of a PRC company owned by its controlling shareholders or beneficial owners who are PRC companies or individuals, as such terms are defined under the M&A Rules. However, uncertainties still exist as to how the M&A Rule will be interpreted and implemented and our opinion stated above is subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rule.

For both E-commerce and agriculture industries, PRC regulators limit the investment from foreign entities and set particularly rules for foreign-owned entities to conduct business. We expect these limitations on foreign-owned entities will continue to exist in E-commerce and agriculture industries. VIE arrangement, however, provides feasibility for the purpose of obtaining administrative approval process and avoiding industry restrictions that be imposed on an entity that is a wholly-owned subsidiary of a foreign entity. The VIE agreements reduces uncertainty and the current limitation risk. It is our understanding that the VIE agreements, as well as the control we obtained through VIE arrangement, are valid and enforceable. Such legal structure does not violate the known, published, and current PRC laws. While there are substantial uncertainties regarding the interpretation and application of PRC Laws and future PRC laws and regulations, and there can be no assurance that the PRC authorities will take a view that is not contrary to or otherwise different from our belief and understanding stated above, we believe the substantial difficulty that we experienced previously to conduct business in agriculture as a foreign ownership ca be greatly reduced by the VIE arrangement. Further, as an integral part of the VIE arrangement, the underlying equity pledge agreements provide legal protection for the control we obtained. Pursuant to the equity pledge agreements, we have completed the equity pledge processes with the Targets to ensure the complete control of the interests in the Targets. The shareholders of the Targets are not entitled to transfer any shares to the third party under the exclusive option agreements. If necessary, they may transfer shares to our company without consideration.

While the VIE arrangement provides us with the feasibility to conduct our business in the E-Commerce and agriculture industries, validity and enforceability of VIE arrangement is subject to (i) any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws affecting creditors’ rights generally, (ii) possible judicial or administrative actions or any PRC Laws affecting creditors’ rights, (iii) certain equitable, legal or statutory principles affecting the validity and enforceability of contractual rights generally under concepts of public interest, interests of the State, national security, reasonableness, good faith and fair dealing, and applicable statutes of limitation; (iv) any circumstance in connection with formulation, execution or implementation of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, coercionary at the conclusions thereof; and (v) judicial discretion with respect to the availability of indemnifications, remedies or defenses, the calculation of damages, the entitlement to attorney’s fees and other costs, and the waiver of immunity from jurisdiction of any court or from legal process. Validity and enforceability of VIE arrangement is also subject to risk derived from the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC. As a result, there can no assurance that any of such PRC Laws will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect.

## Results of Operations

Fiscal Year ended June 30, 2016 Compared to the Year ended June 30, 2015.

### FOR THE YEARS ENDED JUNE 30

	2016	2015	Change \$	Change%
Sales				
Jinong	\$ 125,716,937	\$ 130,355,168	\$ (4,638,231)	-3.6%
Gufeng	134,661,420	128,675,606	5,985,814	4.7%
Yuxing	8,406,663	4,323,514	4,083,149	94.4%
Net sales	268,785,020	263,354,288	5,430,732	2.1%
Cost of goods sold			-	
Jinong	53,515,169	51,948,851	1,566,318	3.0%
Gufeng	116,427,052	104,361,828	12,065,224	11.6%
Yuxing	5,813,468	3,087,707	2,725,761	88.3%
Cost of goods sold	175,755,689	159,398,386	16,357,303	10.3%
Gross profit	93,029,331	103,955,902	(10,926,571)	-10.5%
Operating expenses			-	
Selling expenses	13,527,912	9,010,486	4,517,426	50.1%
Selling expenses - amortization of deferred asset	35,068,272	41,902,052	(6,833,780)	-16.3%
General and administrative expenses	11,841,228	11,330,440	(510,788)	4.5%
Total operating expenses	60,437,412	62,242,978	(1,805,566)	-2.9%
Income from operations	32,591,919	41,712,924	(9,121,005)	-21.9%
Other income (expense)			-	
Other income (expense)	(5,473)	59,176	(64,649)	-109.2%
Interest income	485,673	302,480	183,193	60.6%
Interest expense	(995,959)	(1,712,639)	716,680	-41.8%
Total other income (expense)	(515,759)	(1,350,983)	835,224	-61.8%
Income before income taxes	32,076,160	40,361,941	(8,285,781)	-20.5%
Provision for income taxes	7,371,967	8,916,815	(1,544,848)	-17.3%
Net income	24,704,193	31,445,126	(6,740,933)	-21.4%
Other comprehensive income			-	
Foreign currency translation gain	(31,404,626)	2,867,747	(34,272,373)	-1195.1%
Comprehensive income	\$ (6,700,433)	\$ 34,312,873	\$ (41,013,306)	-119.5%
Basic weighted average shares outstanding	36,703,576	33,983,698	2,719,878	8.0%
Basic net earnings per share	\$ 0.67	\$ 0.93	\$ (0.25)	-27.3%
Diluted weighted average shares outstanding	36,703,576	33,983,698	2,719,878	8.0%
Diluted net earnings per share	0.67	\$ 0.93	(0.25)	-27.3%

#### Net Sales

Total net sales for the fiscal year ended June 30, 2016 were \$268,785,020, an increase of \$5,430,732 or 2.1%, from \$263,354,288 for the fiscal year ended June 30, 2015. This increase was primarily due to an increase in Gufeng's and Yuxing's net sales.

For the fiscal year ended June 30, 2016, Jinong's net sales decreased \$4,638,231, or 3.6%, to \$125,716,937 from \$130,355,168 for the fiscal year ended June 30, 2015. This decrease was mainly attributable to the decrease in Jinong's sales volume during the last fiscal year.

For the fiscal year ended June 30, 2016, Gufeng's net sales were \$134,661,420, an increase of \$5,985,814, or 4.7% from \$128,698,399 for the fiscal year ended June 30, 2015. The increase was mainly attributable to Gufeng's further expansion of its marketing promotion strategy during the last fiscal year.

For the fiscal year ended June 30, 2016, Yuxing's net sales were \$8,406,663, an increase of \$4,083,149 or 94.4%, from \$4,323,514 for the fiscal year ended June 30, 2015. The increase was mainly attributable to the increase in market demand and the higher prices on Yuxing's top grade flowers during the last fiscal year.

#### *Cost of Goods Sold*

Total cost of goods sold for the fiscal year ended June 30, 2016 was \$175,755,689, an increase of \$16,357,303, or 10.3%, from \$159,398,386 for the fiscal year ended June 30, 2015. This increase was mainly due to increase in cost of good sold in three business segments.

Cost of goods sold by Jinong for the fiscal year ended June 30, 2016 was \$53,515,169, an increase of \$1,566,318, or 3.0%, from \$51,948,851 for the fiscal year ended June 30, 2015. The increase in cost of goods was mainly due to Jinong's higher raw material cost.

Cost of goods sold by Gufeng for the fiscal year ended June 30, 2016 was \$116,427,052, an increase of \$12,065,224, or 11.6%, from \$104,361,828 for the fiscal year ended June 30, 2015. This increase was primarily attributable to an increase in the cost of raw materials and an increase in its sales.

For year ended June 30, 2016, cost of goods sold by Yuxing was \$5,813,468, an increase of \$2,725,761, or 88.3%, from \$3,087,707 for the fiscal year ended June 30, 2015. This increase was mainly due to the increase in Yuxing's net sales.

#### *Gross Profit*

Total gross profit for the fiscal year ended June 30, 2016 decreased by \$10,926,571 to \$93,029,331, as compared to \$103,955,902 for the fiscal year ended June 30, 2015. Gross profit margin was 34.6% and 39.5% for the fiscal year ended June 30, 2016 and 2015, respectively.

Gross profit generated by Jinong decreased by \$6,204,549, or 7.9%, to \$72,201,768 for the fiscal year ended June 30, 2016 from \$78,406,317 for the fiscal year ended June 30, 2015. Gross profit margin from Jinong's sales was approximately 57.4% and 60.1% for the fiscal year ended June 30, 2016 and 2015, respectively. The decrease in gross profit margin was mainly due to the increase in product costs.

For the fiscal year ended June 30, 2016, gross profit generated by Gufeng was \$18,234,368, a decrease of \$6,079,410, or 25%, from \$24,313,778 for the fiscal year ended June 30, 2015. Gross profit margin from Gufeng's sales was approximately 13.5% and 18.9% for the fiscal year ended June 30, 2016 and 2015, respectively. The decrease in gross profit margin was mainly due to the increased weight for lower-margin products sales in Gufeng's total sales to answering market demand.

For the fiscal year ended June 30, 2016, gross profit generated by Yuxing was \$2,593,195, an increase of \$1,357,388, or 109.8% from \$1,235,807 for the fiscal year ended June 30, 2015. The gross profit margin was approximately 30.8% and 28.6% for the fiscal year ended June 30, 2016 and 2015, respectively. The increase in gross profit percentage was mainly due to the higher priced top grade flowers that Yuxing sold during the last fiscal year.

### *Selling Expenses*

Our selling expenses consisted primarily of salaries of sales personnel, advertising and promotion expenses, freight-out costs and related compensation. Selling expenses were \$13,527,911, or 5.0%, of net sales for the fiscal year ended June 30, 2016, as compared to \$9,010,486 or 3.4% of net sales for the fiscal year ended June 30, 2015, an increase of \$4,517,425, or 50.1%. The selling expenses of Yuxing were \$200,983 or 2.4% of Yuxing's net sales for the fiscal year ended June 30, 2016, as compared to \$45,594, or 1.1% of Yuxing's net sales for the fiscal year ended June 30, 2015. The selling expenses of Gufeng were \$545,652 or 0.4% of Gufeng's net sales for the fiscal year ended June 30, 2016, as compared to \$1,152,297, or 0.9% of Gufeng's net sales for the fiscal year ended June 30, 2015. The selling expenses of Jinong for the fiscal year ended June 30, 2016 were \$12,781,276 or 10.2% of Jinong's net sales, as compared to selling expenses of \$7,812,595, or 5.9% of Jinong's net sales for the fiscal year ended June 30, 2015. The increase in Jinong's selling expenses was due to Jinong's further expanded marketing efforts led to the increase in shipping costs and packaging cost.

### *Selling Expenses – amortization of deferred assets*

Our selling expenses - amortization of our deferred assets were \$35,068,273, or 13.0%, of net sales for the fiscal year ended June 30, 2016, as compared to \$41,902,052 or 15.8% of net sales for the fiscal year ended June 30, 2015, a decrease of \$6,833,779, or 16.3%. This decrease was due to the fact that some of the deferred assets were fully amortized and therefore no amortization was recorded on the fully amortized assets during the last year.

### *General and Administrative Expenses*

General and administrative expenses consisted primarily of related salaries, rental expenses, business development, depreciation and travel expenses incurred by our general and administrative departments and legal and professional expenses including expenses incurred and accrued for certain litigations. General and administrative expenses were \$11,841,228, or 4.4% of net sales for the fiscal year ended June 30, 2016, as compared to \$11,330,440, or 4.3%, of net sales for the fiscal year ended June 30, 2015, an increase of \$510,788, or 4.5%.

### *Total Other Expenses*

Total other expenses consisted of income from subsidies received from the PRC government, interest income, interest expenses and bank charges. Total other expense for the fiscal year ended June 30, 2016 was \$515,759, as compared to \$1,350,983 for the fiscal year ended June 30, 2015, a decrease in expense of \$835,224, or 61.8%. The decrease in total other expense partly resulted from a decrease in interest expense by \$716,680 or 41.8%, to \$995,959 during the year ended June 30, 2016 as compared to \$1,712,639 during the year ended June 30, 2015, due to a lesser amount of short term loans outstanding in 2016 as compared to 2015. There is also a \$5,473 other expense during the year ended June 30, 2016, as compared to an income of \$59,176 during the year ended June 30, 2015.

### *Income Taxes*

Jinong is subject to a preferred tax rate of 15% as a result of its business being classified as a High-Tech project under the PRC Enterprise Income Tax Law ("EIT") that became effective on January 1, 2008. Jinong incurred income tax expenses of \$3,592,823 for the fiscal year ended June 30, 2016, as compared to \$4,262,040 for the fiscal year ended June 30, 2015, a decrease of \$669,217 or 15.7%.

Gufeng is subject to a tax rate of 25%, incurred income tax expenses of \$3,779,145 for the fiscal year ended June 30, 2016, as compared to \$4,654,774 for the fiscal year ended June 30, 2015, a decrease of \$875,629, or 18.8%.

Yuxing has no income tax for the years ended June 30, 2016 and 2015 as a result of being exempted from paying income tax due to its products fall into the tax exemption list set out in the EIT.

#### *Net Income*

Net income for the fiscal year ended June 30, 2016 was \$24,704,193, a decrease of \$6,740,933, or 21.4%, compared to \$31,445,126 for the fiscal year ended June 30, 2015. The decrease was attributable to the increase in net sales, offset by an increase in selling expenses. Net income as a percentage of total net sales was approximately 9.6% and 11.9% for the fiscal year ended June 30, 2016 and 2015, respectively.

#### **Discussion of Segment Profitability Measures**

As of June 30, 2016, we were engaged in the following businesses: the production and sale of fertilizers through Jinong and Gufeng and the production and sale of high-quality agricultural products by Yuxing. For financial reporting purpose, our operations were organized into three main business segments based on locations and products: Jinong (fertilizer production), Gufeng (fertilizer production) and Yuxing (agricultural products production). Each of the segments has its own annual budget with regard to development, production and sales.

Each of the three operating segments referenced above has separate and distinct general ledgers. The chief operating decision maker (“CODM”) makes decisions with respect to resources allocation and performance assessment upon receiving financial information, including revenue, gross margin, operating income and net income produced from the various general ledger systems; however, net income by segment is the principal benchmark to measure profit or loss adopted by the CODM.

For Jinong, the net income decreased 16.3%, by \$3,837,745 to \$19,652,000 for year ended June 30, 2016, from \$23,489,745 for the fiscal year ended June 30, 2015. The difference was due to the decrease in net sales.

For Gufeng, the net income decreased by \$3,207,478 or 23.3% to \$10,557,316 for year ended June 30, 2016 from \$13,764,794 for year ended June 30, 2015. The difference was due to the increase in net sales offset by the higher selling expenses.

For Yuxing, the net income increased 95.8% by \$720,040 to \$1,471,412 for year ended June 30, 2016 from \$751,372 for year ended June 30, 2015. The increase was mainly due to the higher net sales and Yuxing’s more cost-efficient measures taken during the last year.

#### **Liquidity and Capital Resources**

Our principal sources of liquidity include cash from operations, borrowings from local commercial banks and net proceeds of offerings of our securities consummated in July 2009 and November/December 2009 (collectively the “Public Offerings”).

As of June 30, 2016, cash and cash equivalents were \$102,896,486, an increase of \$9,913,922, or 10.7%, from \$92,982,564 as of June 30, 2015.

We intend to use some of the remaining net proceeds from the Public Offerings, as well as other working capital if required, to acquire new businesses such as the six VIEs described above, upgrade production lines and complete Yuxing’s new greenhouse facilities for agriculture products located on 88 acres of land in Hu County, 18 kilometers southeast of Xi’an city. Yuxing purchased a set of agricultural products test equipment for the year of 2016. We believe that we have sufficient cash on hand and positive projected cash flow from operations to support our business growth for the next twelve months to the extent we do not have further significant acquisitions or expansions. However, if events or circumstances occur and we do not meet our operating plan as expected, we may be required to seek additional capital and/or to reduce certain discretionary spending, which could have a material adverse effect on our ability to achieve our business objectives. Notwithstanding the foregoing, we may seek additional financing as necessary for expansion purposes and when we believe market conditions are most advantageous, which may include additional debt and/or equity financings. There can be no assurance that any additional financing will be available on acceptable terms, if at all. Any equity financing may result in dilution to existing stockholders and any debt financing may include restrictive covenants.

The following table sets forth a summary of our cash flows for the periods indicated:

	<b>Year Ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
Net cash provided by operating activities	\$ 34,358,655	\$ 67,534,917
Net cash provided by (used in) investing activities	689,545	(3,094,544)
Net cash provided by (used in) financing activities	(17,102,600)	1,125,649
Effect of exchange rate change on cash and cash equivalents	(8,031,678)	526,221
Net increase (decrease) in cash and cash equivalents	9,913,922	66,092,243
Cash and cash equivalents, beginning balance	92,982,564	26,890,321
Cash and cash equivalents, ending balance	<u>\$ 102,896,486</u>	<u>\$ 92,982,564</u>

#### *Operating Activities*

Net cash provided by operating activities was \$34,358,655 for the fiscal year ended June 30, 2016, a decrease of \$33,176,262, or 49.1% from cash provided by operating activities of \$67,534,917 for the fiscal year ended June 30, 2015. The decrease was mainly attributable to the decrease in net income a decrease in account receivable and taxes payable during the year ended June 30, 2016 as compared to the same period in 2015.

#### *Investing Activities*

Net cash provided by investing activities for the fiscal year ended June 30, 2016 was \$689,545, an increase of \$3,784,089, or 122.3% from cash used in investing activities of \$3,094,544 for the fiscal year ended June 30, 2015. This increase was due to cash acquired with acquisitions in 2016 and a decrease in cash used to purchase deferred assets, offset by a decrease in proceeds from other receivables.

#### *Financing Activities*

Net cash used in financing activities for the fiscal year ended June 30, 2016 was \$17,102,600, a decrease of 18,228,246 from cash provided by financing activities of \$1,125,649 for the fiscal year ended June 30, 2015. During the year ended June 30, 2016, we received \$3,110,000 from the proceeds from loans compared to \$21,844,890 of proceeds from loans for the fiscal year ended June 30, 2015.

As of June 30, our loans payables were as follows:

	<b>2016</b>	<b>2015</b>
Short term loans payable:	\$ 4,665,500	\$ 23,605,540
Total	<u>\$ 4,665,500</u>	<u>\$ 23,605,540</u>

#### *Accounts Receivable*

We had accounts receivable of \$117,055,376 as of June 30, 2016, as compared to \$68,528,598 as of June 30, 2015, an increase of \$48,526,778 or 70.8%. As of June 30, 2016, Gufeng had accounts receivable of \$47,346,062, an increase of \$46,450,482, comparing to \$895,580 as of June 30, 2015. The increase is mainly due to a large amount sale of approximately 6 million to Sino-argi Group during the last year.

Allowance for doubtful accounts in account receivable for the fiscal year ended June 30, 2016 was \$397,123, an increase of \$89,200 or 30.0% from \$307,923 as of June 30, 2015. And the allowance for doubtful accounts as a percentage of accounts receivable was 0.34% as of June 30, 2016 and 0.45% as of June 30, 2015.

#### *Deferred assets*

We had deferred assets of \$13,431,621 as of June 30, 2016, as compared to \$51,527,209 as of June 30, 2015. During the twelve months we assisted the distributors in certain marketing efforts and developing standard stores to expand our competitive advantage and market shares. Based on the distributor agreements, the amount owed by the distributors in certain marketing efforts and store development will be expensed over three years as long as the distributors are actively selling our products. If a distributor defaults, breaches, or terminates the agreement with us earlier than the contractual terms, the unamortized portion of the amount owed by the distributor is payable to us immediately. The Company's Chairman and CEO, Mr. Li, provided credit backup guarantee toward potential losses to the Company of any amounts due from distributors in this matter.

#### *Inventories*

We had inventories of \$87,436,315 as of June 30, 2016, as compared to \$101,302,947 as of June 30, 2015, a decrease of \$13,866,632, or 13.7%. The principal reason for the increase is attributed to the decrease of Gufeng's inventory. As of June 30, 2016, Gufeng's inventory was \$60,183,741 as of June 30, 2016, compared to \$82,342,457 as of June 30, 2015.

#### *Advances to Suppliers*

We had advances to suppliers of \$26,863,959 as of June 30, 2016 as compared to \$40,910,837 as of June 30, 2015, representing a decrease of \$14,046,878 or 34.3%. Our inventory level may fluctuate from time to time, depending how fast the raw material gets consumed and replenished during the production process, and how fast the finished goods get sold. The replenishment of raw material relies on the management's estimate of numerous factors, including but not limited to, the raw material's future price, and spot price along with their volatility, as well as the seasonal demand and future price of finished fertilizer products. Such estimate may not be accurate, and the purchase decision of raw materials based on the estimate can cause excessive inventories in slow sales and insufficient inventories in peak times.

#### *Accounts Payable*

We had accounts payable of \$5,246,153 as of June 30, 2016 as compared to \$2,372,130 as of June 30, 2015, representing an increase of \$2,874,023, or 121.2%. The increase was primarily due to the newly conducted acquisitions on June 30, 2016. The six VIEs controlled by Jinong had certain account payable.

#### *Unearned Revenue (Customer Deposit)*

We had unearned revenue of \$8,578,341 as of June 30, 2016 as compared to \$19,129,853 as of June 30, 2015, representing a decrease of \$10,551,512, or 55.2%. The decrease was mainly attributable to Gufeng's \$4,381,169 unearned revenue as of June 30, 2016, compared to \$18,811,820 unearned revenue during the same period last year, caused by the advancement deposits made by client. We expect to deliver products to our customers during the next three months at which time we will recognize the revenue.

#### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

#### **Critical Accounting Policies and Estimates**

Management's discussion and analysis of its financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles. Our financial statements reflect the selection and application of accounting policies which require management to make significant estimates and judgments. See Note 2 to our consolidated financial statements, "Basis of Presentation and Summary of Significant Accounting Policies." We believe that the following paragraphs reflect the more critical accounting policies that currently affect our financial condition and results of operations:

#### *Use of estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amount of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. However, actual results could differ materially from those estimates.

#### *Revenue recognition*

Sales revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, we have no other significant obligations and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Our revenue consists of invoiced value of goods, net of a value-added tax (VAT). No product return or sales discount allowance is made as products delivered and accepted by customers are normally not returnable and sales discounts are normally not granted after products are delivered.

#### *Cash and cash equivalents*

For statement of cash flows purposes, we consider all cash on hand and in banks, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

#### *Accounts receivable*

Our policy is to maintain reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Any accounts receivable of Jinong and Gufeng that is outstanding for more than 180 days will be accounted as allowance for bad debts, and any accounts receivable of Yuxing that is outstanding for more than 90 days will be accounted as allowance for bad debts.

#### *Assets held for sale*

Assets held for sale represent certain equipment from our Jintai facility that has been relocated. The carrying amount of the assets held for sale equals the fair value of the assets less disposal costs. These assets were sold prior to June 30, 2016.

#### *Deferred assets*

Deferred assets represent amounts the Company advanced to the distributors in their marketing and stores development to expand our competitive advantage and market shares. Based on the distributor agreements, the amount owed by the distributors in certain marketing efforts and store development will be expensed over three years as long as the distributors are actively selling our products. If a distributor defaults, breaches, or terminates the agreement with us earlier than the realization of the contractual terms, the unamortized portion of the amount owed by the distributor has to be refunded to us immediately. The Company's Chairman and CEO, Mr. Li, provided credit backup guarantee toward potential losses to the Company of any amounts due from distributors in this matter.



### *Segment reporting*

FASB ASC 280 requires use of the “management approach” model for segment reporting. The management approach model is based on the way a company’s management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company.

As of June 30, 2016, we were organized into nine main business segments: Jinong (fertilizer production), Gufeng (fertilizer production), Yuxing (agricultural products production), Lishijie (fertilizer production), Jinyanguang (fertilizer production), Zhenbai Agri (fertilizer production), Wangtian (fertilizer production), Xindeguo (fertilizer production) and Xinyulei (fertilizer production).

### **Item 7a. Quantitative and Qualitative Disclosures About Market Risks**

#### ***Disclosures About Market Risk***

We may be exposed to changes in financial market conditions in the normal course of business. Market risk generally represents the risk that losses may occur as a result of movements in interest rates and equity prices. We currently do not use financial instruments in the normal course of business that are subject to changes in financial market conditions.

#### ***Currency Fluctuations and Foreign Currency Risk***

Substantially all of our revenues and expenses are denominated in RMB. However, we use the U.S. dollar for financial reporting purposes. Conversion of RMB into foreign currencies is regulated by the People’s Bank of China through a unified floating exchange rate system. Although the PRC government has stated its intention to support the value of RMB, there can be no assurance that such exchange rate will not again become volatile or that RMB will not devalue significantly against the U.S. dollar. Exchange rate fluctuations may adversely affect the value, in U.S. dollar terms, of our net assets and income derived from our operations in the PRC.

Our reporting currency is the U.S. dollar. Except for the U.S. holding companies, all of our consolidated revenues, consolidated costs and expenses, and our assets are denominated in RMB. As a result, we are exposed to foreign exchange risk as our revenues and results of operations may be affected by fluctuations in the exchange rate between U.S. dollars and RMB. If the RMB depreciates against the U.S. dollar, the value of our RMB revenues, earnings and assets as expressed in our U.S. dollar financial statements will decline. Assets and liabilities are translated at exchange rates at the balance sheet dates and revenue and expenses are translated at the average exchange rates and shareholders' equity is translated at historical exchange rates. Any resulting translation adjustments are not included in determining net income but are included in determining other comprehensive income, a component of shareholders' equity. As of June 30, 2016, our accumulated other comprehensive income was \$ 27.9 million. We have not entered into any hedging transactions in an effort to reduce our exposure to foreign exchange risk. The value of the Renminbi against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions. Between July 1, 2015 and June 30, 2016, China's currency dropped by a cumulative 6.65% against the U.S. dollar on hopes of boosting the domestic economy, making Chinese exports cheaper and imports into China more expensive by that amount. The effect on trade can be substantial. Moreover, it is possible that in the future, the PRC authorities may lift restrictions on fluctuations in the Renminbi exchange rate and lessen intervention in the foreign exchange market.

### ***Interest Rate Risk***

We deposit surplus funds with Chinese banks earning daily interest. We do not invest in any instruments for trading purposes. All of our outstanding debt instruments carry fixed rates of interests. The amount of short-term debt outstanding as of June 30, 2016 and June 30, 2015 was \$ 5.5 million and \$23.6 million, respectively. We are exposed to interest rate risk primarily with respect to our short-term bank loans. Although the interest rates, which are based on the banks' prime rates with respect to our short-term loans are fixed for the terms of the loans, the terms are typically three to twelve months for short-term bank loans and interest rates are subject to change upon renewal. There were no material changes in interest rates for short-term bank loans renewed during the fiscal year ended June 30, 2016. The original loan term on average is one year, and the remaining average life of the short term-loans is nine months.

Management monitors the banks' prime rates in conjunction with our cash requirements to determine the appropriate level of debt balances relative to other sources of funds. We have not entered into any hedging transactions in an effort to reduce our exposure to interest rate risk.

### ***Credit Risk***

We have not experienced significant credit risk, as most of our customers are long-term customers with superior payment records. Our receivables are monitored regularly by our credit managers.

### ***Inflation Risk***

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenues if the selling prices of our products do not increase with these increased costs.

## **Item 8. Financial Statements and Supplementary Data**

Balance sheets, as of June 30, 2016 and 2015, and statements of operations, stockholders' equity and cash flows for each of the two years in the period ended June 30, 2016 and 2015, together with the related notes and the reports of independent registered public accounting firms, are set forth on the "F" pages of this report.

## **Item 9. Changes in and Disagreements with Accountants On Accounting and Financial Disclosure**

Not applicable.

## **Item 9a. Controls and Procedures**

### **Disclosure Controls and Procedures**

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 ("Exchange Act"), at the conclusion of the fiscal year ended June 30, 2016 we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this Report, our disclosure controls and procedures were effective and adequately designed to ensure that the information required to be disclosed by us in the reports we submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms and that such information was accumulated and communicated to our Chief Executive Officer and Chief Financial Officer, in a manner that allowed for timely decisions regarding required disclosure.

## **Management Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Any system of internal control, no matter how well designed, has inherent limitations, including the possibility that a control can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected in a timely manner. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation. In addition, the design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Therefore, any current evaluation of controls cannot and should not be projected to future periods.

Management assessed our internal control over financial reporting as of the year ended June 30, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework (COSO) in the report entitled "Internal Control-Integrated Framework." The COSO framework summarizes each of the components of a company's internal control system, including (i) the control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring.

Based on management's assessment using the COSO criteria, management has concluded that the Company's internal control over financial reporting was effective as of June 30, 2016 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

We are not required to have our internal control over financial reporting as of June 30, 2016 audited by our auditors because we are a smaller reporting company.

### ***Changes in Internal Control over Financial Reporting***

There were no changes in the Company's internal control over financial reporting that occurred during our last fiscal quarter ended June 30, 2016 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

### **Item 9b. Other Information**

There is no other information required to be disclosed under this item which was not previously disclosed.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

Set forth below are the names of our directors, executive officers and significant employees of our company as of the date of this Form 10-K, their ages, all positions and offices that they hold with us, the periods during which they have served as such, and their business experience during at least the last five years.

<b><u>Name</u></b>	<b><u>Position with the Company</u></b>	<b><u>Age</u></b>	<b><u>Term as Director of Company</u></b>
Tao Li	Chairman of the Board of Directors, Chief Executive Officer	50	2007 - Present
Zhuoyu “Richard” Li	President	24	2016 - Present
Ken Ren	Chief Financial Officer	39	2010 - Present
Ale Fan	Director	35	2015 - Present
Yiru Shi	Director Chairman of the Audit Committee Compensation Committee Member Nominating Committee Member	43	2011 - Present
Lianfu Liu	Director Chairman of the Nominating Committee Audit Committee Member Compensation Committee Member	77	2007 - Present
Jianlei Shen	Director Chairman of the Compensation Committee Audit Committee Member Nominating Committee Member	54	2015 - Present

Name	Position with the Company and Principal Occupations
<b>Tao Li</b>	<p>Chairman of the Board of Directors and Chief Executive Officer since December 26, 2007. Mr. Li has served as the President and CEO of Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd., our wholly-owned subsidiary (“Jinong”), since 2000. Mr. Li established Xi’an TechTeam Industry (Group) Co., Ltd. in 1996 and established Jinong in 2000. Mr. Li is also currently the Chairman of Kingtone Wirelessinfo Solution Holding Ltd, a NASDAQ listed company. He graduated from Northwest Polytechnic University in Xi’an, China with a Master’s degree in heat and metal treatment. Mr. Li is the current Vice Chairman of the China Green Food Association. Previously, he has held positions at the World Bank Loan Office of China Education Commission, National Key Laboratory for Low Temperature Technology, and Northwest Polytechnic University. Mr. Li is active in Shaanxi Province business and trade organizations including as a member of the CPPCC Shaanxi Committee, the Shaanxi Provincial Decision-Making Consultation Committee, Vice Chairman of the Shaanxi Provincial Federation of Industry and Commerce, Vice President of the Shaanxi Overseas Friendship Association, Vice Chairman of the Shaanxi Provincial Credit Association, Vice Chairman of the Shaanxi Provincial Youth Entrepreneurs Association, Vice Chairman of the Xi’an Municipal Federation of Industry and Commerce and Vice Chairman of the Xi’an Municipal Youth Entrepreneurs Association. Mr. Li, as the founder of our company, has been critical to our success and his experience brings to the board of directors an irreplaceable perspective with respect to our business and the industry in which we compete. These attributes make Mr. Li an ideal candidate to serve as our Chairman.</p>
<b>Zhuoyu “Richard” Li</b>	<p>Mr. Li has served as the President of our company since May 11, 2016. Mr. Li has four years of experience in the agricultural industry. Prior to joining the Company, Mr. Li has served as Chief Operating Officer at the Company’s affiliate, 900LH.com Food Co., Ltd. (“900LH.com”) since January 2016. From January 2015 to January 2016, Mr. Li served as a senior manager at the international department of 900LH.com, where he helped to develop the international market. Richard served as a senior manager at the customer center of 900LH.com from March 2013 through January 2015. He studied business at the University of Auckland in 2012. We believe Mr. Li is a good fit for the position given his background in the agricultural industry.</p>
<b>Ken Ren</b>	<p>Mr. Ren has served as the Chief Financial Officer of our company since April 23, 2010. Prior to joining our company, he served as a capital market analyst for the Federal Home Loan Bank of Des Moines since April 2009, where he analyzed, priced, and assisted in trading investments and issuing debt, conducted hedges and performed relative value analysis in the bank’s capital market group. From March 2008 to April 2009, Mr. Ren served as a senior investment associate at an asset management subsidiary of Wells Fargo, which provides money management services to institutional clients. Mr. Ren received a Ph.D. degree in Operations Research in 2006, and a M.S. degree in Computational Finance in 2004, both from Purdue University. We believe Mr. Ren is a good fit to serve as our Chief Financial Officer, given his credentials mentioned above.</p>

<b>Ale Fan</b>	Director. Ms. Fan had served as a Director of our company since 2015 and a Director of Finance at Jinong since January 2013. Ms. Fan had served as the deputy Director of Finance at Jinong since January 2013. She has also served as comptroller of the financial department at Jinong from September 2007 to December 2012. Prior to that, she worked as an accountant at Jinong from August 2003. Ms. Fan holds a degree in Accounting from Baoji University of Arts and Sciences. We believe that Ms. Fan's knowledge of the Company's history and day-to-day operations and her experience in accounting and finance in the PRC qualify her to serve a director of our company.
<b>Lianfu Liu</b>	Director, Chairman of Nominating Committee, Audit Committee Member and Compensation Committee Member. Mr. Liu has served as a director of our company since December 26, 2007. Mr. Liu has served as the Chairman of the China Green Food Association since 1998. From 1992 to 1998, Mr. Liu was a Director and Senior Engineer for the China Green Food Development Center. Prior to that, Mr. Liu was a Vice Director of the PRC Ministry of Agriculture. Mr. Liu graduated from Beijing Forestry University and studied soil conservation. We believe Mr. Liu's experience in the agricultural industry in the PRC allows him to bring a unique perspective as an independent director of our company.
<b>Yiru Shi</b>	Director, Chairman of the Audit Committee, Compensation Committee Member and Nominating Committee Member. Ms. Shi has served as a director of our company since December 9, 2011. Ms. Shi previously served as an independent director for Kingtone Wirelessinfo Solution Holding Ltd (Nasdaq: KONE) from March 2010 to July 2011. Prior to that, Ms. Shi served as Chief Financial Officer at China Infrastructure Construction Inc. from December 2009 to October 2010 and Chief Financial Officer at Shengtai Pharmaceutical Inc. from 2008 to December 2009. Prior to that, Ms. Shi served as Audit Manager at Kabani & Co. Inc. from 2005 to 2008. Ms. Shi graduated from the University of California, Irvine with an MBA degree in 2003 and Beijing Polytechnic University in 1997 with a Bachelor's degree in Computer Science and International Trade and Business. Ms. Shi is a CPA in the United States and is fluent in English and Chinese. We believe Ms. Shi's technical accounting background, strong academic credentials and substantial experience as a director and officer of other public companies qualifies Ms. Shi to serve on, and be a significant addition to, our Board of Directors.
<b>Jianlei Shen</b>	Director, Chairman of Compensation Committee, Audit Committee Member and Nominating Committee Member. Mr. Shen has four years of experience in online sales of agriculture materials. He has been working on developing an national e-commerce transaction platform of fertilizer since 2011. He worked on integrating fertilizer producers with online financial service and distributors in order to help the fertilizer producers survive and transit with the development of the e-commerce in the Chinese agriculture industry. Prior to that, Mr. Shen was working in China Medical Instrument Company(CMIC), and he was in charge of the enterprise information-based construction, including the development of the national medical apparatus and instruments online sales platform. Before that, Mr. Shen worked in the State Pharmaceutical Administration. Mr. Shen also worked at the Ministry of Science and Technology from 1991 to 1997. He graduated with a Master's degree in industrial engineering from Changchun University of Technology in 2000. We believe Mr. Shen's extensive e-commerce experience in agriculture industry qualifies Mr. Shen to serve as an independent director of our company.

All directors of our company hold office until the next annual meeting of our shareholders or until their successors have been elected and qualified. The executive officers of our company are appointed by our board of directors and hold office until their death, resignation or removal from office.

#### **Family Relationships**

Except for Mr. Tao Li and Mr. Zhuoyu “Richard” Li, who are father and son, there is no family relationship among any of our officers or directors.

#### **Involvement in Certain Legal Proceedings**

To the best of our knowledge, none of our directors or executive officers was involved in any legal proceedings during the last 10 years as described in Item 401(f) of Regulation S-K.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities (“Reporting Persons”), to file reports of ownership and changes in ownership with the SEC. The Reporting Persons are also required to furnish us with copies of all such reports. Based solely on our review of the reports received by us, we believe that, during the year ended June 30, 2016, our directors, executive officers and holders of ten percent (10%) or more of our common stock complied with Section 16(a) filing requirements applicable to them except as follows: the Form 4s filed on December 23, 2014 by five of our directors, executive officers and holders of ten percent or more of our common stock, which reported certain shares granted under the Company’s 2009 Equity Incentive Plan and were due on October 2, 2014, were not timely filed; the Form 4 filed on August 17, 2015 by Ms. Yiri Shi which reported certain shares sold and were due on August 10, 2015, was not timely filed.

#### **Code of Ethics**

We have adopted a Code of Ethics that applies to all of our employees and officers, and the members of our Board of Directors, which was amended and restated in 2010. The Amended and Restated Code of Ethics (the “Code of Ethics”) is available on our website at [www.cgagri.com](http://www.cgagri.com). Printed copies are available upon request without charge. Any amendment to or waiver of the Code of Ethics will be disclosed on our website promptly following the date of such amendment or waiver

## **Corporate Governance Guidelines**

We have adopted a Code of Ethics that applies to all of our employees and officers, and the members of the Board, which was amended and restated in 2010. The Amended and Restated Code of Ethics (the “Code of Ethics”) is available on our website at [www.cgagri.com](http://www.cgagri.com). Printed copies are available upon request without charge. Any amendment to or waiver of the Code of Ethics will be disclosed on our website promptly following the date of such amendment or waiver.

### **Audit Committee**

The Audit Committee is responsible for: (i) overseeing the corporate accounting and financial reporting practices; (ii) recommending the selection of our registered public accounting firm; (iii) reviewing the extent of non-audit services to be performed by the auditors; and (iv) reviewing the disclosures made in our periodic financial reports. The members of the Audit Committee are Messrs. Jianlei Shen, Lianfu Liu and Ms. Yiru Shi, each of whom is an independent director within the meaning of the rules of the NYSE and Rule 10A-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, the Board has determined that Ms. Shi qualifies as an Audit Committee Financial Expert under applicable SEC Rules. The Chairman of the Audit Committee is Ms. Shi. The Audit Committee held four meetings during the fiscal year ended June 30, 2016. The Audit Committee carries out its responsibilities in accordance with the terms of its Audit Committee Charter, a copy of which was attached as Annex A to our Definitive Proxy Statement on Schedule 14A for our 2010 Annual Meeting, filed with the SEC on October 28, 2010, and is also available on our website at [www.cgagri.com](http://www.cgagri.com).

### **Compensation Committee**

The Compensation Committee determines matters pertaining to the compensation of executive officers and other significant employees, and administers our stock and incentive plans. The members of the Compensation Committee are Messrs. Jianlei Shen, Lianfu Liu and Ms. Yiru Shi. The Chairman of the Compensation Committee is Ms. Shen. The Compensation Committee held one meeting during the fiscal year ended June 30, 2016. Each of the members of the Compensation Committee is a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act, and an “outside director” within the meaning of Section 162(m) under the Internal Revenue Code. The Compensation Committee carries out its responsibilities pursuant to a written charter, a copy of which was attached as Annex C to our Definitive Proxy Statement on Schedule 14A for our 2009 annual meeting, filed with the SEC on October 28, 2009, and is also available on our website at [www.cgagri.com](http://www.cgagri.com).

### **Nominating Committee**

The Nominating Committee identifies and nominates candidates to serve on our Board. The members of the Nominating Committee are Messrs. Jianlei Shen, Lianfu Liu and Ms. Yiru Shi. The Chairman of the Nominating Committee is Mr. Liu. The Nominating Committee held one meeting during the fiscal year ended June 30, 2016. A copy of our Nominating Committee Charter was attached as Annex B to our Definitive Proxy Statement on Schedule 14A for our 2010 annual meeting, filed with the SEC on October 28, 2010, and is also available on our website at [www.cgagri.com](http://www.cgagri.com). See “Director Nominations” below for the procedures for the nomination of directors.

### **Board Leadership Structure and Board’s Role in the Oversight of Risk Management**

Our Board believes it is important to select our Chairman and our Chief Executive Officer in the manner it considers in the best interests of our company at any given point in time. Due to Mr. Li’s substantial experience in the industry, our Board has determined that the most effective leadership structure for our company is for Mr. Li to serve as both our Chairman and Chief Executive Officer. Our Board benefits from the Chairman having direct knowledge of the operations of, and opportunities and challenges facing, our business on a regular and company-wide basis. Mr. Li’s combined role as Chairman and Chief Executive Officer fosters greater communication between the Board and management and provides unified leadership for carrying out our company’s strategic initiatives and business plans.



To counterbalance the potential for ineffective Board oversight, we have adopted a governance structure that includes: (i) a designated lead independent director; (ii) annual elections of directors by a majority of votes cast at the annual meeting of shareholders; (iii) committees composed entirely of independent directors; and (iv) established corporate governance and ethics guidelines. Our Board appointed Ms. Yiru Shi to serve as the Board's lead independent director. The lead independent director acts as an intermediary between the Board and senior management. Among other things, the lead independent director is responsible for facilitating communication among directors and between the Board and the Chief Executive Officer, working with the Chief Executive Officer to provide an appropriate information flow to the Board, and chairing executive sessions of the independent directors. Executive sessions of our independent directors occur following regularly scheduled quarterly audit committee meetings, and at such other times as the independent directors deem appropriate. However, the Board recognizes that circumstances may change over time and as they do, changes to the leadership structure may be warranted.

The Board has an active role, directly and through its committees, in the oversight of our risk management efforts. The Board carries out this oversight role through several levels of review. The Board regularly reviews and discusses with members of management information regarding the management of risks inherent in the operations of our businesses and the implementation of our strategic plan, including our risk mitigation efforts.

In accordance with corporate governance standards of the NYSE, the Audit Committee charter assigns to that committee the responsibility to review our policies and practices with respect to risk assessment and risk management, including major financial risk exposures, and the steps management has taken to monitor and control such exposures. Additionally, each of the Board's committees also oversees the management of our risks that are under each committee's areas of responsibility. For example, the Audit Committee oversees management of accounting, auditing, external reporting, internal controls, and cash investment risks. The Nominating Committee oversees our compliance policies, Code of Conduct, conflicts of interests, director independence and corporate governance policies. The Compensation Committee oversees risks arising from compensation practices and policies. In this manner the Board is able to coordinate its risk oversight.

### **Director Nominations**

The Nominating Committee recommends director candidates and will consider for such recommendation director candidates proposed by management, other directors and stockholders. All director candidates will be evaluated based on the criteria identified below, regardless of the identity of the individual or the entity or person who proposed the director candidate.

The selection of director nominees includes consideration of factors deemed appropriate by the Corporate Governance and Nominating Committee and the Board. We may engage a firm to assist in identifying, evaluating, and conducting due diligence on potential board nominees. Factors will include integrity, achievements, judgment, intelligence, personal character, any prior contact or relationship between a candidate and a current or former director or officer of our company, the interplay of the candidate's relevant experience with the experience of other Board members, the willingness of the candidate to devote adequate time to Board duties and the likelihood that he or she will be willing and able to serve on the Board for a sustained period. The Corporate Governance and Nominating Committee will consider the candidate's independence, as defined by the rules of the SEC and the NYSE. In connection with the selection, due consideration will be given to the Board's overall balance of diversity of perspectives, backgrounds, and experiences. Experience, knowledge, and skills to be represented on the Board include, among other considerations, financial expertise (including an "audit committee financial expert" within the meaning of the SEC's rules), financing experience, related industry experience, strategic planning, business development, and community leadership.

## **Item 11. Executive Compensation**

### **Compensation Discussion and Analysis**

#### **Overview**

This section contains a discussion of the material elements of compensation awarded to, earned by or paid to our principal executive officer, our principal financial officer, and our other executive officers whose total compensation exceeded \$100,000 during the fiscal year ended June 30, 2016. Accordingly, our “Named Executive Officers” are i) Mr. Tao Li, our Chairman, and Chief Executive Officer, ii) Mr. Zhuoyu “Richard” Li, our President, and iii) Mr. Ken Ren, our Chief Financial Officer.

Our Board established the Compensation Committee to assist with the analysis and determination of the compensation structure for our executive officers. Our Compensation Committee, consisting of three independent directors, reviews and approves, or in some cases recommends for the approval of the full Board, the annual compensation for our executive officers. Typically, management recommends to the Compensation Committee compensation package proposals based on prevailing compensation standards in our industry, which in turn reviews and approves such proposals. Our Compensation Committee may consult with the executive officers to form consensus on such packages. Our executive officers may discuss any disagreements and needed amendment to such proposals with our Compensation Committee before such proposals are finalized and approved by the Compensation Committee.

#### **Compensation Objectives**

Our compensation objectives are as follows:

- We strive to provide competitive executive compensation programs that will help to attract highly qualified individuals necessary for our continued growth. Once an executive is hired, our goal is to retain and motivate them to achieve higher levels of performance and be appropriately rewarded for that effort.
- Compensation and benefits are competitive with the local labor markets in which we compete, and focus also will be given to companies that operate in the agriculture, feed, and fertilizer industries. Peer companies will typically have annual revenues that are one-half to double that of us, for the purposes of compensation benchmarking.
- We provide an executive compensation package consisting of base salary, incentives (short term & long term), and benefits that are consistent with similar positions at our recognized competitors. Each component addresses individual and company performance with a focus on long-term profitable growth and shareholder return, competitive conditions, and our overall financial performance.
- All compensation programs are administered without regard to race, religion, national origin, color, sex, age, or disability, and adhere to all local laws and regulations.

## Elements of Compensation

### *Base Salary*

Our approach is to pay our executives a base salary that is competitive with those of other executive officers in similar positions and with similar responsibilities in our peer group of competitive companies. We believe that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. We also believe that attractive base salaries can motivate and reward executives for their overall performance.

### *Stock-Based Awards under the Equity Incentive Plan*

In addition to base salary, the other key component of executive compensation we provide to our Named Executive Officers is equity-based compensation. In October 2009, our Board adopted our 2009 Equity Incentive Plan (the “Plan”), which was approved by our shareholders at our annual shareholders meeting in December 2009 and amended in December 2012, December 2013 and June 2015. The Plan gives us the ability to grant stock options, stock appreciation rights (SARs), restricted stock and other stock-based awards to employees or consultants of our company or of any subsidiary of our company and to non-employee members of our advisory board or our Board or the board of directors of any of our subsidiaries. The Board and the Compensation Committee believe the ability to grant restricted stock, stock options and make other stock-based awards under the Plan is an important factor in attracting, stimulating and retaining qualified and distinguished personnel with proven ability and vision to serve as employees, officers, consultants or members of the Board or advisory board of our company and our subsidiaries, and to chart our course towards continued growth and financial success.

During the fiscal year ended June 30, 2016, effective June 29, 2016, the Compensation Committee granted (i) 400,000 shares of restricted stock to Mr. Tao Li, the Company’s CEO; (ii) 200,000 shares of restricted stock to Mr. Ken Ren, the CFO, (iii) 30,000 shares of restricted stock to Ms. Yiru Shi, 20,000 shares of restricted stock to Mr. Jianlei Shen and 20,000 shares of restricted stock to Mr. Lianfu Liu, each of whom is an independent director of the Company. The Stock Grants were vested immediately for the CEO, CFO and three independent directors.

On October 3, 2015, the Company granted an aggregate of 1,000,000 shares of restricted stock under the 2009 Plan to certain key employees. The stock grants are subject to time-based vesting schedules, vesting in various installments until June 30, 2016. The value of the restricted stock awards was \$1,660,000 and is based on the fair value of the Company’s common stock on the grant date.

On September 30, 2014, the Company granted an aggregate of 1,750,000 shares of restricted stock under the 2009 Plan to certain executive officers, directors and employees, among which (i) 240,000 shares of restricted stock to Mr. Tao Li, the CEO; (ii) 100,000 shares of restricted stock to Mr. Ken Ren, the CFO, (iii) 40,000 shares of restricted stock to Mr. Yizhao Zhang, 30,000 shares of restricted stock to Ms. Yiru Shi, and 20,000 shares of restricted stock to Mr. Lianfu Liu, each an independent director of the Company; and (iv) 1,320,000 shares of restricted stock to key employees. The stock grants are subject to time-based vesting schedules, vesting in various installments until March 31, 2015 for the CFO and the three independent directors, until June 30, 2015 for the CEO and until December 31, 2016 for the employees.

### *Employee Stock Purchase Plan*

On August 9, 2012 the Board adopted the Company’s 2012 Employee Stock Purchase Plan (the “ESPP”), which became effective as of such date. The Board adopted the Company’s Third Amended and Restated Employee Stock Purchase Plan (the “Restated ESPP”) on May 15, 2015. The Restated ESPP reserved a total of 3,750,000 shares of Common Stock, including 1,250,000 shares of Common Stock that was increased the third time. Shareholder approval is not required with respect to the issuance under the ESPP pursuant to Sections 303A.08 or 312.03 of the NYSE Listed Company Manual. The ESPP has been delegated to be administered by the Compensation Committee since October 19, 2012. Any employee of the Company or any parent (if any) and subsidiary corporation of the Company (the “Affiliate”), who is not a natural person resident in the United States, who has been in the employ of the Company or any Affiliate for such continuous period as required by the Board preceding the grant of rights under the ESPP is eligible to participate in the ESPP during the applicable offering period, subject to administrative rules established by the Compensation Committee.

The ESPP is implemented by sequential offerings, the commencement and duration of which are determined by the Compensation Committee. The purchase price at which each share of Common Stock may be acquired in an offering period upon the exercise of all or any portion of a purchase right are established by the Compensation Committee. However, the purchase price on each purchase date shall not be less than the fair market value of a share of Common Stock on the purchase date.

During the fiscal year ended June 30, 2014, the Company firstly issued 118,778 shares of common stock at the market price of \$4.42 per share to Mr. Tao Li (\$525,000 in total), the Company's Chairman and Chief Executive Officer under the ESPP on September 26, 2013. The Company then issued 533,165 shares of common stock at the market price of \$2.35 per share to certain employees enrolled in the ESPP (\$1,252,938 in total) on May 26, 2014. During the year ended June 30, 2015, the Company issued 1,362,495 shares of common stock to its employees under the ESPP for cash of \$2,946,746 and the Company issued 326,483 shares of common stock to its Chairman, Mr. Li, for cash proceeds of \$626,847 under the ESPP.

#### *Retirement or Pension Benefits*

Currently, we do not provide any company sponsored retirement benefits to any employee, including the Named Executive Officers.

#### *Deferred Compensation*

We do not have any qualified or nonqualified deferred compensation plans.

#### *Perquisites*

Historically, we have provided our Named Executive Officers with minimal perquisites and other personal benefits that we believe are reasonable. We do not view perquisites as a significant component of compensation, but do believe they can be useful in attracting, motivating and retaining the executive talent for which we compete. We believe that these additional benefits assist our Named Executive Officers in performing their duties and provide time efficiencies for them. It is expected that our historical practices regarding perquisites will continue and will be subject to periodic review by our Board.

#### **Summary Compensation Table— Fiscal Years Ended June 30, 2016, 2015 and 2014**

The following table sets forth information concerning cash and non-cash compensation we and/or Jinong paid to our principal executive officer and our other most highly paid executive officer (the "named executive officers") for services rendered in all capacities during the noted periods. No other executive officers received total annual salary and bonus compensation in excess of \$100,000 during each of the three fiscal years ended June 30, 2016, 2015 and 2014.

# SUMMARY COMPENSATION TABLE

Name and Principal Position	Year Ended	Salary (\$)	Bonus (\$)	Stock Awards (\$) (1)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Tao Li									
Chief Executive Officer, and Chairman of the Board (2)	June 30, 2016	\$ 200,000	\$ 24,000	\$ 536,000	—	—	—	—	\$ 760,000
	June 30, 2015	\$ 300,000	\$ 36,000	\$ 504,400	—	—	—	—	\$ 840,000
	June 30, 2014	\$ 300,000	\$ 36,000	\$ 2,054,400	—	—	—	—	\$2,390,400
Zhuoyu “Richard” Li									
President (2)	June 30, 2016	100,000	12,000	—	—	—	—	—	\$ 112,000
	June 30, 2015	—	—	—	—	—	—	—	\$ —
	June 30, 2014	—	—	—	—	—	—	—	\$ —
Ken Ren									
Chief Financial Officer	June 30, 2016	\$ 160,000	\$ 168,000	\$ 268,000	—	—	—	—	\$ 596,000
	June 30, 2015	\$ 160,000	\$ 16,800	\$ 210,000	—	—	—	—	\$ 386,800
	June 30, 2014	\$ 160,000	\$ 16,800	\$ 856,000	—	—	—	—	\$1,032,800

- (1) The amounts reported in this column reflect the fair value on the grant date of the restricted stock awards granted to our Named Executive Officers. These values are determined by multiplying the number of shares granted by the closing price of our common stock on the trading day immediately preceding the grant date. The dollar amounts do not necessarily reflect the dollar amounts of compensation actually realized or that may be realized by our Named Executive Officers.
- (2) Mr. Tao Li resigned as the President and Mr. Zhuoyu “Richard” Li was appointed as the President on May 19, 2016.

The Company has not used a compensation consultant to determine or recommend the amount or form of executive or director compensation but its management believes that its executive officer compensation package is comparable to similar businesses in our location of operations.

## Grants of Plan-Based Awards

The following table sets forth information regarding grants of awards to Named Executive Officers during the year ended June 30, 2016:

### GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$ /Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(1)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (\$)				
Tao Li	June 29, 2016	—	—	—	—	—	—	400,000	—	\$ 2.10	\$504,000
Ken Ren	June 29, 2016	—	—	—	—	—	—	200,000	—	\$ 2.10	\$210,000

- (1) With respect to the restricted stock awards, the grant date fair value is calculated by multiplying the number of shares granted by the closing price on the trading day immediately preceding the grant date.

## **Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table**

### **Employment Agreement**

The following is a summary of the material terms of the written employment by and between Jinong and Mr. Tao Li.

*Tao Li.* Pursuant to an employment agreement between Jinong and Mr. Tao Li dated January 16, 2008, Mr. Li is employed by Jinong as its Chairman of the Board and Chief Executive Officer for a term of five years. Upon its expiration of the initial term in 2013, the agreement was automatically renewed on the same terms and conditions for successive additional five-year periods unless either party provides written notice of termination at least 60 days prior to the end of any five-year term. No such written notice was provided by either party at the end of the initial term under the agreement. The agreement is terminable immediately, or upon 30-days prior written notice, upon the occurrence of certain events. The agreement provides for an annual salary of RMB 60,000 (approximately \$8,508).

The following is a summary of the material terms of the written employment by and between the Company and Mr. Zhuoyu “Richard” Li.

Zhuoyu “Richard” Li. According to the employment agreement, Mr. Li will receive annual base salary \$100,000 and bonus \$12,000 for serving as the Company’s President, effective May 19, 2016. In addition, Mr. Li will receive stock awards to be determined when the Company grants the awards to directors and officers under the Company’s 2009 Equity Incentive Plan, as amended. The initial term of the employment agreement is one year which will be automatically extended for additional one-year terms unless either party provides written notice of termination sixty (60) days prior to the end of the prior term.

### **Description of Plan Based Awards**

The equity incentive awards reported in the above table entitled “Grants of Plan Based Awards” were granted under, and are subject to, the terms of our 2009 Equity Incentive Plan, as amended (the “Plan”). The Plan is administered by the Compensation Committee. The Compensation Committee has authority to interpret the plan provisions and make all required determinations under the Plan.

With respect to all restricted stock grants disclosed herein, if we terminate the grantee’s employment or affiliation with us for any reason, all unvested portions of such restricted stock grants are forfeited. Any shares of restricted stock that do not vest for failure to meet the requisite performance targets will also be forfeited.

With respect to all non-qualified stock option grants disclosed herein, if we terminate the grantee’s employment or affiliation with us for any reason, all unvested options are forfeited. If the grantee’s employment or affiliation with us is terminated voluntarily by the grantee or by us for cause, all vested options are also terminated. In the event we terminate the grantee’s employment or affiliation with us without cause, the grantee has the lesser of ninety (90) days or the remaining term of the option to exercise any vested options. If we terminate the grantee’s employment or affiliation with us due to death or disability, the grantee has the lesser of twelve (12) months or the remaining term of the option to exercise any vested options. In the case of non-qualified options subject to performance based vesting, any options which do not vest for failure to meet the requisite performance targets will be forfeited.

### **Outstanding Equity Awards at Fiscal Year End**

The following table provides information on all restricted stock and stock option awards held by our Named Executive Officers as of June 30, 2016.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Tao Li	—	—	—	—	—	—	\$ —	—	\$ —
Ken Ren	—	—	—	—	—	—	\$ —	—	\$ —



## Option Exercises and Stock Vested During the Fiscal Year

### OPTION EXERCISES AND STOCK VESTED DURING THE FISCAL YEAR

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Tao Li	—	—	400,000	\$ 536,000 <sup>(1)</sup>
Ken Ren	—	—	200,000	\$ 268,000 <sup>(2)</sup>

(1) Represents the vesting of 400,000 shares of restricted stock on June 30, 2016 with a market value of \$1.34 per share on such date.

(2) Represents the vesting of 200,000 shares of restricted stock on June 30, 2016 with a market value of \$1.34 per share on such date.

### Securities Authorized for Issuance Under Equity Compensation Plans

As of June 30, 2016, there were no outstanding options to purchase any shares of common stock granted under the Plan. Options granted in the future under the Plan are within the discretion of our Board or our compensation committee. The following table summarizes the number of shares of our common stock authorized for issuance under our equity compensation plans as of June 30, 2016.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	—	\$ —	2,488,615
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>—</b>	<b>\$ —</b>	<b>2,488,615</b>

## Director Compensation

The following table sets forth information concerning cash and non-cash compensation we paid to our directors during the fiscal year ended June 30, 2016.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$( <sup>(1)</sup> )	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified		Total (\$)
					Deferred Compensation Earnings (\$)	All Other Compensation (\$)	
Yiru Shi	\$ 26,000	\$ 40,200 <sup>(2)</sup>	—	—	—	0	66,200
Lianfu Liu	\$ 26,000	\$ 26,800 <sup>(2)</sup>	—	—	—	0	52,800
Jianlei Shen <sup>(3)</sup>	\$ 16,000	\$ 26,800 <sup>(2)</sup>	—	—	—	0	42,800
Ale Fan <sup>(3)</sup>	\$ —	\$ —	—	—	—	—	—

(1) The amounts reported in this column reflect the fair value on the grant date of the restricted stock awards granted to our directors. These values are determined by multiplying the number of shares granted by the closing price of our common stock on the trading day immediately preceding the grant date. The dollar amounts do not necessarily reflect the dollar amounts of compensation actually realized or that may be realized by our directors.

(2) Represents 40,000, 30,000, 20,000 shares of restricted shares to three independent directors respectively which granted by the Company as of June 30, 2016.

The directors will also be reimbursed for all of their out-of-pocket expenses in traveling to and attending meetings of the Board and committees on which they serve.

## Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during the fiscal year ended June 30, 2016 were Ms. Yiru Shi and Messrs. Jianlei Shen and Lianfu Liu. During the fiscal year ended June 30, 2016:

- ☐ none of the members of the Compensation Committee was an officer (or former officer) or employee of our company or any of its subsidiaries;
- ☐ none of the members of the Compensation Committee had a direct or indirect material interest in any transaction in which we were a participant and the amount involved exceeded \$120,000;
- ☐ none of our executive officers served on the compensation committee (or another board committee with similar functions or, if none, the entire board of directors) of another entity where one of that entity's executive officers served on our Compensation Committee;
- ☐ none of our executive officers was a director of another entity where one of that entity's executive officers served on our Compensation Committee; and
- ☐ none of our executive officers served on the compensation committee (or another board committee with similar functions or, if none, the entire board of directors) of another entity where one of that entity's executive officers served as a director on our Board.

## Changes in Control

The following table reflects amounts payable to our Named Executive Officers (1) assuming their employment was terminated without cause on June 30, 2016, and (2) assuming a change in control on June 30, 2016.

Name	Termination Without Cause <sup>(1)</sup>	Change in Control <sup>(2)</sup>
Tao Li	\$ 794	\$ 1,811,920 <sup>(3)</sup>

(1) Represents the payment made pursuant to contractual agreements with the Named Executive Officer as described below in this subsection.

(2) Amounts in this column reflect the value of unvested restricted stock that would be accelerated upon a change of control. The amounts are calculated based on the closing market price of a share of our common stock on June 30, 2016, i.e., \$1.34 per shares, multiplied by the number of unvested shares.

(3) Represents the vesting of 400,000 shares of restricted stock.

## Termination Clauses in Employment Agreements

*Tao Li.* Pursuant to the terms of Mr. Li's employment agreement with Jinong, Jinong may terminate Mr. Li's employment for any reason upon 30 days prior written notice, in which case no termination payment is due. Alternatively, Jinong may terminate his employment immediately upon the payment of one month's salary. In the case of termination for cause as defined therein, we may terminate Mr. Li's employment immediately without pay.

## 2009 Equity Incentive Plan Change in Control Provisions

In the event of a change in control of our company, and except as otherwise set forth in the applicable award agreement, all unvested portions of awards shall vest immediately. Awards, whether or not then vested, shall be continued, assumed, or have new rights as determined by our Compensation Committee or a committee of the Board designated to administer the Plan, and restrictions to which any shares of restricted stock or any other award granted prior to the change in control are subject shall not lapse. Awards shall, where appropriate at the discretion of the Committee, receive the same distribution of our common stock on such terms as determined by the Compensation Committee. Upon a change in control, the Committee may also provide for the purchase of any awards for an amount of cash per share of common stock issuable under the award equal to the excess of the highest price per share of our common stock paid in any transaction related to a change in control of our company over the exercise price of such award.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters

The following table sets forth certain information as of October 3, 2016, the latest applicable date, with respect to the beneficial ownership of our common stock, the sole outstanding class of our voting securities, by (i) any person or group owning more than 5% of each class of voting securities, (ii) each director, (iii) each executive officer and (iv) all executive officers and directors as a group.

As of October 3, 2016, an aggregate of 37,648,605 shares of our common stock were outstanding.

Title of Class	Name and Address of Beneficial Owners <sup>(1)</sup>	Amount and Nature of Beneficial Ownership	Percent of Class <sup>(2)</sup>
<b>Greater Than 5% Shareholders: None</b>			
<b>Directors and Executive Officers</b>			
Common Stock	Tao Li Chief Executive Officer and Chairman of the Board	11,062,695 <sup>(3)</sup>	29.4%
Common Stock	Zhuoyu "Richard" Li President	11,062,695 <sup>(4)</sup>	
Common Stock	Ken Ren Chief Financial Officer	880,000	2.3%
Common Stock	Yiru Shi Director	90,000	--*
Common Stock	Jianlei Shen Director	20,000	--*
Common Stock	Ale Fan Director	0	--*
Common Stock	Lianfu Liu Director	101,000	--*
<b>All executive officers and directors as a group</b>		<b>12,153,695</b>	<b>32.3%</b>

\* Represents a percentage that is less than 1%.

(1) Unless otherwise stated, each beneficial owner has sole power to vote and dispose of the shares and the address of such person is c/o China Green Agriculture, Inc., 3rd Floor, Borough A, Block A. No. 181, South Taibai Road, Xian, Shaanxi Province, People's Republic of China 710065.

- (2) In determining the percent of common stock owned by the beneficial owners, (a) the numerator is the number of shares of common stock beneficially owned by such owner, including shares the beneficial ownership of which may be acquired, within 60 days upon the exercise of the options, if any, held by the owner; and (b) the denominator is the sum of (i) the total 37,648,605 shares of common stock outstanding as of October 3, 2016, and (ii) the number of shares underlying the options, which such owner has the right to acquire upon the exercise of the options within 60 days (for those who have options), if any.
- (3) Includes (i) 9,667,921 shares beneficially owned by Mr. Tao Li individually, (ii) 497,387 shares beneficially owned by Mr. Tao Li's wife, and (iii) 897,387 shares beneficially owned by Mr. Tao Li's son, Mr. Zhuoyu "Richard" Li. Mr. Li disclaims beneficial ownership with respect to the shares held by his wife and son.
- (4) Includes (i) 897,387 shares beneficially owned by Mr. Zhuoyu "Richard" Li individually, (ii) 497,387 shares beneficially owned by Mr. Zhuoyu "Richard" Li's mother, and (iii) 9,667,921 shares beneficially owned by Mr. Zhuoyu "Richard" Li's father, Mr. Tao Li. Mr. Zhuoyu "Richard" Li disclaims beneficial ownership with respect to the shares held by his father and mother.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

#### **Certain Relationships and Related Transactions**

As of June 30, 2016 and 2015, the amount due to related parties was \$2,473,004 and \$2,068,102, respectively. As of June 30, 2016 and 2015, \$1,092,243 and \$1,184,643, respectively were amounts that Gufeng borrowed from a related party, Xi'an Techteam Science & Technology Industry (Group) Co. Ltd., a company controlled by Mr. Tao Li, Chairman and CEO of the Company, representing unsecured, non-interest bearing loans that are due on demand. These loans are not subject to written agreements.

At the end of December 2015, Yuxing entered into a sales agreement with the Company's affiliate, 900LH.com Food Co., Ltd. ("900LH.com", previously announced as Xi'an Gem Grain Co., Ltd) pursuant to which Yuxing is to supply various vegetables to 900LH.com for its incoming seasonal sales at the holidays and year ends (the "Sales Agreement"). The contingent contracted value of the Sales Agreement is RMB 25,500,000 (approximately \$3,965,250). For the year ended June 30, 2016, Yuxing has sold approximately \$1,383,787 products to 900LH.com.

Our principal executive offices are located at Third floor, Borough A, Block A. No. 181, South Taibai Road, Xi'an, Shaanxi Province, PRC 710065. The office space is approximately 360 square meters (3,875 square feet). It is leased from Xi'an Kingtone Information Technology Co., Ltd. ("Kington Information"), for a term of two years from July 1, 2016 at monthly rent of RMB25,723 (approximately \$4,000) for 612 square meters (approximately 6,588 square feet) of office space.

#### **Procedures for Approval of Related Party Transactions**

In November 2010, we adopted a written Related Party Transactions Policy (the "Policy"). According to the Policy, a "Related Party Transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we (including any of our subsidiaries) are, were or will be a participant and the amount involved exceeds \$120,000, and in which any related party had, has or will have a direct or indirect "material" interest. The Policy's definition of a "Related Party" is in line with the definition set forth in the instructions to Item 404(a) of Regulation S-K promulgated by the SEC.

Under the Policy, our Chief Financial Officer is responsible for determining whether a proposed transaction, as submitted by a Related Party is a Related Party Transaction that requires the consideration and discussion of the Audit Committee. The Audit Committee is responsible for evaluating and assessing a proposed transaction based on the facts and circumstances including those listed in the Policy, including comparing the terms of the proposed transaction and the terms available to unrelated third parties or to employees generally. The Policy states that the Audit Committee shall approve only those Related Party Transactions that are in, or are not inconsistent with, the best interests of our company and our stockholders. No member of the Audit Committee shall participate in any review, consideration or approval of any Related Party Transaction in which he or she or any immediate family member directly or indirectly is involved.

In the event that we become aware of a Related Party Transaction that has not been previously approved under the Policy, such transaction will be presented to the Audit Committee. A Related Party Transaction entered into without pre-approval of the Audit Committee shall not be deemed to violate the Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into and is subsequently ratified by the Audit Committee.

#### **Communications with the Board**

Interested parties may communicate with any of our directors, our Board as a group, our independent directors as a group or any committees of the Board by sending an e-mail to Ran Liu, Secretary to the Board of Directors, at [liuran@cgagri.com](mailto:liuran@cgagri.com) and indicating the intended recipient in the subject line, or by writing to Ms. Liu at China Green Agriculture, Inc., 3rd Floor, Borough A, Block A. No. 181, South Taibai Road, Xian, Shaanxi Province, People's Republic of China 710065. The Board has given Ms. Liu, as Secretary to the Board of Directors, the discretion to distribute communications to the director or directors, after ascertaining whether the communications are appropriate to duties and responsibilities of the Board. Communications that relate to ordinary business matters that are not within the scope of the Board's responsibilities will be forwarded to the appropriate employee within our company. Solicitations, junk email and obviously frivolous or inappropriate communications will not be forwarded. You will receive a written acknowledgement from the Secretary to the Board upon receipt of your communication.

#### **Independence of the Board**

Our Board is currently composed of five (5) members. Jianlei Shen, Yiru Shi and Lianfu Liu qualify as independent directors in accordance with the published listing requirements of the New York Stock Exchange ("NYSE"). The NYSE independence definition includes a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his or her family members has engaged in various types of business dealings with us. In addition, as further required by NYSE rules, our Board has made an affirmative determination as to each independent director that no relationships exist which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our directors reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities as they may relate to us and our management. Our directors hold office until their successors have been elected and qualified or their earlier death, resignation or removal.

#### **Board Meetings**

The Board held four meetings, by telephone, in the fiscal year ended June 30, 2016. In addition, the Board unanimously approved twelve written consents on matters between meetings. During the fiscal year ended June 30, 2016, each incumbent director attended at least 75% of the aggregate number of meetings of the Board and applicable committee meetings (held during the period for which he or she was a director) on which he or she served. We do not have a formal policy regarding attendance by members of the Board at the annual meeting of stockholders, but we encourage all members of the Board to attend the meetings.

## Promoters and Certain Control Persons

We did not have any promoters at any time during the past five fiscal years.

Except as set forth in our discussion above, none of our directors or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates or associates which are required to be disclosed pursuant to the rules and regulations of the SEC.

## Item 14. Principal Accountant Fees and Services

The following are the fees billed to us by our auditors during fiscal years ended June 30, 2016 and 2015:

	Years Ended	
	June 30, 2016	June 30, 2014
Audit Fees	\$ 370,000	\$ 320,000
Audit related fees	10,000	10,000
Tax fees	-	-
All Other Fees	-	-
Total	<u>\$ 380,000</u>	<u>\$ 330,000</u>

### Audit Fees

The aggregate fees billed by Kabani & Company, Inc. for professional services rendered for the audit of our annual financial statements included in our Annual Reports on Form 10-K, for the reviews of the financial statements included in our Quarterly Reports on Form 10-Q, for our Sarbanes-Oxley Act of 2002 compliance audit, and for services in connection with statutory and regulatory filings or engagements were \$370,000 and \$320,000 for the fiscal years ended June 30, 2016 and 2015, respectively.

### Audit-Related Fees

The aggregate fees billed by our principal accountants for audit-related services was \$10,000 and \$10,000 for the fiscal years ended June 30, 2016, and 2015, respectively.

### Tax Fees

We did not engage our principal accountants to provide tax or related services during the last two fiscal years.

### All Other Fees

We did not engage our principal accountants to render services to us during the last two fiscal years, other than as reported above

## Pre-Approval Policies and Procedures

Under the Sarbanes-Oxley Act of 2002, all audit and non-audit services performed by our auditors must be approved in advance by our Audit Committee to assure that such services do not impair the auditors' independence from us. In accordance with its policies and procedures, the Audit Committee pre-approved the audit service performed by Friedman for our consolidated financial statements as of and for the year ended June 30, 2016.

The Company's principal accountant, Kabani & Company, Inc., did not engage any other persons or firms other than the principal accountant's full-time, permanent employees.

## **PART IV**

### **Item 15. Exhibits and Financial Statement Schedules**

(a) The following documents are filed as part of this report:

(1) Financial Statements

The following financial statements of China Green Agriculture, Inc. and Report of Independent Registered Public Accounting Firm are presented in the “F” pages of this Report:

<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-1
<a href="#">Consolidated Balance Sheets - as of June 30, 2016 and 2015</a>	F-2
<a href="#">Consolidated Statements of Income and Other Comprehensive Income (Loss) - for the Years ended June 30, 2016 and 2015</a>	F-3
<a href="#">Consolidated Statements of Shareholders' Equity - for the Years ended June 30, 2016 and 2015</a>	F-4
<a href="#">Consolidated Statements of Cash Flows - for the Years ended June 30, 2016 and 2015</a>	F-5
<a href="#">Notes to Consolidated Financial Statements</a>	F-6

(2) Financial Schedules

None.

Financial statement schedules have been omitted because they are either not applicable or the required information is included in the financial statements or notes hereto.

(3) Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Report.

(b) Exhibits

See the Exhibit Index following the signature page of this report, which Index is incorporated herein by reference.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

China Green Agriculture, Inc.

Date: October 7, 2016

By: /s/ Tao Li

Tao Li, CEO

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

October 7, 2016

/s/ Tao Li

Tao Li, Chairman of the Board of Directors and CEO  
(principal executive officer)

October 7, 2016

/s/ Zhuoyu "Richard" Li

Zhuoyu "Richard" Li, President  
(deputy executive officer)

October 7, 2016

/s/ Ken Ren

Ken Ren, Chief Financial Officer  
(principal financial officer and principal  
accounting officer)

October 7, 2016

/s/ Ale Fan

Ale Fan, Director

October 7, 2016

/s/ Lianfu Liu

Lianfu Liu, Director

October 7, 2016

/s/ Jianlei Shen

Jianlei Shen, Director

October 7, 2016

/s/ Yiru Shi

Yiru Shi, Director



**China Green Agriculture, Inc.**  
**Exhibit Index to Annual Report on Form 10-K**  
**For the Year Ended June 30, 2016**

3.1	Articles of Incorporation (incorporated herein by reference to the Company's Quarterly Report on Form 10-QSB, for the quarter ended September 30, 2007, filed with the SEC on November 9, 2007, Exhibit 3.1).
3.2	Certificate of Change filed with the Secretary of State of the State of Nevada on December 18, 2007 (incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on January 2, 2008, Exhibit 4.2).
3.3	Certificate of Correction (incorporated herein by reference to the Company's Registration Statement on Form S-1 filed with the SEC on February 8, 2008, Exhibit 4.1).
3.4	Articles of Merger (incorporated herein by reference to the Company's Current Report on Form 8-K, filed February 5, 2008, Exhibit 3.1).
3.5	Bylaws (incorporated herein by reference to the Company's Quarterly Report on Form 10-QSB, for the quarter ended September 30, 2007, filed with the SEC on November 9, 2007, Exhibit 3.2).
4.1	Specimen Common Stock Certificate (incorporated herein by reference to the Company's Registration Statement on Form S-3 filed with the SEC on June 8, 2009, Exhibit 4.1).
4.2*	Form Convertible Note issued by Shaanxi Techteam Jinong Humic Acid Product Co., Ltd.
10.2	Employment Agreement, dated June 21, 2010, by and between the Company and Mr. Ken Ren (Incorporated herein by reference to our Current Report on Form 8-K filed with the SEC on June 25, 2010)
10.3	Share Transfer Agreement, dated July 1, 2010, by and between Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd., Qing Xin Jiang and Qiong Jia (Incorporated herein by reference to the Current Report on Form 8-K filed with the SEC on July 7, 2010).
10.4	Supplementary Agreement, dated July 1, 2010, by and between Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd., Qing Xin Jiang and Qiong Jia (Incorporated herein by reference to the Current Report on Form 8-K filed with the SEC on July 7, 2010).
10.6	Form of Non-Competition Agreement by and between Beijing Gufeng Chemical Products Co., Ltd. and its two major former shareholders. (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 12, 2011).
10.7	Form of Restricted Stock Grant Agreement (Incorporated herein by reference to the Current Report on Form 8-K filed with the SEC on January 11, 2010).
10.8	Form of Non-Qualified Stock Option Grant Agreement (Incorporated herein by reference to the Current Report on Form 8-K filed with the SEC on January 11, 2010).
10.10	Offer Letter dated March 28, 2011 between China Green Agriculture, Inc. and Lianfu Liu. (Incorporated herein by reference to the Quarterly Report on Form 10-Q filed with the SEC on May 10, 2011).
10.11	Offer Letter dated October 25, 2011 between China Green Agriculture, Inc. and Yiru Shi (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 13, 2012).

10.13	Entrusted Management Agreement dated June 16, 2013 among Xi'an Hu County Yuxing Agriculture Science & Technology Co., Ltd., Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. and Ms. Chen Lixiang (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 17, 2015).
10.14	Exclusive Product Supply Agreement dated June 16, 2013 between Xi'an Hu County Yuxing Agriculture Science & Technology Co., Ltd. and Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 17, 2015).
10.15	Shareholder's Voting Proxy Agreement dated June 16, 2013 between Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. and Ms. Chen Lixiang (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 17, 2015).
10.16	Option Agreement dated June 16, 2013 among Xi'an Hu County Yuxing Agriculture Science & Technology Co., Ltd., Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. and Ms. Chen Lixiang (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 17, 2015).
10.17	Equity Pledge Agreement dated June 16, 2013 between Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. and Ms. Chen Lixiang (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 17, 2015).
10.18*	Form Entrust Management Agreement
10.19*	Form Exclusive Option Agreement
10.20*	Form Exclusive Product Supply Agreement
10.21*	Form Non-Competition Agreement
10.22*	Form Pledge of Equity Agreement
10.23*	Form Shareholder's Voting Proxy Agreement
10.24*	Form Strategic Acquisition Contract
14.1	Amended and Restated Code of Ethics. (Incorporated herein by reference to the Quarterly Report on Form 10-Q filed with the SEC on November 12, 2010)
21.1*	List of Subsidiaries of the Company.
31.1*	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer and Principal Accounting Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101. INS	XBRL Instance Document.
101. SCH	XBRL Taxonomy Extension Schema Document.
101. CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101. LAB	XBRL Taxonomy Extension Label Linkbase Document.
101. PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101. DEF	XBRL Taxonomy Extension Definition Linkbase Document.

\* Filed herewith

+ In accordance with SEC Release 33-8238, Exhibit 32.1 and 32.2 are being furnished and not filed.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of  
China Green Agriculture Inc. and its subsidiaries

We have audited the accompanying consolidated balance sheets of China Green Agriculture, Inc. and its subsidiaries (the "Company") as of June 30, 2016 and 2015, and the related consolidated statements of income and comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the two-year period ended June 30, 2016. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of China Green Agriculture, Inc. and its subsidiaries as of June 30, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2016 in conformity with accounting principles generally accepted in the United States of America.

/s/ *KABANI & COMPANY, INC.*  
CERTIFIED PUBLIC ACCOUNTANTS

Los Angeles, CA  
October 6, 2016

**CHINA GREEN AGRICULTURE INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 102,896,486	\$ 92,982,564
Accounts receivable, net	117,055,376	68,528,598
Inventories, net	87,436,315	101,302,947
Prepaid expenses and other current assets	1,329,098	459,400
Advances to suppliers, net	26,863,959	40,910,837
Total Current Assets	<u>335,581,234</u>	<u>304,184,346</u>
Plant, Property and Equipment, Net	37,569,739	44,634,194
Deferred Asset, Net	13,431,621	51,527,209
Other Assets	379,047	185,480
Intangible Assets, Net	23,840,048	23,805,746
Goodwill	7,980,838	5,245,643
Total Assets	<u>\$ 418,782,527</u>	<u>\$ 429,582,618</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 5,246,153	\$ 2,372,130
Customer deposits	8,578,341	19,129,853
Accrued expenses and other payables	16,414,392	4,952,977
Amount due to related parties	2,473,004	2,068,102
Taxes payable	4,104,218	4,504,542
Short term loans	4,665,500	23,605,540
Convertible notes payable	6,671,769	-
Derivative liability	144,818	-
Total Current Liabilities	<u>48,298,195</u>	<u>56,633,144</u>
Commitment and Contingencies		
Stockholders' Equity		
Preferred Stock, \$.001 par value, 20,000,000 shares authorized, zero shares issued and outstanding	-	-
Common stock, \$.001 par value, 115,197,165 shares authorized, 37,648,605 and 35,905,198 shares issued and outstanding as of June 30, 2016 and 2015, respectively	37,648	35,905
Additional paid-in capital	127,593,932	123,360,384
Statutory reserve	27,203,861	25,030,688
Retained earnings	221,345,279	198,814,259
Accumulated other comprehensive income (loss)	(5,696,388)	25,708,238
Total Stockholders' Equity	<u>370,484,332</u>	<u>372,949,474</u>
Total Liabilities and Stockholders' Equity	<u>\$ 418,782,527</u>	<u>\$ 429,582,618</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CHINA GREEN AGRICULTURE INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Sales		
Jinong	\$ 125,716,937	\$ 130,355,168
Gufeng	134,661,420	128,675,606
Yuxing	8,406,663	4,323,514
Net sales	<u>268,785,020</u>	<u>263,354,288</u>
Cost of goods sold		
Jinong	53,515,169	51,948,851
Gufeng	116,427,052	104,361,828
Yuxing	5,813,468	3,087,707
Cost of goods sold	<u>175,755,689</u>	<u>159,398,386</u>
Gross profit	93,029,331	103,955,902
Operating expenses		
Selling expenses	13,527,912	9,010,486
Selling expenses - amortization of deferred asset	35,068,272	41,902,052
General and administrative expenses	11,841,228	11,330,440
Total operating expenses	<u>60,437,412</u>	<u>62,242,978</u>
Income from operations	<u>32,591,919</u>	<u>41,712,924</u>
Other income (expense)		
Other income (expense)	(5,473)	59,176
Interest income	485,673	302,480
Interest expense	(995,959)	(1,712,639)
Total other income (expense)	<u>(515,759)</u>	<u>(1,350,983)</u>
Income before income taxes	32,076,160	40,361,941
Provision for income taxes	7,371,967	8,916,815
Net income	<u>24,704,193</u>	<u>31,445,126</u>
Other comprehensive income (loss)		
Foreign currency translation gain (loss)	(31,404,626)	2,867,747
Comprehensive income (loss)	<u>\$ (6,700,433)</u>	<u>\$ 34,312,873</u>
Basic weighted average shares outstanding	36,703,576	33,983,698
Basic net earnings per share	<u>\$ 0.67</u>	<u>\$ 0.93</u>
Diluted weighted average shares outstanding	36,703,576	33,983,698
Diluted net earnings per share	<u>\$ 0.67</u>	<u>\$ 0.93</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CHINA GREEN AGRICULTURE INC. AND SUBSIDIARIES**  
**STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	Number Of Shares	Common Stock	Additional Paid In Capital	Statutory Reserve	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
BALANCE, JUNE 30, 2014	32,362,534	\$ 32,362	\$114,605,214	\$22,540,394	\$172,021,331	\$ 22,840,491	\$332,039,792
Net income	-	-	-	-	31,445,126	-	31,445,126
Issuance of stock for consulting services	103,686	104	204,999	-	-	-	205,103
Issuance of stock for payment of due to related party	326,483	326	626,521	-	-	-	626,847
Stock based compensation	1,750,000	1,750	4,978,267	-	-	-	4,980,017
Sale of common stock for cash	1,362,495	1,363	2,945,383	-	-	-	2,946,746
Dividend to common stockholders	-	-	-	-	(2,161,904)	-	(2,161,904)
Transfer to statutory reserve	-	-	-	2,490,294	(2,490,294)	-	-
Other comprehensive income	-	-	-	-	-	2,867,747	2,867,747
BALANCE, JUNE 30, 2015	35,905,198	35,905	123,360,384	25,030,688	198,814,259	25,708,238	372,949,474
Net income	-	-	-	-	24,704,193	-	24,704,193
Issuance of stock for consulting services	73,407	73	114,690	-	-	-	114,763
Stock based compensation	1,670,000	1,670	4,118,858	-	-	-	4,120,528
Transfer to statutory reserve	-	-	-	2,173,173	(2,173,173)	-	-
Other comprehensive income	-	-	-	-	-	(31,404,626)	(31,404,626)
BALANCE, JUNE 30, 2016	37,648,605	\$ 37,648	\$127,593,932	\$27,203,861	\$221,345,279	\$ (5,696,388)	\$370,484,332

The accompanying notes are an integral part of these consolidated financial statements.

**CHINA GREEN AGRICULTURE INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Net income	\$ 24,704,193	\$ 31,445,126
Adjustments to reconcile net income to net cash provided by operating activities		
Issuance of common stock and stock options for compensation	4,235,291	5,185,120
Depreciation and amortization	40,311,189	47,709,523
Loss on disposal of property, plant and equipment	1,368	26,184
Changes in operating assets		
Accounts receivable	(49,212,136)	20,861,251
Other current assets	(107,636)	24,758
Inventories	13,933,090	(25,088,572)
Advances to suppliers	12,968,185	(7,979,577)
Other assets	64,449	(66,702)
Changes in operating liabilities		
Accounts payable	(945,055)	(1,026,403)
Customer deposits	(12,910,240)	(6,743,348)
Tax payables	(55,805)	2,555,157
Accrued expenses and other payables	1,371,762	632,400
Net cash provided by operating activities	<u>34,358,655</u>	<u>67,534,917</u>
Cash flows from investing activities		
Purchase of plant, property, and equipment	(19,192)	(446,291)
Cash acquired with acquisition	708,737	-
Proceeds from other receivables	-	6,591,134
Deferred assets	-	(9,239,387)
Net cash provided by (used in) investing activities	<u>689,545</u>	<u>(3,094,544)</u>
Cash flows from financing activities		
Proceeds from the sale of common stock	-	3,573,593
Proceeds from loans	3,110,000	21,844,890
Repayment of loans	(20,712,600)	(22,431,330)
Payment of dividends	-	(2,161,904)
Advance from related party	500,000	300,400
Net cash provided by (used in) financing activities	<u>(17,102,600)</u>	<u>1,125,649</u>
Effect of exchange rate change on cash and cash equivalents	(8,031,678)	526,221
Net increase in cash and cash equivalents	<u>9,913,922</u>	<u>66,092,243</u>
Cash and cash equivalents, beginning balance	92,982,564	26,890,321
Cash and cash equivalents, ending balance	<u>\$ 102,896,486</u>	<u>\$ 92,982,564</u>
Supplement disclosure of cash flow information		
Interest expense paid	<u>\$ 995,959</u>	<u>\$ 1,712,670</u>
Income taxes paid	<u>\$ 7,217,789</u>	<u>\$ 6,361,658</u>
Supplement non-cash investing and financing activities		
Purchase consideration for acquisitions payable	<u>\$ 5,568,500</u>	<u>\$ -</u>
Convertible note issued for acquisitions	<u>\$ 6,671,769</u>	<u>\$ -</u>
Derivative liability in connection with convertible note issued for acquisitions	<u>\$ 144,818</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements.

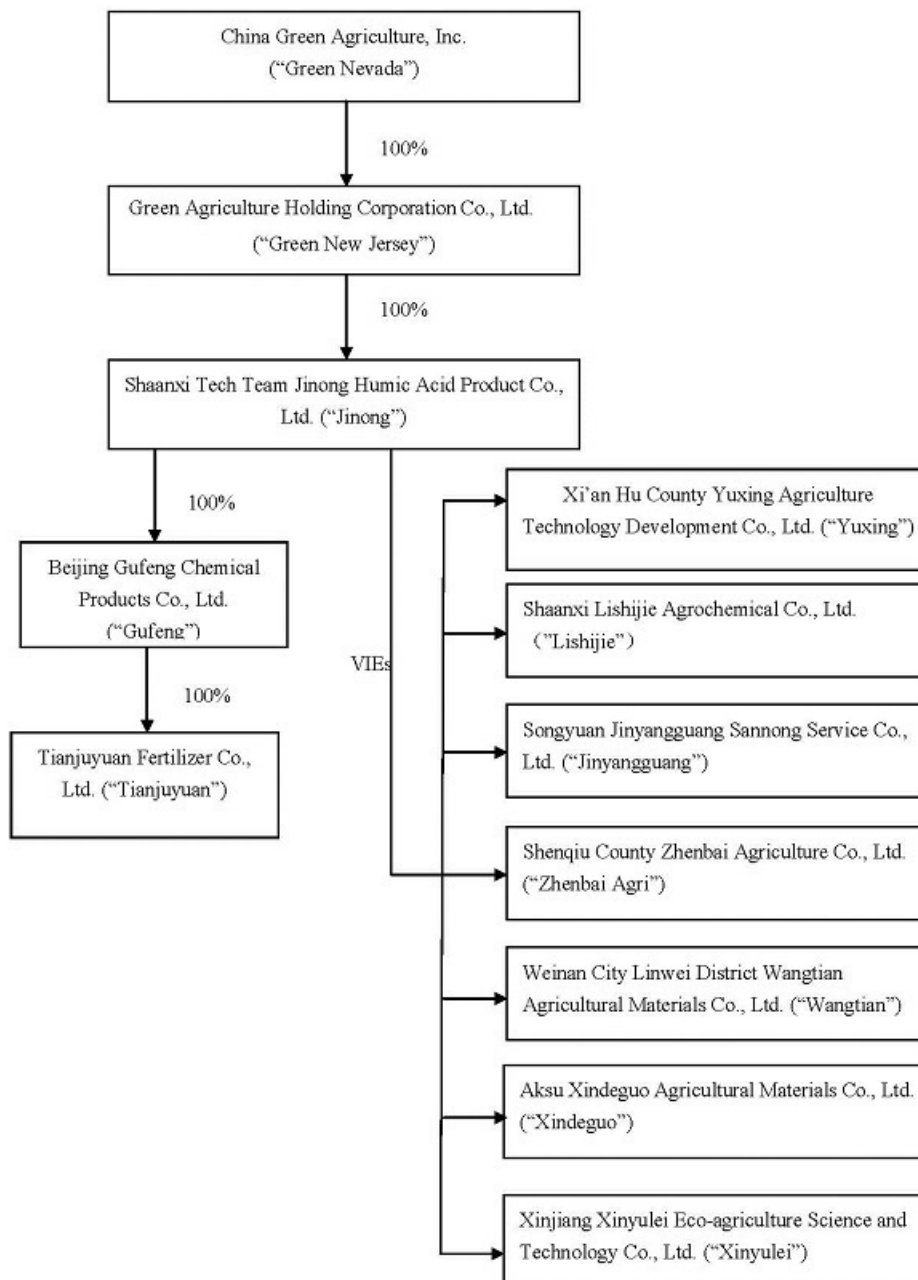
**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS**

China Green Agriculture, Inc. (the “Company”, “Parent Company” or “Green Nevada”), through its subsidiaries, is engaged in the research, development, production, distribution and sale of humic acid-based compound fertilizer, compound fertilizer, blended fertilizer, organic compound fertilizer, slow-release fertilizers, highly-concentrated water-soluble fertilizers and mixed organic-inorganic compound fertilizer and the development, production and distribution of agricultural products.

Unless the context indicates otherwise, as used in the notes to the financial statements of the Company, the following are the references herein of all the subsidiaries of the Company (i) Green Agriculture Holding Corporation (“Green New Jersey”), a wholly-owned subsidiary of Green Nevada, incorporated in the State of New Jersey; (ii) Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. (“Jinong”), a wholly-owned subsidiary of Green New Jersey organized under the laws of the PRC; (iii) Xi’an Hu County Yuxing Agriculture Technology Development Co., Ltd. (“Yuxing”), a Variable Interest Entity (“VIE”) in the in the People’s Republic of China (the “PRC”) controlled by Jinong through a series of contractual agreements; (iv) Beijing Gufeng Chemical Products Co., Ltd., a wholly-owned subsidiary of Jinong in the PRC (“Gufeng”), and (v) Beijing Tianjuyuan Fertilizer Co., Ltd., Gufeng’s wholly-owned subsidiary in the PRC (“Tianjuyuan”).

On June 30, 2016, the Company, through its wholly-owned subsidiary Jinong, entered into strategic acquisition agreements and a series of contractual agreements with the shareholders of the following six companies that are organized under the laws of the PRC and would be deemed VIEs: Shaanxi Lishijie Agrochemical Co., Ltd., Songyuan Jinyangguang Sannong Service Co., Ltd., Shenqiu County Zhenbai Agriculture Co., Ltd., Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd., Aksu Xindegua Agricultural Materials Co., Ltd., and Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd. (collectively hereafter referred to as “the VIE Companies.”)





**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principle of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Green New Jersey, Jinong, Gufeng, Tianjuyuan, Yuxing and the VIE Companies. The operations of the VIE Companies are not included in the accompanying statement of operation as the acquisition date was June 30, 2016. All significant inter-company accounts and transactions have been eliminated in consolidation.

Effective June 16, 2013, Yuxing was converted from being a wholly-owned foreign enterprise 100% owned by Jinong to a domestic enterprise 100% owned one natural person, who is not affiliated to the Company ("Yuxing's Owner"). Effective the same day, Yuxing's Owner entered into a series of contractual agreements with Jinong pursuant to which Yuxing became the VIE of Jinong.

VIE assessment

A VIE is an entity (1) that has total equity at risk that is not sufficient to finance its activities without additional subordinated financial support from other entities, (2) where the group of equity holders does not have the power to direct the activities of the entity that most significantly impact the entity's economic performance, or the obligation to absorb the entity's expected losses or the right to receive the entity's expected residual returns, or both, or (3) where the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected residual returns of the entity, or both, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights. In order to determine if an entity is considered a VIE, the Company first perform a qualitative analysis, which requires certain subjective decisions regarding its assessments, including, but not limited to, the design of the entity, the variability that the entity was designed to create and pass along to its interest holders, the rights of the parties, and the purpose of the arrangement. If the Company cannot conclude after a qualitative analysis whether an entity is a VIE, it performs a quantitative analysis. The qualitative analysis considered the design of the entity, the risks that cause variability, the purpose for which the entity was created, and the variability that the entity was designed to pass along to its variable interest holders. When the primary beneficiary could not be identified through a qualitative analysis, we used internal cash flow models to compute and allocate expected losses or expected residual returns to each variable interest holder based upon the relative contractual rights and preferences of each interest holder in the VIE's capital structure. Based on the agreements entered into with the VIE Companies, the Company is deemed to have control over the VIE Companies as it has power over decisions that most significantly impact the economic activities of the VIE and it has potential to receive significant benefits or absorb significant losses of the VIE. The financial statements of the VIE Companies will be consolidated with those of the Company's as of June 30, 2016. As required by ASC 810, the Company will present in a separate footnote, balance sheet and income statement information of the VIE Companies and Yuxing (previously controlled company the is considered a VIE).

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amount of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. However, actual results could differ materially from those results.

Cash and cash equivalents and concentration of cash

For statement of cash flows purposes, the Company considers all cash on hand and in banks, certificates of deposit with state owned banks in the Peoples Republic of China ("PRC") and banks in the United States, and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents. The Company maintains large sums of cash in three major banks in China. The aggregate cash in such accounts and on hand as of June 30, 2016 and 2015 was \$102,728,991 and \$92,686,188, respectively. There is no insurance securing these deposits in China. In addition, the Company also had \$167,495 and \$306,376 in cash in two banks in the United States as of June 30, 2016 and 2015, respectively, with \$250,000 secured by the U.S. Federal Deposit Insurance Corporation. Cash overdraft as of balance sheet date will be reflected as liabilities in the balance sheet. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank accounts.

Accounts receivable

The Company's policy is to maintain reserves for potential credit losses on accounts receivable. Management regularly reviews the composition of accounts receivable and analyzes customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves at each year-end. Accounts considered uncollectible are written off through a charge to the valuation allowance. As of June 30, 2016 and 2015, the Company had accounts receivable of \$118,418,228 and \$68,528,598, net of allowance for doubtful accounts of \$397,123 and \$307,923, respectively. The Company adopts no policy to accept product returns post to the sales delivery.

Other receivable

Other receivable relates to the amount due from the sale of certain equipment from the Company's Jintai facility. The receivable balance is secured by the equipment that was sold and is non-interest bearing. The balance of other receivables was paid in full during the year ended June 30, 2015. The Company had none other receivable during the year ended June 30, 2016.

Inventories

Inventory is valued at the lower of cost (determined on a weighted average basis) or market. Inventories consist of raw materials, work in process, finished goods and packaging materials. The Company reviews its inventories regularly for possible obsolete goods and establishes reserves when determined necessary. At June 30, 2016 and 2015, the Company had no reserve for obsolete goods.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Gains or losses on disposals are reflected as gain or loss in the year of disposal. The cost of improvements that extend the life of plant, property, and equipment are capitalized. These capitalized costs may include structural improvements, equipment, and fixtures. All ordinary repair and maintenance costs are expensed as incurred.

Depreciation for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the assets:

	Estimated Useful Life
Building	10-25 years
Agricultural assets	8 years
Machinery and equipment	5-15 years
Vehicles	3-5 years

Construction in Progress

Construction in progress represents the costs incurred in connection with the construction of buildings or new additions to the Company's plant facilities. Costs classified to construction in progress include all costs of obtaining the asset and bringing it to the location and condition necessary for its intended use. No depreciation is provided for construction in progress until such time as the assets are completed and are placed into service. Interest incurred during construction is capitalized into construction in progress.

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

Long-Lived Assets

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value. At June 30, 2016 and 2015, the Company determined that there were no impairments of its long-lived assets.

Deferred asset

Deferred assets represent amounts that the distributors owed to the Company in their marketing efforts and developing standard stores to expand the Company's products' competitiveness and market shares. The amount owed to the Company to assist its distributors will be expensed over three years which is the term as stated in the cooperation agreement, as long as the distributors are actively selling the Company's products. For the years ended June 30, 2016 and 2015, the Company amortized \$35,068,272 and \$41,902,052, respectively, of the deferred assets. If a distributor breaches, defaults, or terminates the agreement with the Company within the three-year period, the outstanding unamortized portion of the amount owed will become payable to the Company immediately. The Company's Chairman, Mr. Li, guaranteed to the Company of amounts remaining unpaid due from distributors. These deferred assets are subject to annual impairment testing. The estimated amortization expense of the deferred assets for the twelve months ending June 30, 2017 and 2018 is \$12,661,672 and \$769,949, respectively.

The deferred assets consist of items inside the distributors' stores such as furniture, racks, cabinets, and display units, and items outside or attached to the distributors' stores such as signage and billboards. These types of assets would be capitalized as fixed assets if the Company actually owned the stores or utilized the assets for its own operations. These assets would also be capitalized as leasehold improvements if the Company leased these stores from the distributors. Therefore, the Company believes that under the U.S. generally accepted accounting principles, these types of assets purchases are properly capitalized. In addition, the Company believes that these assets are properly classified as deferred assets because if a distributor breaches, defaults, or terminates the agreement with the Company within a three-year period, a proportionate amount expended by the Company is to be repaid by the distributor. The Chairman of the Board of directors of the Company guaranteed to the Company of amounts remaining unpaid due from distributors.

The assets inside the distributors' stores are custom made to fit the layout of each individual store and the signage and billboards are also custom designed to fit the specific location. The assets were purchased by the Company directly from the manufacturers and installed in the distributors' stores. The Company wants to maintain control over the quality of the items being purchased as well as making them uniform among all the distributor locations.

	June 30, 2016	June 30, 2015
Total Deferred Assets	\$ 130,086,315	\$ 141,495,879
Less: accumulated amortization	(116,654,694)	(89,968,670 )
Total	<u>\$ 13,431,621</u>	<u>\$ 51,527,209</u>

Intangible Assets

The Company records intangible assets acquired individually or as part of a group at fair value. Intangible assets with definitive lives are amortized over the useful life of the intangible asset, which is the period over which the asset is expected to contribute directly or indirectly to the entity's future cash flows. The Company evaluates intangible assets for impairment at least annually and more often whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value. The Company has not recorded impairment of intangible assets as of June 30, 2016 and 2015, respectively.

Goodwill

Goodwill represents the excess of purchase price over the underlying net assets of businesses acquired. Goodwill is reviewed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying amount of goodwill may be impaired. The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value including goodwill. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed. If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the enterprise must perform step two of the impairment test. Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. As of June 30, 2016 and 2015, the Company performed the required impairment review which resulted in no impairment adjustment.

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

Summary of changes in goodwill by reporting segments is as follows:

Segment	Balance at June 30, 2015	Additions	Foreign Currency Adjustment	Balance at June 30, 2016
Gufeng	\$ 5,245,643	-	\$ (422,984)	4,822,659
Acquisition of VIE Companies	-	3,158,179	-	3,158,179
	<u>\$ 5,245,643</u>	<u>\$ 3,158,179</u>	<u>\$ (422,984)</u>	<u>\$ 7,980,838</u>

**Fair Value Measurement and Disclosures**

Our accounting for Fair Value Measurement and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy which requires classification based on observable and unobservable inputs when measuring fair value. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy consists of three levels:

Level one — Quoted market prices in active markets for identical assets or liabilities;

Level two — Inputs other than level one inputs that are either directly or indirectly observable; and

Level three — Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

Determining which category an asset or liability falls within the hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures each quarter. The Company had no assets and liabilities measured at fair value at June 30, 2015.

The following table presents the Company's assets and liabilities required to be reflected within the fair value hierarchy as of June 30, 2016.

Description	Fair Value As of June 30, 2016	Fair Value Measurements at June 30, 2016		
		Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Derivative liability	\$ 144,818	\$ -	\$ 144,818	\$ -

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to the short maturities of these instruments.

**Derivative financial instruments**

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The Company uses a binomial option pricing model to value the derivative instruments. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period.

At June 30, 2016, the only derivative financial instrument is the variable conversion feature embedded in the convertible notes payable (See Note 9). The fair value of the embedded conversion of \$144,818 is recorded as a derivative liability at June 30, 2016. The fair value was determined using a binomial option pricing model with the following assumptions:

Risk-free rate	2.5%
Volatility	51.2%
Dividend yield	0.0%
Country risk premium	90.0%
Liquidity risk premium	3.0%

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

Revenue recognition

Sales revenue is recognized on the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured.

The Company's revenue consists of invoiced value of goods, net of a value-added tax (VAT). No product return or sales discount allowance are made as products delivered and accepted by customers are not returnable and sales discounts are not granted after products are delivered.

Customer deposits

Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as customer deposits. When all revenue recognition criteria are met, the customer deposits are recognized as revenue. As of June 30, 2016 and 2015, the Company had customer deposits of \$8,578,341 and \$19,129,853, respectively.

Stock-Based Compensation

The costs of all employee stock options, as well as other equity-based compensation arrangements, are reflected in the consolidated financial statements based on the estimated fair value of the awards on the grant date. That cost is recognized over the period during which an employee is required to provide service in exchange for the award—the requisite service period (usually the vesting period). Stock compensation for stock granted to non-employees is determined as the fair value of the consideration received or the fair value of equity instruments issued, whichever is more reliably measured.

Income taxes

The Company accounts for income taxes using an asset and liability approach which allows for the recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain.

Under ASC 740, a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The evaluation of a tax position is a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigations based on the technical merits of that position. The second step is to measure a tax position that meets the more-likely-than-not threshold to determine the amount of benefit to be recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent period in which the threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not criteria should be de-recognized in the first subsequent financial reporting period in which the threshold is no longer met. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the year incurred. No significant penalties or interest relating to income taxes have been incurred during the years ended June 30, 2016, and 2015. GAAP also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

Foreign currency translation

The reporting currency of the Company is the US dollar. The functional currency of the Company and Green New Jersey is the US dollar. The functional currency of the Chinese subsidiaries is the Chinese Yuan or Renminbi (“RMB”). For the subsidiaries whose functional currencies are other than the US dollar, all asset and liability accounts were translated at the exchange rate on the balance sheet date; stockholders' equity is translated at the historical rates and items in the income statement and cash flow statements are translated at the average rate in each applicable period. Translation adjustments resulting from this process are included in accumulated other comprehensive income in the statement of shareholders' equity. The resulting translation gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

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Segment reporting

The Company utilizes the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company.

As of June 30, 2015, the Company, through its subsidiaries is engaged into three main business segments based on location and product: Jinong (fertilizer production), Gufeng (fertilizer production) and Yuxing (agricultural products production). As of June 30, 2016, with the acquisition of the VIE Companies, the Company added a new distribution segment.

Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are categorized based on whether or not the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Company's financial instruments primarily consist of cash and cash equivalents, accounts receivable, other receivables, advances to suppliers, accounts payable, other payables, tax payable, and related party advances and borrowings.

As of the balance sheet dates, the estimated fair values of the financial instruments were not materially different from their carrying values as presented on the balance sheets. This is attributed to the short maturities of the instruments and that interest rates on the borrowings approximate those that would have been available for loans of similar remaining maturity and risk profile at respective balance sheet dates.

Statement of cash flows

The Company's cash flows from operations are calculated based on the local currencies. As a result, amounts related to assets and liabilities reported on the statement of cash flows may not necessarily agree with changes in the corresponding balances on the balance sheets.

Earnings per share

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options and stock awards.

The components of basic and diluted earnings per share consist of the following:

	Years Ended June 30,	
	2016	2015
Net Income for Basic Earnings Per Share	\$ 24,704,193	\$ 31,445,126
Basic Weighted Average Number of Shares	36,703,576	33,983,698
Net Income Per Share – Basic	\$ 0.67	\$ 0.93
Net Income for Diluted Earnings Per Share	\$ 24,704,193	\$ 31,445,126
Diluted Weighted Average Number of Shares	36,703,576	33,983,698
Net Income Per Share – Diluted	\$ 0.67	\$ 0.93

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Reclassification

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the 2015 consolidated financial statement presentation. Such reclassifications did not affect total revenues, operating income or net income or cash flows as previously reported.

Recent accounting pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. This pronouncement is effective for annual reporting periods beginning after December 15, 2016, and is to be applied using one of two retrospective application methods, with early application not permitted. The Company is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements.

In January 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-01 (Subtopic 225-20) - *Income Statement - Extraordinary and Unusual Items*. ASU 2015-01 eliminates the concept of an extraordinary item from GAAP. As a result, an entity will no longer be required to segregate extraordinary items from the results of ordinary operations, to separately present an extraordinary item on its income statement, net of tax, after income from continuing operations or to disclose income taxes and earnings-per-share data applicable to an extraordinary item. However, ASU 2015-01 will still retain the presentation and disclosure guidance for items that are unusual in nature and occur infrequently. ASU 2015-01 is effective for periods beginning after December 15, 2015. The adoption of ASU 2015-01 is not expected to have a material effect on the Company's consolidated financial statements. Early adoption is permitted.

In February, 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. ASU 2015-02 provides guidance on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). ASU 2015-02 is effective for periods beginning after December 15, 2015. The adoption of ASU 2015-02 is not expected to have a material effect on the Company's consolidated financial statements. Early adoption is permitted.

In September, 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805)*. Topic 805 requires that an acquirer retrospectively adjust provisional amounts recognized in a business combination, during the measurement period. To simplify the accounting for adjustments made to provisional amounts, the amendments in the Update require that the acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amount is determined. The acquirer is required to also record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. In addition an entity is required to present separately on the face of the income statement or disclose in the notes to the financial statements the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. ASU 2015-16 is effective for fiscal years beginning December 15, 2015. The adoption of ASU 2015-016 is not expected to have a material effect on the Company's consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*. The new guidance requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. This update is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. The Company does not anticipate the adoption of this ASU will have a significant impact on its consolidated financial position, results of operations, or cash flows.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in ASU No. 2016-02 supersedes the lease recognition requirements in ASC Topic 840, *Leases (FAS 13)*. ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the effect this standard will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share Based Payment Accounting*, to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance will be effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact of the adoption of this newly issued guidance to its consolidated financial statements.

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Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

**NOTE 3 – INVENTORIES**

Inventories consisted of the following:

	June 30, 2016	June 30, 2015
Raw materials	\$ 29,926,762	\$ 48,294,614
Supplies and packing materials	444,373	529,398
Work in progress	408,820	348,670
Finished goods	56,656,360	52,130,265
Total	<u>\$ 87,436,315</u>	<u>\$ 101,302,947</u>

**NOTE 4 - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

	June 30, 2016	June 30, 2015
Building and improvements	\$ 42,489,975	\$ 43,699,066
Auto	937,642	900,562
Machinery and equipment	19,015,420	23,173,209
Agriculture assets	765,983	833,165
Total property, plant and equipment	<u>63,209,020</u>	<u>68,606,002</u>
Less: accumulated depreciation	<u>(25,639,281)</u>	<u>(23,971,808)</u>
Total	<u>\$ 37,569,739</u>	<u>\$ 44,634,194</u>

**NOTE 5 - INTANGIBLE ASSETS**

Intangible assets consisted of the following:

	June 30, 2016	June 30, 2015
Land use rights, net	\$ 10,381,215	\$ 11,554,776
Technology patent, net	-	251,008
Customer relationships, net	6,403,343	5,337,372
Non-compete agreement	925,678	-
Trademarks	<u>6,129,812</u>	<u>6,662,590</u>
Total	<u>\$ 23,840,048</u>	<u>\$ 23,805,746</u>

**LAND USE RIGHT**

On September 25, 2009, Yuxing was granted a land use right for approximately 88 acres (353,000 square meters or 3.8 million square feet) by the People's Government and Land & Resources Bureau of Hu County, Xi'an, Shaanxi Province. The fair value of the related intangible asset was determined to be the respective cost of RMB73,184,895 (or \$11,014,327). The intangible asset is being amortized over the grant period of 50 years using the straight line method.



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On August 13, 2003, Tianjuyuan was granted a certificate of Land Use Right for a parcel of land of approximately 11 acres (42,726 square meters or 459,898 square feet) at Ping Gu District, Beijing. The purchase cost was recorded at RMB1,045,950 (or \$157,415). The intangible asset is being amortized over the grant period of 50 years.

On August 16, 2001, Jinong received a land use right as a contribution from a shareholder, which was granted by the People's Government and Land & Resources Bureau of Yangling District, Shaanxi Province. The fair value of the related intangible asset at the time of the contribution was determined to be RMB7,285,099 (or \$1,096,408). The intangible asset is being amortized over the grant period of 50 years.

The Land Use Rights consisted of the following:

	June 30, 2016	June 30, 2015
Land use rights	\$ 12,268,150	\$ 13,344,160
Less: accumulated amortization	(1,886,935)	(1,789,384)
Total land use rights, net	<u>\$ 10,381,215</u>	<u>\$ 11,554,776</u>

**TECHNOLOGY PATENT**

On August 16, 2001, Jinong was issued a technology patent related to a proprietary formula used in the production of humid acid. The fair value of the related intangible asset was determined to be the respective cost of RMB 5,875,068 (or \$884,198) and is being amortized over the patent period of 10 years using the straight line method. This technology patent has been fully amortized.

On July 2, 2010, the Company acquired Gufeng and its wholly-owned subsidiary Tianjuyuan. The fair value on the acquired technology patent was estimated to be RMB9,200,000 (or \$1,384,600) and is amortized over the remaining useful life of six years using the straight line method. As of June 30, 2016, this technology patent is fully amortized.

The technology know-how consisted of the following:

	June 30, 2016	June 30, 2015
Technology know-how	\$ 2,268,798	\$ 2,467,789
Less: accumulated amortization	(2,268,798)	(2,216,781)
Total technology know-how, net	<u>\$ -</u>	<u>\$ 251,008</u>

**CUSTOMER RELATIONSHIP**

On July 2, 2010, the Company acquired Gufeng and its wholly-owned subsidiary Tianjuyuan. The fair value on the acquired customer relationships was estimated to be RMB65,000,000 (or \$9,782,500) and is amortized over the remaining useful life of ten years. On June 30, 2016, the Company acquired the VIE Companies. The fair value on the acquired customer relationships was estimated to be RMB16,442,531 (or \$2,474,601) and is amortized over the remaining useful life of seven to ten years.

	June 30, 2016	June 30, 2015
Customer relationships	\$ 12,257,101	\$ 10,640,500
Less: accumulated amortization	(5,853,758)	(5,303,128)
Total customer relationships, net	<u>\$ 6,403,343</u>	<u>\$ 5,337,372</u>

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**NON-COMPETE AGREEMENT**

On July 2, 2010, the Company acquired Gufeng and its wholly-owned subsidiary Tianjuyuan. The fair value on the acquired non-compete agreement was estimated to be RMB1,320,000 (or \$198,660) and is amortized over the remaining useful life of five years using the straight line method. On June 30, 2016, the Company acquired the VIE Companies. The fair value on the acquired non-compete agreements were estimated to be RMB6,150,683 (or \$925,678) and is amortized over the remaining useful life of five years using the straight line method.

	June 30, 2016	June 30, 2015
Non-compete agreement	\$ 1,124,338	\$ 216,084
Less: accumulated amortization	(198,660)	(216,084)
Total non-compete agreement, net	<u>\$ 925,678</u>	<u>\$ -</u>

**TRADEMARKS**

On July 2, 2010, the Company acquired Gufeng and its wholly-owned subsidiary Tianjuyuan. The preliminary fair value on the acquired trademarks was estimated to be RMB40,700,000 (or \$6,125,350) and is subject to an annual impairment test. On June 30, 2016, Jinong acquired Xindeguo and Xinyulei. The preliminary fair value on the acquired trademarks was estimated to be RMB29,648 (or \$4,462).

**AMORTIZATION EXPENSE**

Estimated amortization expenses of intangible assets for the next five twelve months periods ended June 30, 2016, are as follows:

Years Ending June 30,	Expense (\$)
2015	1,941,112
2016	1,454,380
2017	1,699,727
2018	1,699,726
2019	1,699,726
2020	1,699,726
2021	737,218

**NOTE 6 - ACCRUED EXPENSES AND OTHER PAYABLES**

Accrued expenses and other payables consisted of the following:

	June 30, 2016	June 30, 2015
Payroll payable	\$ 58,704	\$ 18,451
Welfare payable	154,510	168,061
Accrued expenses	4,450,306	3,554,733
Acquisitions payable*	5,568,500	-
Other payables	6,056,153	1,098,705
Other levy payable	126,219	113,027
Total	<u>\$ 16,414,392</u>	<u>\$ 4,952,977</u>

\*Acquisitions payable represents the amount due to the original owners of the VIEs acquired on June 30, 2016.

**NOTE 7 - AMOUNT DUE TO RELATED PARTIES**

As of June 30, 2016 and 2015, the amount due to related parties was \$2,473,004 and \$2,068,102, respectively. As of June 30, 2016 and 2015, \$1,092,243 and \$1,184,643, respectively were amounts that Gufeng borrowed from a related party, Xi'an Techteam Science & Technology Industry (Group) Co. Ltd., a company controlled by Mr. Tao Li, Chairman and CEO of the Company, representing unsecured, non-interest bearing loans that are due on demand. These loans are not subject to written agreements. Company had other payable of \$1,350,000, was an amount of advanced payable to our major shareholder.

At the end of December 2015, Yuxing entered into a sales agreement with the Company's affiliate, 900LH.com Food Co., Ltd. ("900LH.com", previously announced as Xi'an Gem Grain Co., Ltd) pursuant to which Yuxing is to supply various vegetables to 900LH.com for its incoming seasonal sales at the holidays and year ends (the "Sales Agreement"). The contingent contracted value of the Sales Agreement is RMB 25,500,000 (approximately \$3,965,250). For the year ended June 30, 2016, Yuxing has sold approximately \$1,383,787 products to 900LH.com.

At June 30, 2016, the Company's subsidiary, Jinong, owed 900LH.com \$43,737 and 900nong owned Jinong \$13,518.

At June 30, 2016, the Company's subsidiary, Gufeng, owed 900LH.com \$7,738 and 900nong.com owed Gufeng \$454,534.

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At June 30, 2016, the Company's variable interest entity, Xinyulei, owned 900LH.com \$15,050 and 900LH.com owned Xinyulei \$48,518.

At June 30, 2016, Mr Rujun Mo, the owner of Xinyulei and Xindegua, had a bank loan of \$301,000 under his personal term which is guaranteed by Xindegua and Xinyulei. The purpose of this loan is to pay off the purchase of inventory for Xinyulei; At June 30, 2016, Mr. Mo had a personal loan of \$316,050, which was borrowed from his family relatives. At June 30, 2016, Mr. Mo has paid \$270,900 deposit for his membership card of 900LH.com. This member card shall enjoy free fixed amount of product and member service every month and it can withdraw at any time, but the membership and relevant services will be terminated.

On June 29, 2014, Jinong signed an office lease with Kingtone Information Technology Co., Ltd. ("Kington Information"), where Mr. Tao Li, Chairman and CEO of the Company, serves as its Chairman. Pursuant to the lease, Jinong rented 612 square meters (approximately 6,588 square feet) of office space from Kingtone Information. The lease provided for a two-year term effective as of July 1, 2014 with monthly rent of RMB25,723 (approximately \$4,000).

**NOTE 8- LOAN PAYABLES**

As of June 30, 2016, the short-term loan payables consisted of three loans which mature on dates ranging from May 18, 2016 through March 17, 2017 with interest rates ranging from 4.87% to 5.82%. The loans No. 1 and 3 below are collateralized by Tianjuyan's land use right and building ownership right. The loans No. 2 is guaranteed by Jinong's credit.

No.	Payee	Loan period per agreement	Interest Rate	June 30, 2016
1	Agriculture Bank of China-Pinggu Branch	May 18, 2016 - March 17, 2017	4.87%	\$ 1,956,500
2	Beijing Bank Pinggu Branch	August 11, 2015- August 2, 2016	5.82%	1,505,000
3	Agriculture Bank of China-Pinggu Branch	Jan 19, 2016 - Jan 17, 2017	5.00%	1,204,000
	Total			<u>\$ 4,665,500</u>

As of June 30, 2015, the short-term loan payables consisted of ten loans which mature on dates ranging from August 6, 2015 through April 29, 2016 with interest rates ranging from 5.60% to 7.80%. The loans No 6 and 10 are collateralized by Tianjuyan's land use right and building ownership right. The loan No.8 is collateralized by Gufeng's deposit. The loan No.7 is collateralized by Jinong's land use right and Jinong's credit. The loan No. 2 and 9 are guaranteed by Jinong's credit. The loans No.3, 4 and 5 are guaranteed by a bonding company in Zhongguancun Beijing, and counter guaranteed by Jinong's credit. The loan No.1 is guaranteed by Jinong and Tianjuyan's deposit.

No.	Payee	Loan period per agreement	Interest Rate	June 30, 2015
1	Beijing Bank – Pinggu Branch	Aug 6, 2014 – Aug 5, 2015	6.72%	\$ 1,637,000
2	China Merchants Bank – Chaoyang Branch	Aug 27, 2014 – Aug 26, 2015	7.80%	1,637,000
3	Beijing International Trust Co., Ltd	Sep 24, 2014 – Sep 23, 2015	7.80%	1,637,000
4	Beijing International Trust Co., Ltd	Oct 28, 2014 – Oct 27, 2015	7.80%	1,637,000
5	Beijing International Trust Co., Ltd	Dec 26, 2014 – Dec 15, 2015	7.28%	1,637,000
6	Agriculture Bank of China-Pinggu Branch	Jan 21, 2015 – Jan 20, 2016	6.16%	1,309,600
7	Tianjin Bank – Beijing Branch	Feb 3, 2015 – Jan 27, 2016	6.16%	6,548,000
8	Tianjin Bank – Beijing Branch	Feb 11, 2015 – Feb 10, 2016	5.60%	4,616,340
9	China Merchants Bank – Chaoyang Branch	Mar 16, 2015 – Mar 15, 2016	6.96%	818,500
10	Agriculture Bank of China-Pinggu Branch	May 12, 2015 – Apr 29, 2016	5.89%	2,128,100
	Total			<u>\$ 23,605,540</u>

The interest expense from short-term loans was \$995,959 and \$1,712,639 for the years ended June 30, 2016 and 2015, respectively.

**NOTE 9 – CONVERTIBLE NOTES PAYABLE**

In connection with the acquisition of the VIE Companies, the Company subsidiary, Jinong, issued to the VIE Companies shareholders convertible notes payable in the aggregate amount of RMB 51,000,000 (\$7,675,500) with a term of three years and an annual interest rate of 3%. The convertible notes take priority over the preferred stock and common stock of Jinong, and any other class or series of capital stocks Jinong issues in the future in terms of interests and payments in the event of any liquidation, dissolution or winding up of Jinong. On or after the third anniversary of the issuance date of the note, noteholders may request Jinong to process the note conversion to convert the note into shares of the Company's common stock. The notes cannot be converted prior to the mature date. The per share conversion price of the notes is the higher of the following: (i) \$5.00 per share or (ii) 75% of the closing price of the Company's common stock on the date the noteholder delivers the conversion notice.

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The Company determined that the fair value of the convertible notes payable was RMB 44,330,692 (\$6,671,769) due to the lower than market interest rate and the conversion feature. The difference between the fair value of the notes and the face amount of the notes will be amortized to interest expense over the three year life of the notes. As these notes were issued on June 30, 2016, there was no amortization of this discount into interest expense.

**NOTE 10 – TAXES PAYABLE**

Enterprise Income Tax

Effective January 1, 2008, the Enterprise Income Tax (“EIT”) law of the PRC replaced the tax laws for Domestic Enterprises (“DEs”) and Foreign Invested Enterprises (“FIEs”). The EIT rate of 25% replaced the 33% rate that was applicable to both DEs and FIEs. The two year tax exemption and three year 50% tax reduction tax holiday for production-oriented FIEs was eliminated. Since January 1, 2008, Jinong became subject to income tax in China at a rate of 15% as a high-tech company, as a result of the expiration of its tax exemption on December 31, 2007. Accordingly, it made provision for income taxes for the years ended June 30, 2016 and 2015 of \$3,577,978 and \$4,262,040, respectively, which is mainly due to the operating income from Jinong. Gufeng is subject to 25% EIT rate and thus it made provision for income taxes of \$3,584,006 and \$4,654,775 for the year ended June 30, 2016 and 2015, respectively.

Value-Added Tax

All of the Company’s fertilizer products that are produced and sold in the PRC were subject to a Chinese Value-Added Tax (VAT) of 13% of the gross sales price. On April 29, 2008, the PRC State of Administration of Taxation (SAT) released Notice #56, “*Exemption of VAT for Organic Fertilizer Products*”, which allows certain fertilizer products to be exempt from VAT beginning June 1, 2008. The Company submitted the application for exemption in May 2009, which was granted effective September 1, 2009, continuing through December 31, 2015.

Income Taxes and Related Payables

Taxes payable consisted of the following:

	June 30, 2016	June 30, 2015
VAT provision	\$ 2,218	\$ 27,251
Income tax payable	3,445,480	3,778,339
Other levies	656,520	698,952
Total	<u>\$ 4,104,218</u>	<u>\$ 4,504,542</u>

The provision for income taxes consists of the following:

	Years Ended June 30, 2016	2015
Current tax - foreign	\$ 7,371,967	\$ 8,916,815
Deferred tax	-	-
	<u>\$ 7,371,967</u>	<u>\$ 8,916,815</u>

The components of deferred income tax assets and liabilities are as follows:

	June 30, 2016	June 30, 2015
Deferred tax assets:		
Net operating loss	\$ 13,803,943	\$ 11,847,474
Total deferred tax assets	13,803,943	11,847,474
Less valuation allowance	(13,803,943)	(11,847,474)
	<u>\$ -</u>	<u>\$ -</u>

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The Company periodically evaluates the likelihood of the realization of deferred tax assets, and adjusts the carrying amount of the deferred tax assets by the valuation allowance to the extent the future realization of the deferred tax assets is not judged to be more likely than not. The Company considers many factors when assessing the likelihood of future realization of its deferred tax assets, including its recent cumulative earnings experience by taxing jurisdiction, expectations of future taxable income or loss, the carryforward periods available to the Company for tax reporting purposes, and other relevant factors.

At June 30, 2016, based on the weight of available evidence, including cumulative losses in recent years and expectations of future taxable income, the Company determined that it was more likely than not that its deferred tax assets would not be realized and have a \$13.8 million valuation allowance associated with its deferred tax assets.

**Tax Rate Reconciliation**

Our effective tax rates were approximately 21.6% and 22.1% for years ended June 30, 2016 and 2015, respectively. Substantially all of the Company's income before income taxes and related tax expense are from PRC sources. Actual income tax benefit reported in the consolidated statements of income and comprehensive income differ from the amounts computed by applying the US statutory income tax rate of 34% to income before income taxes for the years ended June 30, 2016 and 2015 for the following reasons:

**June 30, 2016**

	China 15% - 25%		United States 34%		Total
Pretax income (loss)	<u>\$32,076,160</u>		<u>\$(5,768,770)</u>		<u>\$26,307,390</u>
Expected income tax expense (benefit)	8,019,040	25.0%	(1,961,382)	34.0%	6,062,571
High-tech income benefits on Jinong	(2,214,672)	(5.7)%	-	-	(2,214,672)
Losses from subsidiaries in which no benefit is recognized	1,567,599	(0.8)%	-	-	1,567,599
Change in valuation allowance on deferred tax asset from US tax benefit	-		1,961,382	(34.0)%	1,961,382
Actual tax expense	<u>\$ 7,371,967</u>	<u>23%</u>	<u>\$ -</u>	<u>-%</u>	<u>\$ 7,371,967</u> <u>21.6%</u>

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**June 30, 2015**

	China 15% - 25%		United States 34%		Total
Pretax income (loss)	\$46,922,721		\$(6,562,530)		\$40,360,191
Expected income tax expense (benefit)	11,730,680	25.0%	(2,231,260)	34.0%	9,499,420
High-tech income benefits on Jinong	(2,675,905)	(5.7)%	-	-	(2,675,905)
Losses from subsidiaries in which no benefit is recognized	(137,960)	(0.3)%	-	-	(137,960)
Change in valuation allowance on deferred tax asset from US tax benefit	-		2,231,260	(34.0)%	2,231,260
Actual tax expense	\$ 8,916,815	19.0%	\$ -	-%	\$ 8,916,815 22.1%

**NOTE 11 – STOCKHOLDERS' EQUITY**

Common Stock

On September 30, 2014, the Company granted an aggregate of 1,750,000 shares of restricted stock under the 2009 Plan to certain executive officers, directors and employees, among which (i) 240,000 shares of restricted stock to Mr. Tao Li, the CEO; (ii) 100,000 shares of restricted stock to Mr. Ken Ren, the CFO, (iii) 40,000 shares of restricted stock to Mr. Yizhao Zhang, 30,000 shares of restricted stock to Ms. Yiru Shi, and 20,000 shares of restricted stock to Mr. Lianfu Liu, each an independent director of the Company; and (iv) 1,320,000 shares of restricted stock to key employees. The stock grants are subject to time-based vesting schedules, vesting in various installments until March 31, 2015 for the CFO and the three independent directors, until June 30, 2015 for the CEO and until December 31, 2016 for the employees. The value of the restricted stock awards was \$3,675,000 and is based on the fair value of the Company's common stock on the grant date. This amount is being amortized to compensation expense over the vesting periods for the various awards. As of June 30, 2016 the unamortized portion of the compensation expense was \$235,264 which will be amortized to expense through December 15, 2016.

On October 3, 2015, the Company granted an aggregate of 1,000,000 shares of restricted stock under the 2009 Plan to certain key employees. The stock grants are subject to time-based vesting schedules, vesting in various installments until June 30, 2016. The value of the restricted stock awards was \$1,660,000 and is based on the fair value of the Company's common stock on the grant date. This amount is being amortized to compensation expense over the vesting periods for the various awards.

On June 26, 2016, the Company granted an aggregate of 670,000 shares of restricted stock under the 2009 Plan to certain key employees. The stock grants vest immediately. The value of the restricted stock awards was \$897,800 and is based on the fair value of the Company's common stock on the grant date.

The following table sets forth changes in compensation-related restricted stock awards during years ended June 30, 2016 and 2015:

	Number of Shares	Fair Value of Shares	Grant Date Fair Value Per share
Outstanding (unvested) at June 30, 2014	1,714,000	\$ 3,104,759	
Granted	1,750,000	3,675,000	\$ 2.10
Forfeited	-	-	
Vested	(1,756,000)	(4,981,767)	
Outstanding (unvested) at June 30, 2015	1,708,000	\$ 1,797,992	
Granted	1,000,000	1,660,000	\$ 1.66
Granted	670,000	897,800	\$ 1.34
Forfeited	-	-	
Vested	(2,790,000)	(4,120,528)	
Outstanding (unvested) at June 30, 2016	588,000	\$ 235,264	

As of June 30, 2016, the unamortized expense related to the grant of restricted shares of common stock of \$235,264 will be amortized into expense through December 31, 2016. The fair value of the restricted common stock awards was based on the closing price of the Company's common stock on the grant date. The fair value of the common stock awarded is amortized over the various vesting terms of each grant.

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During the year ended June 30, 2016, the Company issued 73,407 shares of common stock for consulting services valued at \$114,763. The shares were valued at the market price on the date of issuance.

During the year June 30, 2015, the Company issued 103,686 shares of common stock for professional fees valued at \$205,103. The shares were valued at the market price on the date of issuance.

In addition, during the year ended June 30, 2015, the Company issued 1,362,495 shares of common stock to its employees under the Company's Employee Stock Purchase Plan (the "ESPP") for cash of \$2,946,746 and the Company sold 326,483 shares of common stock to its Chairman, Mr. Li, for cash proceeds of \$626,847 under the ESPP.

**Dividend**

On October 1, 2014, the Company's Board of Directors declared a cash dividend of \$0.10 per share to the Company's stockholders of common stock. The dividend payable represents a total payment to the stockholders of \$3,296,156. The cash dividend of \$2,161,904 was paid on January 30, 2015 to stockholders of record as of the close of business on the record date of October 31, 2014. Certain stockholders, including the Company's Chairman, Mr. Li, elected to waive the dividend payment due to them and directed the Company to retain the funds for working capital purposes.

**Preferred Stock**

Under the Company's Articles of Incorporation, the Board has the authority, without further action by stockholders, to designate up to 20,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges, qualifications and restrictions granted to or imposed upon the preferred stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, liquidation preference and sinking fund terms, any or all of which may be greater than the rights of the common stock. If the Company sells preferred stock under its registration statement on Form S-3, it will fix the rights, preferences, privileges, qualifications and restrictions of the preferred stock of each series in the certificate of designation relating to that series and will file the certificate of designation that describes the terms of the series of preferred stock the Company offers before the issuance of the related series of preferred stock.

As of June 30, 2016, the Company has 20,000,000 shares of preferred stock authorized, with a par value of \$.001 per share, of which no shares are issued or outstanding.

**NOTE 12 – STOCK OPTIONS**

There were no issuances of stock options during the years ended June 30, 2016 and 2015.

Options outstanding and related weighted average price and intrinsic value are as follows:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding, June 30, 2014	115,099	\$ 14.66	\$ -
Granted	-		
Forfeited/Canceled	(115,099)		
Exercised	-		
Outstanding, June 30, 2015	-	\$ -	\$ -
Granted	-		
Forfeited/Canceled	-		
Exercised	-		
Outstanding, June 30, 2016	-	\$ -	\$ -

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**NOTE 13 –CONCENTRATIONS AND LITIGATION**

***Market Concentration***

All of the Company's revenue-generating operations are conducted in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC, and by the general state of the PRC's economy.

The Company's operations in the PRC are subject to specific considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among other things, the political, economic and legal environment and foreign currency exchange. The Company's results may be adversely affected by, among other things, changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

***Vendor and Customer Concentration***

There were two vendors, Shaanxi Shanhua Agricultural Material Co. Ltd and Sino-agri Guangdong Fertilizer Co., Ltd., from which the Company purchased 18.8% and 17.4% of its raw materials for the year ended June 30, 2016. Total purchase from these two vendors amounted to \$52,241,454 as June 30, 2016.

There were two vendors, Sino-agri Holding Co., Ltd and Beijing Baofengnian Agricultural Material Co. Ltd., from which the Company purchased 16.9% and 10.5% of its raw materials for the year ended June 30, 2015. Total purchase from these two vendors amounted to \$47,116,232 as June 30, 2015.

One customer, Sino-agri Holding Co., Ltd., accounted for \$59,696,999, or 23.0% of the Company's sales for the year ended June 30, 2016.

One customer, Sino-agri Holding Co., Ltd., accounted for \$64,131,981, or 23.6% of the Company's sales for the year ended June 30, 2015.

**NOTE 14 – SEGMENT REPORTING**

As of June 30, 2016, the Company was organized into three main business segments based on location and product: Jinong (fertilizer production), Gufeng (fertilizer production), and Yuxing (agricultural products production). As of June 30, 2016, with the acquisition of the VIE Companies, the Company added a new distribution segment. Each of the four operating segments referenced above has separate and distinct general ledgers. The chief operating decision maker ("CODM") receives financial information, including revenue, gross margin, operating income and net income produced from the various general ledger systems to make decisions about allocating resources and assessing performance; however, the principal measure of segment profitability or loss used by the CODM is net income by segment.

	Years Ended June 30,	
	2016	2015
Revenues from unaffiliated customers:		
Jinong	\$ 125,716,937	\$ 130,355,168
Gufeng	134,661,420	128,675,606
Yuxing	8,406,663	4,323,514
Consolidated	<u>\$ 268,785,020</u>	<u>\$ 263,354,288</u>
Operating income :		
Jinong	\$ 22,942,976	\$ 27,569,969
Gufeng	13,952,983	20,063,568
Yuxing	1,464,728	640,367
Reconciling item (1)	0	0
Reconciling item (2)	(1,648,240)	(1,580,963)
Reconciling item (2)--stock compensation	(4,120,528)	(4,980,017)
Consolidated	<u>\$ 32,591,919</u>	<u>\$ 41,712,924</u>



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Net income:		
Jinong	\$ 19,637,155	\$ 23,489,740
Gufeng	9,364,364	13,764,794
Yuxing	1,471,412	751,372
Reconciling item (1)	30	200
Reconciling item (2)	(5,768,768)	(6,560,980)
Consolidated	<u>\$ 24,704,193</u>	<u>\$ 31,445,126</u>
Depreciation and Amortization:		
Jinong	\$ 35,924,393	\$ 42,861,786
Gufeng	2,920,960	3,319,329
Yuxing	1,465,836	1,528,408
Consolidated	<u>\$ 40,311,189</u>	<u>\$ 47,709,523</u>
Interest expense:		
Gufeng	995,959	1,712,639
Consolidated	<u>\$ 995,959</u>	<u>\$ 1,712,639</u>
Capital Expenditure:		
Jinong	\$ 7,894	\$ 9,266,682
Gufeng	3,239	13,595
Yuxing	8,059	405,401
Consolidated	<u>\$ 19,192</u>	<u>\$ 9,685,678</u>
As of		
June 30, June 30,		
2016 2015		
Identifiable assets:		
Jinong	\$ 198,599,977	\$ 219,259,401
Gufeng	149,891,328	165,267,975
Yuxing	45,448,157	44,745,889
Distribution	24,675,497	0
Reconciling item (1)	170,444	312,198
Reconciling item (2)	(2,876)	(2,845)
Consolidated	<u>\$ 418,782,527</u>	<u>\$ 429,582,618</u>

- (1) Reconciling amounts refer to the unallocated assets or expenses of Green New Jersey.  
(2) Reconciling amounts refer to the unallocated assets or expenses of the Parent Company.

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Total revenues from exported products currently accounted for less than 1% of the Company's total fertilizer revenues for the years ended June 30, 2016 and 2015, respectively.

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

On June 29, 2016, Jinong signed an office lease with Kingtone Information. Pursuant to the lease, Jinong rented 612 square meters (approximately 6,588 square feet) of office space from Kingtone Information. The lease provided for a two-year term effective as of July 1, 2016 with monthly rent of \$4,007 (RMB 24,480).

In January 2008, Jintai signed a ten-year land lease with Xi'an Jinong Hi-tech Agriculture Demonstration Zone for a monthly rent of \$851 (RMB 5,200).

In February 2004, Tianjuyuan signed a fifty-year lease with the village committee of Dong Gao Village and Zhen Nan Zhang Dai Village in the Beijing Ping Gu District, at a monthly rent of \$484 (RMB 2,958).

Accordingly, the Company recorded an aggregate of \$14,733 and \$53,636 as rent expenses for the years ended June 30, 2016 and 2015, respectively. Rent expenses for the next five years ended June 30, are as follows:

Years ending June 30,	
2017	\$ 14,733
2018	12,386
2019	5,342
2020	5,342
2021	5,342

**NOTE 16 – BUSINESS COMBINATIONS**

On June 30, 2016, the Company, through its wholly-owned subsidiary Jinong, entered into strategic acquisition agreements and also into a series of contractual agreements to qualify as VIEs with the shareholders of the the VIE Companies.

Jinong, the VIE Companies, and the shareholders of the VIE Companies also entered into a series of contractual agreements for the VIE Companies to qualify as VIEs (the "VIE Agreements"). The VIE Agreements are as follows:

Entrusted Management Agreements

Pursuant to the terms of certain Entrusted Management Agreements dated June 30, 2016, between Jinong and the shareholders of the VIE Companies (the "Entrusted Management Agreements"), the VIE Companies and their shareholders agreed to entrust the operations and management of its business to Jinong. According to the Entrusted Management Agreement, Jinong possesses the full and exclusive right to manage the VIE Companies' operations, assets and personnel, has the right to control all of the VIE Companies' cash flows through an entrusted bank account, is entitled to the VIE Companies' net profits as a management fee, is obligated to pay all of the VIE Companies' payables and loan payments, and bears all losses of the VIE Companies. The Entrusted Management Agreements will remain in effect until (i) the parties mutually agree to terminate the agreement; (ii) the dissolution of the VIE Companies; or (iii) Jinong acquires all of the assets or equity of the VIE Companies (as more fully described below under "Exclusive Option Agreements").

Exclusive Technology Supply Agreements

Pursuant to the terms of certain Exclusive Technology Supply Agreements dated June 30, 2016, between Jinong and the VIE Companies (the "Exclusive Technology Supply Agreements"), Jinong is the exclusive technology provider to the VIE Companies. The VIE Companies agreed to pay Jinong all fees payable for technology supply prior to making any payments under the Entrusted Management Agreement. The Exclusive Technology Supply Agreements shall remain in effect until (i) the parties mutually agree to terminate the agreement; (ii) the dissolution of the VIE Companies; or (iii) Jinong acquires the VIE Companies (as more fully described below under "Exclusive Option Agreements").

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
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Shareholder's Voting Proxy Agreements

Pursuant to the terms of certain Shareholder's Voting Proxy Agreements dated June 30, 2016, among Jinong and the shareholders of the VIE Companies (the "Shareholder's Voting Proxy Agreements"), the shareholders of the VIE Companies irrevocably appointed Jinong as their proxy to exercise on such shareholders' behalf all of their voting rights as shareholders pursuant to PRC law and the Articles of Association of the VIE Companies, including the appointment and election of directors of the VIE Companies. Jinong agreed that it shall maintain a board of directors, the composition and appointment of which shall be approved by the Board of the Company. The Shareholder's Voting Proxy Agreements will remain in effect until Jinong acquires all of the assets or equity of the VIE Companies.

Exclusive Option Agreements

Pursuant to the terms of certain Exclusive Option Agreements dated June 30, 2016, among Jinong, the VIE Companies, and the shareholders of the VIE Companies (the "Exclusive Option Agreements"), the shareholders of the VIE Companies granted Jinong an irrevocable and exclusive purchase option (the "Option") to acquire the VIE Companies' equity interests and/or remaining assets, but only to the extent that the acquisition does not violate limitations imposed by PRC law on such transactions. The Option is exercisable at any time at Jinong's discretion so long as such exercise and subsequent acquisition of the VIE Companies does not violate PRC law. The consideration for the exercise of the Option is to be determined by the parties and memorialized in the future by definitive agreements setting forth the kind and value of such consideration. Jinong may transfer all rights and obligations under the Exclusive Option Agreements to any third parties without the approval of the shareholders of the VIE Companies so long as a written notice is provided. The Exclusive Option Agreements may be terminated by mutual agreements or by 30 days written notice by Jinong.

Equity Pledge Agreements

Pursuant to the terms of certain Equity Pledge Agreements dated June 30, 2016, among Jinong and the shareholders of the VIE Companies (the "Pledge Agreements"), the shareholders of the VIE Companies pledged all of their equity interests in the VIE Companies to Jinong, including the proceeds thereof, to guarantee all of Jinong's rights and benefits under the Entrusted Management Agreements, the Exclusive Technology Supply Agreements, the Shareholder' Voting Proxy Agreements and the Exclusive Option Agreements. Prior to termination of the Pledge Agreements, the pledged equity interests cannot be transferred without Jinong's prior written consent. The Pledge Agreements may be terminated only upon the written agreement of the parties.

Non-Compete Agreements

Pursuant to the terms of certain Non-Compete Agreements dated June 30, 2016, among Jinong and the shareholders of the VIE Companies (the "Non-Compete Agreements"), the shareholders of the VIE Companies agreed that during the period beginning on the initial date of their services with Jinong, and ending five (5) years after termination of their services with Jinong, without Jinong's prior written consent, they will not provide services or accept positions including but not limited to partners, directors, shareholders, managers, proxies or consultants, provided by any profit making organizations with businesses that may compete with Jinong. They will not solicit or interfere with any of the Jinong's customers, or solicit, induce, recruit or encourage any person engaged or employed by Jinong to terminate his or her service or engagement. In the event that the shareholders of the VIE Companies breach the non-compete obligations contained therein, Jinong is entitled to all loss and damages; in the event that the damages are difficult to determine, remedies bore the shareholders of the VIE Companies shall be no less than 50% of the salaries and other expenses Jinong provided in the past.

The Company entered into these VIE Agreements as a way for the Company to have more control over the distribution of its products. The transactions are accounted for as business combinations in accordance with ASC 805. A summary of the purchase price allocations at fair value is below:

Cash	\$ 708,737
Accounts receivable	6,422,850
Advances to suppliers	1,803,180
Prepaid expenses and other current assets	807,645
Inventories	7,787,043
Machinery and equipment	140,868
Intangible assets	270,900
Other assets	3,404,741
Goodwill	3,158,179
Accounts payable	(3,962,670)
Customer deposits	(3,486,150)
Accrued expenses and other payables	(4,653,324)
Taxes payable	(16,912)
Purchase price	<u>\$ 12,385,087</u>

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
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A summary of the purchase consideration paid for the VIE Companies is below:

Cash	\$ 5,568,500
Convertible notes	6,671,769
Derivative liability	144,818
	<u>\$ 12,385,087</u>

The cash component of the purchase price for these acquisitions was not paid until July and August 2016.

No revenue is recorded in the accompanying statement of operations from the VIE Companies as the agreements were signed on June 30, 2016, the Company's fiscal year end. None of the six VIE Companies are considered significant to the Company; therefore the pro forma disclosures required under ASC 805 are not presented.

**NOTE 17 - VARIABLE INTEREST ENTITIES**

As a result of these contractual arrangements, with Yuxing and the VIE Companies the Company is entitled to substantially all of the economic benefits of Yuxing and the VIE Companies. The following financial statement amounts and balances of the VIEs were included in the accompanying consolidated financial statements as of June 30, 2016 and 2015:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,017,841	\$ 79,867
Accounts receivable, net	7,050,201	72,748
Inventories	26,370,202	18,138,137
Other current assets	1,875,912	48,845
Advances to suppliers	4,900,524	61,739
Total Current Assets	<u>41,214,680</u>	<u>18,401,336</u>
Plant, Property and Equipment, Net	13,377,817	15,692,975
Other assets	334,264	68,921
Intangible Assets, Net	12,913,776	10,582,657
Goodwill	3,158,179	-
Total Assets	<u>\$ 70,998,716</u>	<u>\$ 44,745,889</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 3,840,052	\$ 159,730
Customer deposits	3,486,150	-
Accrued expenses and other payables	5,580,642	222,871
Amount due to related parties	43,478,158	43,488,198
Total Current Liabilities	<u>56,385,002</u>	<u>43,870,799</u>
Stockholders' equity	14,613,714	875,090
Total Liabilities and Stockholders' Equity	<u>\$ 70,998,716</u>	<u>\$ 44,745,889</u>
	<u>Years Ended June 30,</u>	<u>2015</u>
	<u>2016</u>	<u>2015</u>
Revenue	\$ 8,406,663	\$ 4,323,514
Expenses	6,935,251	3,572,142
Net income	<u>\$ 1,471,412</u>	<u>\$ 751,372</u>

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
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**NOTE 18 – RESTRICTED NET ASSETS**

The Company's operations are primarily conducted through its PRC subsidiaries, which can only pay dividends out of their retained earnings determined in accordance with the accounting standards and regulations in the PRC and after it has met the PRC requirements for appropriation to statutory reserves. In addition, the Company's businesses and assets are primarily denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts. These currency exchange control procedures imposed by the PRC government authorities may restrict the ability of the Company's PRC subsidiaries to transfer their net assets to the Parent Company through loans, advances or cash dividends.

The Company's PRC subsidiaries net assets as of June 30, 2016 and 2015 exceeded 25% of the Company's consolidated net assets. Accordingly, condensed Parent Company financial statements have been prepared in accordance with Rule 5-04 and Rule 12-04 of SEC Regulation S-X, and are as follows.

***Parent Company Financial Statements***

PARENT COMPANY FINANCIAL INFORMATION OF CHINA GREEN AGRICULTURE, INC.

Condensed Balance Sheets

	<b>As of June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 167,495	\$ 306,376
Other current assets	70	2,977
<b>Total Current Assets</b>	<b>167,565</b>	<b>309,353</b>
Long-term equity investment	376,321,912	377,245,446
<b>Total long term assets</b>	<b>376,321,912</b>	<b>377,245,446</b>
<b>Total Assets</b>	<b>\$376,489,477</b>	<b>\$377,554,799</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 214,520	\$ 214,520
Amount due to related parties	1,388,743	888,743
Other payables and accrued expenses	4,401,882	3,502,062
<b>Total Current Liabilities</b>	<b>6,005,145</b>	<b>4,605,325</b>
Stockholders' Equity		
Common stock, \$.001 par value, 115,197,165 shares authorized, 37,648,605 and 35,905,198, shares issued and outstanding as of June 30, 2016 and 2015, respectively	37,648	35,905
Additional paid in capital	127,593,932	123,360,384
Accumulated other comprehensive income	(5,696,388)	25,708,238
Retained earnings	248,549,140	223,844,947
<b>Total Stockholders' Equity</b>	<b>370,484,332</b>	<b>372,949,474</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$376,489,477</b>	<b>\$377,554,799</b>

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
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Condensed Statements of Operations

	<b>Year ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
Revenue	\$ -	\$ -
General and administrative expenses	5,768,770	6,560,980
Interest income	30	200
Equity investment in subsidiaries	30,472,933	38,005,906
Net income	<u>\$ 24,704,193</u>	<u>\$ 31,445,126</u>

Condensed Statements of Cash Flows

	<b>Year Ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
Net cash provided by (used in) operating activities	\$ (138,881)	\$ 188,437
Net cash provided by investing activities	-	-
Net cash provided by financing activities	-	-
Cash and cash equivalents, beginning balance	306,376	117,939
Cash and cash equivalents, ending balance	<u>\$ 167,495</u>	<u>\$ 306,376</u>

***Notes to Condensed Parent Company Financial Information***

As of June 30, 2016 and 2015, there were no material contingencies, significant provisions for long-term obligations, or guarantees of the Company, except as separately disclosed in the Consolidated Financial Statements, if any. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

CONVERTIBLE NOTE AGREEMENT  
OF  
SHAANXI TECHTEAM JINONG HUMIC ACID PRODUCT CO., LTD.

Section 1. Designation and Amount.

The designation of such notes shall be "Convertible Notes, RMB100 face value per note, annual interest rate of 3%, with maturity on June 30, 2019" ("Convertible Notes", "Notes"). The shares that the Convertible Note can be converted into shall represent only the shares of Common Stock ("Common Stock") issued by Parent Company ("Parent Company") of Shaanxi Techteam Jinong Humic Acid Product Co., Ltd. ("the Company")

(CUSIP: 16943W105)

Section 2. Noteholders.

In forms of private placement, the Convertible Notes are issued as part of the purchase consideration to related shareholders of the Target Company ("Target Company") who signed into Strategic Acquisition Agreements ("SAA") with the Company. The related shareholders of the Target Company shall transfer the interest and control they owned at the Target Company to the Company in exchange of the Convertible Notes as a payment of the Convertible Notes for all or part of consideration. As the Noteholders ("Noteholders") of the Convertible Notes, they get all the priority rights of the Convertible Notes.

### Section 3. Ranking.

The Convertible Notes shall be senior to any shares of the preferred stock and any shares of the Common Stock of Parent Company, and each other class or series of capital stock of Parent Company hereafter created (together with the preferred stock, the Common Stock, and the "Junior Stock"), in each case as to the payment of dividends and the distribution upon a liquidation, winding-up and dissolution of the Company.

### Section 4. Interest.

The interest of the Convertible Notes with a compound annual rate of 3% gets accrued to the Company in preference over any dividend paid on or declared and set aside for any Junior Stock, and shall get paid off with any unpaid balance that consists with the compound interest rate and outstanding principal on the maturity date. The interest is calculated on each anniversary of the Agreement Date, the day at the end of its Fiscal year of the Company ("Agreement Date").

- (A) The Convertible Notes with the three-year maturity shall be accruing compound interest at the end of fiscal year of the Company, and shall be repurchased by the Company to pay off the Notes' principal and interest. The compound interest method is adopted by the Company to accrue interest on the Convertible Notes; the amount of interest calculated at the end of the first fiscal year shall be added to the principal for the purpose to calculate the accrued interest at the end of the second fiscal year, and the interest in the third fiscal year shall be calculated on the amount that equals to the sum of the unpaid principal and unpaid compound interest accrued in the previous years.

### Section 5. Payment Amount at Maturity.

Each Convertible Note is designated with a face value RMB 100 per note for a three-year term. On the maturity date, the Notes shall be repurchased by the Company with payment amount equal to the sum of the unpaid principal and accrued unpaid interest. The Noteholders have no right to request the Company to repurchase the Note before the maturity date. If the Noteholders send a written request to the company, the company has right to refuse the repurchase of the Notes. On the maturity date, the repurchase or the conversion of Convertible Notes executed by the company should be pursuant to the arrangement specified in section 7 and section 8.

- (A) On the maturity date, the due amount of the Convertible Notes equals to any unpaid principal of the Notes and any accrued compound interests unpaid.

### Section 6. Liquidation Preference.

In the event of liquidation, dissolution or winding-up of the affairs of the Company, whether voluntary or involuntary, the Noteholders shall be entitled to receive, out of the assets of the Company available for distribution to its stockNoteholders before any payment shall be made to the Noteholders of shares of Common Stock or any other Junior Stock by reason of their ownership thereof, with respect to each Convertible Note (involved interest) an amount equal to the greater of (i) the Convertible Notes's unpaid principal plus all accrued but unpaid interests and other declared but unpaid dividends on such Convertible Notes transferred to Common Stock, and (ii) If upon any such Liquidation, the assets of the Company available for distribution to its stockNoteholders shall be insufficient to pay the Noteholders the full liquidation preference to which they shall be entitled under this Section 6(A), the Noteholders shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. All payments for which this Section 6(A) provides shall be in cash, property (valued at its Fair Market Value) or a combination thereof; provided, however, that no cash shall be paid to Noteholders of shares of Common Stock or any other Junior Stock unless each Noteholder of the Convertible Note has been paid in cash the full amount to which such Noteholder shall be entitled under this Section 6(A). After payment of the full Convertible Note Liquidation Amount, such Noteholders of the Convertible Note will not be entitled to any further participation as such in any distribution of the assets of the Company. The "Convertible Note face value" shall be RMB 100 per note and shall be adjusted for any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, combination or other like changes in the Company's capital structure.



- (A) For purposes hereof, any transaction or series of related transactions that constitute (i) the sale, conveyance, exchange, lease or other transfer of all or substantially all of the assets of the Group taken as a whole, (ii) any acquisition of the Company by means of a consolidation, stock exchange, stock sale, merger or other form of corporate reorganization of the Company with any other entity in which the Company's stockholders prior to the consolidation or merger own less than a majority of the voting securities or economic interests of the surviving entity (or, if the surviving entity is a wholly-owned subsidiary of another corporation following such merger or consolidation, the parent corporation of such surviving entity), (iii) the sale or disposition (including by way of merger, consolidation or otherwise) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale or disposition is to a wholly-owned subsidiary of the Company or (iv) a transaction or series of related transactions following which the Company's stockholders prior to such transaction or series of related transactions own less than a majority of the voting securities or economic interests of the Company or surviving entity (or, if the surviving entity is a wholly-owned subsidiary of another corporation following such transaction or series of related transactions, the parent corporation of such surviving entity) (any such event, a "Reorganization Event") shall be deemed to be a Liquidation unless otherwise determined by the Noteholders of at least a majority of the Convertible Notes then outstanding. Notwithstanding the foregoing, any merger or reorganization exclusively between the Company and a wholly-owned subsidiary of the Company shall not be deemed to be a Reorganization Event.
- (B) Unless otherwise waived by the Noteholders of at least a majority of the Convertible Notes, the Company shall deliver a written notice of any Liquidation, stating a payment date and the place where the distributable amounts shall be payable by mail, postage prepaid, no less than ten (10) days prior to the payment date stated therein, to the Noteholders of record of the Convertible Notes at their respective addresses as the same shall appear on the books of the Company.

## Section 7 Conversion

When the Convertible Notes is due on the maturity date, the Noteholder has the right to send conversion request to the company, and the Company has the right to make choice to select the repurchase or the conversion method. When the Convertible Notes will be converted into the Parent Company's Common Stock if any, the holders of the converted Common Stocks will be entitled to the equivalent rights of the Parent Company's other Common Stock shareholders of the same class pursuant to the articles of incorporation of the Parent Company.

- (A) If the Convertible Notes will be converted at the maturity date into Common Stock, the Conversion Price ("Conversion Price") will be the higher of (i) prefixed conversion price of US\$ 5 per shares of Common Stock, or (ii) 75% of closing price at the date of conversion notification submission date by the Noteholder.
- (B) After the Convertible Notes mature when the conversion notification is submitted to the Company by the Noteholder, the number of shares of Common Stock converted is equal to (i) the sum of the unpaid principal amount of the Convertible Notes plus any accrued unpaid interest pursuant to the compound interest rate, divided by (ii) the calculated Conversion Price pursuant to section 7(B). The formula to calculate the number of shares of Common Stock from the conversion of Convertible Notes is as follows:

$$C_n = [B_v(1 + i)^n] / V_c$$

Where,

$C_n$  = Number of shares of Common Stock that the Convertible Notes can be converted into

$B_v$  = principal amount of the Convertible Notes held by the Noteholder (the product of the number of the Convertible Notes to be converted multiplied by the face value of the Convertible Note)

$i$  = annual interest rate

$n$  = number of years until the maturity date of the Convertible Note.

$V_c$  = 75% of closing price of Common Stock after the Convertible Notes matures when the conversion notification is submitted to the Company by the Noteholder.

- (C) On the maturity date, if the Target Company reaches the predetermined performance goal specified in SAA, and the Noteholders have fully complied with the Non-Compete Agreement, the Company has the right to choose payment method to pay off the Note considering the Parent Company, the Company, and the Target Company's operating condition.
- a) The company has the option to (i) repurchase all the Convertible Notes held by the Noteholder with full cash, (ii) repurchase part of the Convertible Note with cash, and convert remaining Convertible Notes into Common Stock for the Noteholder to continue to hold, or (iii) repurchase all the Convertible Notes held by Noteholder with the Common Stock that all the Convertible Notes will be converted into.

- b) The Noteholders have the right to (i) request the Company to convert all or part of the Convertible Notes into corresponding Common Stocks at the maturity date, or (ii) continually hold the Convertible Notes till the Noteholders submit conversion notification in written to the company to convert the Notes into Common Stocks at their own will after the maturity date. After the maturity date of the Convertible Notes, if the Noteholder choose to continually hold the Convertible Notes, the Notes will no longer accrue any interest on the unpaid principal and interest balance of the Notes.
- (D) When the Convertible Notes get converted into Common Stocks of the Parent Company after the maturity, and the Parent Company declares or pays any dividend at the Conversion, the Parent Company shall also pay dividend to each share of Common Stock that the Convertible Notes get converted into. The total dividend amount payable to the converted Common Stock is equal to the product of the following: (i) dividend payable to each Common Stock or dividend amount that should be allocated, multiplied by (ii) number of Common Stock that all or part of the Convertible Notes get converted into (without regard to any limitations or restrictions on the Convertible Notes conversion). Such dividend amount becomes payable to the holder of the pertaining Common Stock after the Parent Company declares dividend payment.
- (E) Mechanics of Voluntary Conversion. The Voluntary Conversion of the Convertible Notes shall be conducted pursuant to the following arrangements:
  - a) The Conversion Request submitted by the Noteholders. To convert the Convertible Notes into shares of Common Stock on any date (the "Voluntary Conversion Date") on and after the maturity date of the Convertible Note, the Noteholder thereof shall (i) transmit by facsimile (or otherwise deliver), for receipt on or prior to 5:00 p.m., New York time on such date, a copy of a fully executed and completed notice of conversion in the form attached hereto as Exhibit A (the "Conversion Notice"), to the Company, and (ii) surrender to a common carrier for delivery to the Company as soon as practicable following such Voluntary Conversion Date but in no event later than three Business Days after such date the original certificates representing the Convertible Notes being converted . If the conversion request violates the terms in section 7 (D), the Company has right to refuse the conversion request.

- b) Company's Response. Upon receipt by the Company of a facsimile copy of a Conversion Notice, the Company shall within three Business Days send, via facsimile, a confirmation of receipt of such Conversion Notice to such Noteholder. If the conversion request violates the terms in section 7(D), the Company has right to refuse the conversion request.
- c) Record Shareholder ("Record Shareholder"). The person or persons entitled to receive the shares of Common Stock issuable upon a Voluntary Conversion of The Convertible Notes shall be treated for all purposes as the Record Shareholder of such shares of Common Stock on the Voluntary Conversion Date.

Section 8. Redemption.

In the following circumstances, the company has the right to require the Noteholders to buy back up to the whole interest of the Target Company by payments including tendering the Convertible Notes that they hold,

- a) The Target Company or the Noteholders' behavior have incurred significant adverse impacts on the Company and/or the Parent Company, and have caused irreparable damage to the Company, and/or the Parent Company.
  - b) On the maturity date, the Target Company fails achieve a target growth rate of average compound sales specified in the SAA ("Target Growth Rate") during the three-year period of the Convertible Note.
- (B) In case of section 8 (A) (a), the Company has right to withdraw from the SAA and VIE agreements and require the Noteholders to pay back the Company the sum of the following payments (i) tender all the unpaid Convertible Notes issued to and held by Noteholders plus cash with amount equal to the full cash amount specified in the SAA paid by the Company to the Noteholder for the purpose of acquiring the interest and control of the Target Company through VIE agreements, plus (ii) the product of the total amount obtained in the preceding clause section 8 (B) (i) as the sum of the unpaid principal and accrued interest of the Notes and the cash with the amount in SAA, multiplied by 15% compensation rate.

- (C) In case of section 8 (A) (b), if the Target Company cannot achieve the Target Growth Rate in compound sales growth during the Note's three-year period from SAA, the Noteholders will be obliged to write down a portion of the principal and accrued interest on Convertible Notes that the Noteholder is entitled to get paid otherwise. The write-down amount herein shall be pro rata to the difference between actual average compound sales growth rate achieved and the Target Growth Rate. The formula to calculate the write-down is as follows:

$$DA = P * [(R_0 - R') / R_0]$$

Where,

DA = write-down amount

P = the sum of principal and accrued interest of the Convertible Notes at the maturity date

$R_0$  = Target Growth Rate

$R'$  = actual average compound sales growth rate realized during the Note's three-year period.

For the remaining principal and accrued interest of the Convertible Notes that does not get written down herein, the Noteholders are entitled to all the powers, designations, preferences and other rights of the Notes including receiving principal and interest payments, requesting conversion of the Convertible Notes into Common Stock, and receiving converted Common Stock if any. Pursuant to Section 7 (D), the Company has right to select payment method upon receiving the Conversion Notice..

- (D) The Company has the right to request the Noteholder to buy back the interest of the Target Company pursuant to Section 8(A), and such right shall be exercisable by delivering written notice to the Noteholder (the "Redemption Request") at least twenty (20) Business Days prior to the proposed date of redemption (the "Redemption Date") set forth in the Redemption Request. For the avoidance of doubt, pursuant to Section 8(A), the Company has the right to exercise the Redemption Request, and whether to exercise such Redemption Request right is at the Company's will and consideration.
- (E) Upon receiving the Redemption Request from the Company (pursuant to Section 8(D)), The Noteholder shall tender all the payments on the latter of (i) the Redemption Date and (ii) upon the receipt of surrender of the certificates representing that the Convertible Notes get redeemed (if the Noteholders need specific arrangement on the receipt of surrender of the certificates herein, such arrangement shall be sent in written notice to the Company); provided, that if such certificates are lost, stolen or destroyed, the Company may require Noteholder to execute an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith, prior to paying all the payments to fulfill Redemption Request.

(F) The Convertible Notes to be redeemed on the Redemption Date will from and after the Redemption Date, no longer be deemed to be outstanding; and all powers, designations, preferences and other rights of the Noteholder thereof as a Noteholder (except the right to get back from the Company the interest of the Target Company) shall cease and terminate with respect to such shares; provided, that in the event that the Convertible Note is not redeemed due to a default in returning the interest of the Target Company by the Company or because the Company is otherwise unable to redeem the Convertible Notes, all the Convertible Notes submitted for redemption will remain outstanding and will be entitled to all of the powers, designations, preferences and other rights as provided herein.

Section 9. Retirement of Reacquired Notes.

Subject to Section 7 and Section 8, any Convertible Notes repurchased, converted or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof.

Section 10. Withholding Rights

The Company shall be entitled to deduct and withhold in respect of any interests or deemed interests with respect to the Convertible Notes or any other amounts paid or deemed to be paid by the Company hereunder or under any of the transaction documents, taking into account the agreements of the parties under this agreement or any other purchase agreement, such amounts as the Company reasonably determines are required to be deducted.

Section 11. Lost or Stolen Certificates.

Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any certificates representing the Convertible Notes, and, in the case of loss, theft or destruction, of an indemnification undertaking by the Noteholder of such Convertible Notes to the Company in customary form and, in the case of mutilation, upon surrender and cancellation such certificates, the Company shall execute and deliver new Convertible Note certificate(s) of like tenor and date; provided, however, the Company shall not be obligated to re-issue certificates of such Convertible Notes if the Noteholder contemporaneously requests the Company to convert such Convertible Notes into shares of Common Stock.

Section 12. Injunctive Relief.

The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Noteholders of Convertible Notes and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Noteholders shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

Section 13. Failure or Indulgence Not Waiver

No failure or delay on the part of a Noteholder of Convertible Notes in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.



Section 14. Transfer of the Notes

A Noteholder may not assign some or all of the Notes and the accompanying rights hereunder held by such Noteholder without the consent of the Company otherwise approved in writing by the Company.

Section 15. Notes Register.

The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Noteholders of Convertible Notes), a register for Convertible Notes, in which the Company shall record the name and address of the persons in whose name Convertible Notes have been issued, as well as the name and address of each transferee. The Company may treat the person in whose name any of Convertible Notes is registered on the register as the owner and Noteholder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any properly made transfers.

Section 16. Take Effect.

This Agreement in duplicate, both with effect from the date of signature or seal of each party holds one having the same legal effect.

SHAANXI TECHTEAM JINONG HUMIC ACID PRODUCT CO., LTD.

Authorized representative

Shareholders Signature:

**ENTRUSTED MANAGEMENT AGREEMENT**

**BETWEEN**

**[SHAREHOLDER]**

**AND**

**Shaanxi Techteam Jinong Humic Acid Products Co. Ltd.**

**June 30<sup>th</sup>, 2016**

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## Entrusted Management Agreement

This Entrusted Management Agreement (the “**Agreement**”) is entered into as of **【June 30<sup>th</sup>,2016 】** in **【City, China 】** by:

### Party A

1. [Shareholder] owns 100% shares of [VIE Entity].

and

### Party B

Shaanxi Techteam Jinong Humic Acid Products Co. Ltd., a wholly foreign-owned enterprise registered in Xi'an, China; and the registration number of its legal and valid Business License is **【610000100003655 】** ;

### Whereas,

1. Party A is shareholder of [VIE Entity] (hereinafter referred to as “**[VIE Entity]**”) and holds all issued and outstanding shares of [VIE Entity]. Under this Agreement, Qu Huanling, Zhang pei and [VIE Entity] have acted collectively as one party to this Agreement;

2. Shaanxi Techteam Jinong Humic Acid Products Co. Ltd.is a wholly-foreign owned enterprise incorporated and existing within the territory of China in accordance with the law of the People’s Republic of China, the registration number of its legal and valid Business License is **【610000100003655 】** , and the legal registered address is **【3/F, Block A, South Taibai Road, Xi’an China 】** .

3. Party A desires to entrust Party B to manage and operate [VIE Entity];

4. Party B agrees to accept such entrustment and to manage [VIE Entity] on behalf of Party A.

Therefore, in accordance with laws and regulations of the People’s Republic of China, the Parties agree as follows after friendly consultation based on the principle of equality and mutual benefit.

## Article 1      Entrusted Management

1.1 Party A agrees to entrust the management of [VIE Entity] to Party B pursuant to the terms and conditions of this Agreement. Party B agrees to manage [VIE Entity] in accordance with the terms and conditions of this Agreement.

1.2 The term of this Entrusted Management Agreement (the “**Entrusted Period**”) shall be from the effective date of this Agreement to the earlier of the following:

- (a) the winding up of [VIE Entity] or
- (b) the termination date of this Entrusted Management Agreement to be determined by the Parties hereto, or
- (c) the date on which Party B completes the acquisition of [VIE Entity].

1.3 During the Entrusted Period, Party B shall be fully and exclusively responsible for the management of [VIE Entity]. The management service includes without limitation the following:

(a) Party B shall be fully and exclusively responsible for the operation of [VIE Entity], which includes the right to appoint and terminate executive director and the right to hire managerial and administrative personnel etc. Party A or its voting proxy shall make shareholder’s resolution and Board of Directors’ resolution based on the decision of Party B.

(b) Party B has the full and exclusive right to manage and control all cash flow and assets of Party A. [VIE Entity] shall open an entrusted account or designate an existing account as an entrusted account. Party B has the full and exclusive right to decide the use of the funds in the entrusted account. The authorized signature of the account shall be appointed or confirmed by Party B. All of the funds of [VIE Entity] shall be kept in this account, including but not limited to its existing working capital and purchase price received from selling its production equipment, inventory, raw materials and accounts receivable to Party B (if any), all payments of funds shall be disbursed through this entrusted account, including but not limited to the payment of all existing accounts payable and operating expenses, payment of employees salaries and purchase of assets, and all revenues from its operation shall be kept in this account.

(c) Party B shall have the full and exclusive right to control and administrate the financial affairs and daily operation of [VIE Entity], such as entering into and performance of contracts, and payment of taxes etc.

1.4 In consideration of the services provided by Party B hereunder, Party A shall pay the entrusted management fee to Party B which shall be equal to the earnings before tax (if any) of [VIE Entity]. The entrusted management fee shall be as follows: during the term of this agreement, the entrusted management fee shall be equal to [VIE Entity]’s estimated earnings before tax, being the monthly revenues after deduction of operating costs, expenses and taxes other than income tax. If the earnings before tax is zero, [VIE Entity] is not required to pay the entrusted management fee; if [VIE Entity] sustains losses, all such losses will be carried over to next month and deducted from next month’s entrusted management fee. Both Parties shall calculate, and Party A shall pay, the monthly entrusted management fee within 20 days of the following month. The above monthly payment shall be adjusted after the end of each quarter but before the filing of tax return for such quarter (the “**Quarterly Adjustment**”), so as to make the after-tax profit of [VIE Entity] of that quarter is zero. In addition, the above monthly payment shall be adjusted after the end of each fiscal year but before the filing for the yearly tax return (the “**Annual Adjustment**”), so as to make the after-tax profit of Kingtone Information of that fiscal year is zero.

1.5 Party B shall assume all operation risks out of the entrusted management of [VIE Entity] and bear all losses of [VIE Entity]. If [VIE Entity] has no sufficient funds to repay its debts, Party B is responsible for paying off these debts on behalf of [VIE Entity]; if [VIE Entity]'s net assets are lower than its registered capital, Party B is responsible for funding the deficit.

## **Article 2 Rights and Obligations of the Parties**

2.1 During the term of this Agreement, Party A's rights and obligations include:

- (a) to hand over [VIE Entity] to Party B for entrusted management as of the effectiveness date of this Agreement and to hand over all of business materials together with Business License and corporate seal of [VIE Entity] to Party B;
- (b) Party A has no right to make any decision regarding [VIE Entity]'s operations without the prior written consent of Party B;
- (c) to have the right to know the business conditions of [VIE Entity] at any time and provide proposals;
- (d) to assist Party B in carrying out the entrusted management in accordance with Party B's requirement;
- (e) not to intervene Party B's management over [VIE Entity] in any form by making use of shareholder's power;
- (f) not to entrust or grant their shareholders' rights in [VIE Entity] to a third party other than Party B without Party B's consent;
- (g) not to otherwise entrust other third party other than Party B to manage [VIE Entity] in any form without Party B's prior written consent;
- (h) not to terminate this Agreement unilaterally with for any reason whatsoever; or
- (i) to enjoy other rights and perform other obligations under the Agreement.

2.2 During the term of this Agreement, Party B's rights and obligations include:

- (a) to enjoy the full and exclusive right to manage [VIE Entity] independently;
- (b) to enjoy the full and exclusive right to dispose of all assets of [VIE Entity];
- (c) to enjoy all profits and bear losses arising from [VIE Entity]'s operations during the Entrusted Period;
- (d) to appoint executive director of [VIE Entity];

- (e) to appoint the legal representative, general manager, vice general manager, financial manager and other senior managerial personnel of [VIE Entity];
- (f) to enjoy other rights and perform other obligations under the Agreement.

### **Article 3 Representations and Warranties**

The Parties hereto hereby make the following representations and warranties to each other as of the date of this Agreement that:

- (a) has the right to enter into the Agreement and the ability to perform the same;
- (b) the execution and delivery of this Agreement by each party have been duly authorized by all necessary corporate action;
- (c) the execution of this Agreement by the officer or representative of each party has been duly authorized;
- (d) each party has no other reasons that will prevent this Agreement from becoming a binding and effective agreement between both parties after execution;
- (e) the execution and performance of the obligations under this Agreement will not violate any provision of the business license, articles of association or other similar documents of its own;
- (f) will not violate any provision of the laws and regulations of PRC or other governmental or regulatory authority or approval;
- (g) will not violate or result in a breach of any contract or agreement to which the party is a party or by which it is bound.

### **Article 4 Effectiveness**

This Agreement shall take effect after it is duly executed by the authorized representatives of the parties hereto with seals affixed.

### **Article 5 Liability for Breach of Agreement**

During the term of this Agreement, any violation of any provisions herein by either party constitutes breach of contract and the breaching party shall compensate the non-breaching party for the loss incurred as a result of this breach.

### **Article 6 Force Majeure**

The failure of either party to perform all or part of the obligations under the Agreement due to force majeure shall not be deemed as breach of contract. The affected party shall present promptly valid evidence of such force majeure, and the failure of performance shall be settled through consultations between the parties hereto.

#### **Article 7      Governing Law**

The conclusion, validity, interpretation, and performance of this Agreement and the settlement of any disputes arising out of this Agreement shall be governed by the laws and regulations of the People's Republic of China.

#### **Article 8      Settlement of Dispute**

Any disputes under the Agreement shall be settled at first through friendly consultation between the parties hereto. In case no settlement can be reached through consultation, each party shall have the right to submit such disputes to China International Economic and Trade Arbitration Commission. The arbitration award shall be final and binding on both parties.

#### **Article 9      Confidentiality**

9.1      The parties hereto agree to cause its employees or representatives who has access to and knowledge of the terms and conditions of this Agreement to keep strict confidentiality and not to disclose any of these terms and conditions to any third party without the expressive requirements under law or request from judicial authorities or governmental departments or the consent of the other party, otherwise such party or personnel shall assume corresponding legal liabilities.

9.2      The obligations of confidentiality shall survive after the termination of this Agreement.

#### **Article 10      Severability**

10.1      Any provision of this Agreement that is invalid or unenforceable due to the laws and regulations shall be ineffective without affecting in any way the remaining provisions hereof.

10.2      In the event of the foregoing paragraph, the parties hereto shall prepare supplemental agreement as soon as possible to replace the invalid provision through friendly consultation.

#### **Article 11      Non-waiver of Rights**

11.1      Any failure or delay by any party in exercising its rights under this Agreement shall not constitute a waiver of such right.

11.2      Any failure of any party to demand the other party to perform its obligations under this Agreement shall not be deemed as a waiver of its right to demand the other party to perform such obligations later.

11.3      If a party excuses the non-performance by other party of certain provisions under this Agreement, such excuse shall not be deemed to excuse any future non-performance by the other party of the same provision.

## **Article 12      Non-transferability**

Unless otherwise specified under this Agreement, no party can assign or delegate any of the rights or obligations under this Agreement to any third party nor can it provide any guarantee to such third party or carry out other similar activities without the prior written consent from the other party.

## **Article 13      Miscellaneous**

13.1 Any and all taxes arising from execution and performance of this Agreement and during the course of the entrusted management and operation shall be borne by the Parties respectively pursuant to the provisions of laws and regulations.

13.2 Any amendment entered into by the parties hereto after the effectiveness of this Agreement shall be an integral part of this Agreement and have the same legal effect as part of this Agreement. In case of any discrepancy between the amendment and this Agreement, the amendment shall prevail. In case of several amendments, the amendment with the latest date shall prevail.

13.3 This Agreement is executed by Chinese and English in duplicate and both the English version and Chinese version shall have the same effect. Each of the original Chinese and English versions of this Agreement shall be executed in three copies. Each party shall hold one original for each version.

13.4 Any dispute arising out of this Agreement between the Parties to this Agreement shall firstly be resolved through friendly consultation. In the event that thirty (30) days after the commencement of the friendly consultations, the dispute cannot be resolved through such means, either Party may submit the dispute to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its prevailing valid arbitration rules.



IN WITNESS HEREOF, the Parties hereof have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

**PARTY A:**

[SHAREHOLDER]  
(Signature): \_\_\_\_\_

[VIE Entity]  
(Signature): \_\_\_\_\_

**PARTY B:** Shaanxi Techteam Jinong Humic Acid Products Co. Ltd.

(Seal)  
Legal Representative/Authorized Representative  
(Signature): \_\_\_\_\_

**EXCLUSIVE OPTION AGREEMENT**

**AMONG**

**Shaanxi Techteam Jinong Humic Acid Products Co. Ltd.**

**AND**

**[SHAREHOLDER]**

**AND**

**[VIE ENTITY]**

**【June 30<sup>th</sup>, 2016 】**

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## EXCLUSIVE OPTION AGREEMENT

This Exclusive Option Agreement (the “**Agreement**”) is entered into as of **【June 30<sup>th</sup>, 2016】** among the following Parties in **【Xi'an】**.

**Party A:** **【Shaanxi Techteam Jinong Humic Acid Products Co. Ltd.】**

Registered Address: **【3/F , Borough A ,Block A,  
No.181, South Tai Bai Road, Xi'an City, China】**

Legal Representative: **【610000100003655】**

**Party B:** [Shareholder]

**Party C:** [VIE Entity].

Registered Address: **【Address】**

Legal Representative: **【Name】**

In this Agreement, Party A, Party B, Party C, called collectively as the “**Parties**” and each of them is called as the “**Party**”.

### WHEREAS,

1. Party A is a wholly foreign-owned enterprise incorporated under the laws of the People’s Republic of China (the “**PRC**”);
2. Party A is a sole proprietorship incorporated in [City] and with business license issued by the [City] Administration for Industry and Commerce;
3. As of the date of this Agreement, Party B is shareholder of [VIE Entity]. , (hereinafter referred to as “**[VIE Entity]**”) and legally hold all of the equity interest of [VIE Entity], of which Party B holds 100%.

**NOW, THEREFORE**, the Parties through mutual negotiations hereby enter into this Agreement according to the following terms and conditions:

### Article 1

### The Grant and Exercise of Purchase Option

1.1 Grant: Party B hereby grant Party A an irrevocable exclusive purchase option to purchase all or part of the shares of [VIE Entity] (the “**Option**”). The aforesaid purchase options are irrevocable and shall be exercised only by Party A (or the qualified persons appointed by Party A). The term “person” used herein shall include any entity, corporation, partnership, joint venture and non-corporate organizations.

## 1.2 Exercise Procedures

1.2.1 Party A shall notify Party B in writing prior to exercising its option (the “**Option Notice**” hereinafter).

1.2.2 The next day upon receipt of the Option Notice, Party B and [VIE Entity], together with Party A (or the qualified person appointed by Party A), shall promptly compile a whole set of documents (the “**Transfer Documents**”) to be submitted to the government bodies for approving the shares or assets and business transfer in connection with the Option exercise so that the shares or assets and business transfer can be transferred, in whole or in part.

1.2.3 Upon the completion of the compilation of all the Transfer Documents and the Transfer Documents being confirmed by Party A, Party B and [VIE Entity] shall promptly and unconditionally obtain, together with Party A (or the qualified person appointed by Party A), all approvals, permissions, registrations, documents and other necessary approvals to effectuate the transfer of the shares and remaining assets and business of [VIE Entity] in connection with the Option exercise.

1.3 Exercise Condition: Party A may immediately exercise the option of acquiring the equity interests in or remaining assets and business of [VIE Entity] whenever Party A considers it necessary to acquire [VIE Entity] and it is doable in accordance with PRC laws and regulations.

## Article 2 Price of Acquisition

2.1 Party A and Party B shall enter into relevant agreements regarding the price of acquisition based on the circumstances of the exercise of option, and the consideration shall be refunded to Party A or [VIE Entity] at no consideration in an appropriate manner decided by Party A.

2.2 Party A has the discretion to decide the time and arrangement of the acquisition, provided that the acquisition will not violate any PRC laws or regulations then in effect.

## Article 3 Representations and Warranties

3.1 Each party hereto represents to the other Parties that: (i) it has all the necessary rights, powers and authorizations to enter into this Agreement and perform its duties and obligations hereunder; (ii) Party B, represent and guarantee that this Agreement, the Restructuring Exercise or the Listing shall be in compliance with any and all applicable PRC laws and shall indemnify, defend and hold harmless Party A, Party B and [VIE Entity] for all fines, penalties, damages or claims sustained by Party A or Party B, or [VIE Entity]’s violation of this section; and (iii) the execution or performance of this Agreement shall not violate any contract or agreement to which it is a party or by which it or its assets are bounded.

3.2 Party B and [VIE Entity] hereto represent to Party A that: With respect to the equity interest held by Party B in [VIE Entity] are legally registered shareholders of [VIE Entity] and have paid [VIE Entity] the full amount of their respective portions of [VIE Entity]'s registered capital required under the PRC laws; (ii) except Pledge of Equity Agreement, signed by and between Party B and Party A on 【 June 16<sup>th</sup>,2013】 in 【Xi'an】 , none of Party B, has mortgaged or pledged his/her shares of [VIE Entity], and none of them has granted any security interest or borrow against his/her shares of [VIE Entity] in any form; and (iii) none of Party B, has sold or will sell to any third party its equity interests in [VIE Entity].

[VIE Entity] encumber such assets; and (ii) [VIE Entity] has not sold or will sell to any third party such assets.

3.3 [VIE Entity] hereto represents to Party A that: (i) it is a sole proprietorship duly registered and validly existing under the PRC law; and (ii) its business operations are in compliance with applicable laws of the PRC in all material aspects.

#### **Article 4 Covenants**

The Parties further agree as follows:

4.1 Before Party A has acquired all the equity/assets and business of [VIE Entity] by exercising the purchase option provided hereunder, [VIE Entity] shall not:

4.1.1 sell, assign, mortgage or otherwise dispose of, or create any encumbrance on, any of its assets, operations or any legal or beneficiary interests with respect to its revenues (unless such sale, assignment, mortgage, disposal or encumbrance is relating to its daily operation or has been disclosed to and agreed upon by Party A in writing);

4.1.2 enter into any transaction which may materially affect its assets, liability, operation, shareholders' equity or other legal rights (unless such transaction is relating to its daily operation or has been disclosed to and agreed upon by Party A in writing); and

4.1.3 distribute any dividend to its shareholders in any manner.

4.2 Before Party A has acquired all the equity/assets/business of [VIE Entity] by exercising the purchase option provided hereunder, Party B shall not:

4.2.1 sell, assign, mortgage or otherwise dispose of, or create any encumbrance on, any of the equity held by them in [VIE Entity] except for the pledge of such shares made according to the Pledge of Equity Agreement, signed by and between Party B and Party A on 【June 16<sup>th</sup>,2013】 in 【 Xi'an】 .

4.3 Before Party A has acquired all the equity/assets/business of [VIE Entity] by exercising the purchase option provided hereunder, Party B and/or [VIE Entity] shall not individually or collectively:

4.3.1 supplement, alter or amend the articles of association of [VIE Entity] in any manner to the extent that such supplement, alteration or amendment may have a material effect on [VIE Entity]'s assets, liability, operation, shareholders' equity or other legal rights;

4.3.2 cause [VIE Entity] to enter into any transaction to the extent such transaction may have a material effect on [VIE Entity]'s assets, liability, operation, shareholders' equity or other legal rights (unless such transaction is relating to [VIE Entity]'s daily operation or has been disclosed to and agreed upon by Party A in writing); and

4.4 Non Competition:

When Party A exercises the Option, Party B irrevocably and unconditionally agree and undertake to Party A that it will not without the prior written consent of Party A:

- (a) be directly or indirectly engaged or concerned (whether as an employee, agent, independent contractor, consultant, advisor or otherwise) in the conduct of any business competing with Party A's Business (the "Business");
- (b) carry on for his, her or its own account either alone or in partnership or be concerned as a director or shareholder in any company engaged in any business competing with the Business;
- (c) assist any person, firm or company with technical advice or assistance in relation to any business competing with the Business
- (d) solicit or entice away or attempt to solicit or entice away the custom of any person, firm, company or organization who shall at any time have been a customer, client, distributor or agent of Party A or in the habit of dealing with Party A;
- (e) solicit or entice away or attempt to solicit or entice away from Party A any person who is an officer, manager or employee of Party A whether or not such person would commit a breach of his contract of employment by reason of leaving Party A;
- (f) in relation to any trade, business or company, use any name in such a way as to be capable of or likely to be confused with the name of Party A and shall use all reasonable endeavors to procure that no such name shall be used by any other person, firm or company;
- (g) otherwise be interested, directly or indirectly, in any business competing with the Business.

#### **Article 5 Assignment of Agreement**

5.1 Party B and [VIE Entity] shall not transfer their rights and obligations under this Agreement to any third party without the prior written consent of Party A.

5.2 Party B and [VIE Entity] hereby agrees that Party A shall have the right to transfer all of its rights and obligation under this Agreement to any third party whenever it desires. Any such transfer shall only be subject to a written notice sent to Party B and [VIE Entity] by Party A, and no any further consent from Party B, and [VIE Entity] will be required.

#### **Article 6 Confidentiality**

The Parties acknowledge and confirm that any oral or written materials exchanged by the Parties in connection with this Agreement are confidential. The Parties shall maintain the secrecy and confidentiality of all such materials. Without the written approval by the other Parties, any Party shall not disclose to any third party any relevant materials, but the following circumstances shall be excluded:

6.1 The materials is known or will be known by the public (except for any materials disclosed to the public by the Party who receives such materials);

6.2 The materials are required to be disclosed under the applicable laws or the rules or provisions of stock exchange; or

6.3 The materials disclosed by each Party to its legal or financial consultant relate to the transaction contemplated under this Agreement, and such legal or financial consultant shall comply with the confidentiality set forth in this Section. The disclosure of the confidential materials by an employee of any Party shall be deemed disclosure of such materials by such Party, and such Party shall be liable for breaching the contract. This Article 6 shall survive this Agreement even if this Agreement is invalid, amended, revoked, terminated or unenforceable by any reason.

#### **Article 7 Breach of Contract**

Any violation of any provision hereof, any incomplete or mistaken performance of any obligation provided hereunder, any misrepresentation made hereunder, any material nondisclosure or omission of any material fact, or any failure to perform any covenants provided hereunder by any Party shall constitute a breach of this Agreement. The breaching Party shall be liable for any such breach pursuant to the applicable laws.

#### **Article 8 Applicable Law and Dispute Resolution**

##### **8.1 Applicable Law**

The execution, validity, interpretation and performance of this Agreement and the disputes resolution under this Agreement shall be governed by the laws of PRC.

## 8.2 Dispute Resolution

The Parties shall strive to settle any dispute arising from the interpretation or performance of this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each party can submit such matter to China International Economic and Trade Arbitration Commission in accordance with its rules. The arbitration award shall be final, conclusive and binding upon both Parties.

## Article 9 Effectiveness and Termination

9.1 This Agreement shall be effective upon the execution hereof by all Parties hereto and shall remain effective thereafter.

9.2 This Agreement may not be terminated without the unanimous consent of all the Parties except that Party A may, by giving thirty days prior notice to the other Parties hereto, terminate this Agreement.

## Article 10 Miscellaneous

### 10.1 Amendment, Modification and Supplement

Any amendment and supplement to this Agreement shall be made by the Parties in writing. The amendment and supplement duly executed by each Party shall be deemed an integral part of this Agreement and shall have the same legal effect as this Agreement.

### 10.2 Entire Agreement

The Parties acknowledge that this Agreement constitutes the entire agreement of the Parties with respect to the subject matters therein and supersedes and replaces all prior or contemporaneous agreements and understandings in oral or written form.

### 10.3 Severability

If any provision of this Agreement is adjudicated to be invalid or non-enforceable according to relevant PRC laws of the PRC, such a provision shall be deemed invalid only to the extent the PRC laws are applicable in China, and the validity, legality and enforceability of the other provisions hereof shall not be affected or impaired in any way. The Parties shall, through consultation based on the principal of fairness, replace such invalid, illegal or non-enforceable provision with valid provision so that any substituted provision may bring the similar economic effects as those intended by the invalid, illegal or non-enforceable provision.

### 10.4 Headings

The headings contained in this Agreement are for the convenience of reference only and shall not in any other way affect the interpretation, explanation or the meaning of the provisions of this Agreement.

10.5 Language and Copies

This Agreement is written in Chinese and English and both the English version and Chinese version shall have the same effect. This Agreement is executed in three copies for each version; each Party holds one and each original copy has the same legal effect.

10.6 Successor

This Agreement shall bind and benefit the successor or the transferee of each Party.

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IN WITNESS HEREOF, the Parties hereof have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

**PARTY A: 【Shaanxi Techteam Jinong Humic Acid Products Co. Ltd.】**

(Seal)

Legal Representative/Authorized Representative

(Signature): \_\_\_\_\_

**PARTY B:**

[SHAREHOLDER]

(Signature) : \_\_\_\_\_

**PARTY C:** [VIE Entity].

(Seal)

Legal Representative/Authorized Representative

(Signature) : \_\_\_\_\_



**EXCLUSIVE PRODUCT SUPPLY AGREEMENT**

**BETWEEN**

**[VIE ENTITY]**

**AND**

**Shaanxi Techteam Jinong Humic Acid Products Co. Ltd.**

**【June 30<sup>th</sup>, 2016】**

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## Exclusive Product Supply Agreement

This Exclusive Product Supply Agreement (the “**Agreement**”) is entered into as of **【June 30<sup>th</sup>, 2016】** in **【Xi'an】** by:

### Party A

[VIE Entity], (hereinafter referred to as “**Party A**”) is a Sole Proprietorship which is incorporated and existing within the territory of China in accordance with the law of the People’s Republic of China.

and

### Party B

Shaanxi Techteam Jinong Humic Acid Products Co. Ltd. is a wholly-foreign owned enterprise registered in, and the registration number of its legal and valid Business License is **【610000100003655】** and its legal address is **【3/F , Borough A ,BlockA, No.181, South Tai Bai Road, Xi'an City, China】** .

**Whereas**, Party A and Party B (collectively the “**Parties**”) intend to promote the development of their businesses through mutual cooperation and utilization of their advantages.

**Therefore**, the Parties agree as follows after friendly consultation through the principle of equality and mutual benefit.

### Article 1 Product Supply

1.1 Party A hereby agree to engage Party B as the exclusive and sole product provider of Party A, and Party B hereof agree to accept such engagement.

1.2 Party A further agrees that, without prior written consent of Party B, during the term of this Agreement, Party A shall not engage any third party as the product provider of Party A.

1.3 Party A agrees that Part B has right to provide the same or similar products under this Agreement to any third party and also has right to appoint other person of parties to provide the products to Party A under this Agreement.

## **Article 2      Scope of Product Supply**

2.1      During the term of this Agreement, Party B agrees to provide relevant products to Party A in accordance with the relevant terms and conditions of this Agreement (The scope of product is referred hereto as Exhibit A).

## **Article 3      Fee**

3.1      Party B shall provide the statement of account to Party A pursuant to the price recognized by the Parties and the working amount provided by Party B. Party A shall pay the relevant fees pursuant to the date and the amount indicated in the statement of account provided by Party B. Party A and Party B may make other arrangements on the payment of fee at any time through the mutual consent.

3.2      Party A hereto agrees and warrants that Party A shall pay off all the Fees pursuant to the Clause 3.1 above to Party B firstly, then Party A may pay the management fees to Party B in accordance with the Entrusted Management Agreement, by and among Party A, Wang Jianlin, Tian Zhiyong, Xiao Chunxia, Party B on 【June 30<sup>th</sup>,2016 】 in 【Xi'an 】 .

## **Article 4      Intellectual Property**

4.1      The Parties hereby understand and agree that the technical data, software, discovery, invention, development, commercial secrets, copyrights, documents and other materials prepared or improved by Party B which are used to provide the products under this Agreement shall exclusively belong to Party B, no matter whether the foregoing materials are protected by copyright or patent right.

4.2      Provided that Party A improves the foregoing materials , such development results shall be sole owned by Party B. Party A hereby transfer all the rights, ownerships and interests in connection with such improvement to Party B.

## **Article 5      Representations and Warranties**

5.1      Party A hereto hereby make the following representations and warranties to Party B as of the date of this Agreement that:

- (a)      Party A is a Sole Proprietorship which is incorporated and existing within the territory of China in accordance with the law of the People's Republic of China;
- (b)      Party A has the right to enter into the Agreement and the ability to perform the same; and the execution and delivery of this Agreement by Party A have been duly authorized by all necessary corporate action;
- (c)      the execution and delivery of this Agreement will not violate any provision of the laws and regulations of PRC or other governmental or regulatory authority or approval;
- (d)      the provisions of this Agreement constitute legal, valid and binding obligations on Party A upon the execution;

5.2 Party B hereto hereby make the following representations and warranties to Party A as of the date of this Agreement that:

- (a) Party B is a wholly foreign-owned enterprise which is incorporated and existing within the territory of China in accordance with the law of the People's Republic of China;
- (b) Party B has the right to enter into the Agreement and the ability to perform the same; and the execution and delivery of this Agreement by Party B have been duly authorized by all necessary corporate action;
- (c) the execution and delivery of this Agreement will not violate any provision of the laws and regulations of PRC or other governmental or regulatory authority or approval;
- (d) the provisions of this Agreement constitute legal, valid and binding obligations on Party B upon the execution.

#### **Article 6 Force Majeure**

The failure of either party to perform all or part of the obligations under the Agreement due to force majeure shall not be deemed as breach of contract. The affected party shall present promptly valid evidence of such force majeure, and the failure of performance shall be settled through consultations between the parties hereto.

#### **Article 7 Effectiveness and Termination**

This Agreement shall take effect after it is duly executed by the authorized representatives of the parties hereto with seals affixed and shall be terminated when any of the following happens,

- (a) the winding up of Party A, or
- (b) the date on which Party B completes the acquisition of Party A, or
- (c) the termination date of this Agreement to be otherwise determined by the Parties hereto.

#### **Article 8 Liability for Breach of Agreement**

During the term of this Agreement, any violation of any provisions herein by either party constitutes breach of contract and the breaching party shall compensate the non-breaching party for the loss incurred as a result of this breach.

#### **Article 9      Confidentiality**

9.1      The parties hereto agree to cause its employees or representatives who has access to and knowledge of the terms and conditions of this Agreement to keep strict confidentiality and not to disclose any of these terms and conditions to any third party without the expressive requirements under law or request from judicial authorities or governmental departments or the consent of the other party, otherwise such party or personnel shall assume corresponding legal liabilities.

9.2      The obligations of confidentiality under Section 1 of this Article shall survive after the termination of this Agreement.

#### **Article 10      Applicable Law and Dispute Resolution**

10.1      The execution, validity, interpretation and performance of this Agreement and the disputes resolution under this Agreement shall be governed by the laws of PRC.

10.2      The Parties shall strive to settle any dispute arising from the interpretation or performance of this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each party can submit such matter to China International Economic and Trade Arbitration Commission in accordance with its rules. The arbitration award shall be final, conclusive and binding upon both Parties.

#### **Article 11      Non-transferability**

Unless otherwise specified under this Agreement, no party can assign or delegate any of the rights or obligations under this Agreement to any third party nor can it provide any guarantee to such third party or carry out other similar activities without the prior written consent from the other party.

#### **Article 12      Severability**

12.1      Any provision of this Agreement that is invalid or unenforceable due to the laws and regulations shall be ineffective without affecting in any way the remaining provisions hereof.

12.2      In the event of the foregoing paragraph, the parties hereto shall prepare supplemental agreement as soon as possible to replace the invalid provision through friendly consultation.

#### **Article 13      Amendment, Modification and Supplement**

Any amendment and supplement to this Agreement shall be made by the Parties in writing. The amendment and supplement duly executed by each Party shall be deemed an integral part of this Agreement and shall have the same legal effect as this Agreement.

**Article 14      Miscellaneous**

14.1      Any and all taxes arising from execution and performance of this Agreement and during the course of providing service shall be borne by the Parties respectively pursuant to the provisions of laws and regulations.

14.2      Any amendment entered into by the parties hereto after the effectiveness of this Agreement shall be an integral part of this Agreement and have the same legal effect as part of this Agreement. In case of any discrepancy between the amendment and this Agreement, the amendment shall prevail. In case of several amendments, the amendment with the latest date shall prevail.

14.3      This Agreement is executed by Chinese and English in duplicate and both the English version and Chinese version shall have the same effect. Each of the original Chinese and English versions of this Agreement shall be executed in two copies. Each party shall hold one original for each version.

(This space intentionally left blank)

IN WITNESS HEREOF, the Parties hereof have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

**Party A:** [VIE Entity],

(Seal)

Legal Representative/Authorized Representative

(Signature): \_\_\_\_\_

**PARTY B: Shaanxi Techteam Jinong Humic Acid Products Co. Ltd.**

(Seal)

Legal Representative/Authorized Representative

(Signature): \_\_\_\_\_

**Non-competition Agreement**

This Non-competition Agreement (hereinafter referred to as the “Agreement”) was made as of June 30, 2016 by and among the following Parties in Xi’an:

(1) Party A: [VIE Entity] is an enterprise limited by shares which is incorporated and existing within the territory of China in accordance with the law of the People’s Republic of China.

(2) Party B: [Employee]

Whereas, in consideration that Party B’s spouse is the management member of Party A and the original shareholder of Party A and Party B has the channel to acquire the business secrets of Party A, Party A and Party B have reached the following agreements regarding [Employee]’s involvement in the same industry as Party A’s during the Service Period and after the Departure.

**1. Definition**

In order to protect the legitimate rights of the parties hereof, the definitions hereafter are applicable to this Agreement.

1.1 “Service Period” refers to the period from the signing date of the Employment Agreement by and between Party B and Party A herein to the termination (or extinguishment) of Employment Agreement by and between Party B and Party A.

1.2 “Departure” refers to the cancellation or termination of the Employment Agreement by any party herein, including office leave under any normal and abnormal circumstances, such as retirement, dismissal and cancellation or termination of Engagement Agreement.

1.3 “Competitor” refers to any individual, enterprise, company, partnership, institution, social organization and other organization that engages or participates in any business or operation in China that directly or indirectly completes with Party A. The competitor is including but not limited to:

1.3.1 Enterprise that is in the same industry of Party A;

1.3.2 Enterprise or organization that can provide the same or similar service as Party A;

1.3.3 Any enterprise, company or other organization that provide professional consultation and suggestions to the enterprise or organization here above.

1.4 “Non-competition obligation” refers to the obligation stipulated in the article 3 hereof.

1.5 “Non-competition Period” refers to Service Period plus a period of five years from the termination of Employment Agreement.



## **2. Non-competition Activity**

2.1 Party B promises not to directly or indirectly engage or participate in any business or operation that directly or indirectly competes with Party A's business during the Service Period without Party A's prior written consent.

2.2 During the Service Period, Party B promises not to pursue any part-time job, not to accept or seek positions (including but not limited to partner, director, supervisor, shareholder, manager, staff, agent, consultant, etc.) of any competitors or any profit organizations or social organization who have economic connections with Party A unless getting the prior written consent from Party A; Party B shall not provide consulting service (regardless with charge or free of charge) or other assistance (the same or similar field with Party A engaged or to be engaged) to the competitors and organization hereabove; Party B shall not seek any illegitimate benefits or personal interests utilizing the convenience of her position during the Service Period.

2.3 In the event of leaving office from Party A under any circumstance, Party B shall not assume any position for competitors during a period of five years after the termination of Employment Agreement without a prior written consent of Party A.

2.4 In the event that Party B leaves office from Party A under any circumstance, Party B shall not directly or indirectly set up or engage the company that is competitive to Party A during a period of five years after the termination of Employment Agreement without a prior written consent of Party A, including but not limited to:

2.4.1 Enterprise that is in the same industry of Party A;

2.4.2 Enterprise or organization that can provide the same or similar service as Party A;

2.4.3 Any enterprise, company or other organization that provide professional consultation and suggestions to the enterprise or organization hereabove.

2.5 In the event of delivering the dismissal notice to Party A or notice of layoff to Party B, that is cancelling or terminating the Employment Agreement, Party B is liable to inform the whereabouts to Party A with the written notice. During the Non-competition Period, Party B is liable to inform the new employer's names, employer's nature and his/her new positions in the new company to Party A with the written notice. The written notice shall be no later than one week before Party B officially assumes the position with the new employer.

2.6 During the Non-Competition Period, Party B shall ensure not to encourage, tempt, persuade or petition, directly or indirectly affect any staff of Party A's to leave Party A and to serve for Party B or other individuals or organization in any forms. Party B shall guarantee not to persuade Party A's current or former clients to obtain directly or indirectly benefits provided that Party B is fulfilling its obligation during the Service Period.

### **3. Obligations for the Breach of Agreement**

3.1 Party B must indemnify all losses arising from the breach of this Agreement. In the event that the losses are hard to be calculated, the damages shall be no less than the salary paid by Party A during the Service Period and 50% of total other costs. The payment of damages shall not be regarded as the cancellation or termination of Party B's obligations herein.

3.2 During the Service Period, Party A can directly deduct part or all payroll, bonus and other incomes to compensate for Party A's loss. The losses compensated by Party B includes but not limits to all direct or indirect, tangible or intangible, property or non-property losses and the reasonable costs paid for investigating the breach activities by Party A.

### **4. Termination of the Non-competition Obligations**

The two parties herein agree to automatically terminate the Agreement in case of any situation below occurs.

4.1 The expiration of this Agreement;

4.2 The termination of Party A's qualification for the legal person and no organization or individual carries on its rights and obligations.

### **5. Severability**

5.1 The invalidity of any term in this Agreement shall not affect the validity of the other terms in this Agreement.

### **6. Notification**

6.1 The notices shall be delivered in person or by courier, registered mail or in the form of public announcement.

6.2 All notices shall be sent to the following addresses, unless and until any such address is changed by a written notice to the other Party:

Address of Party A:

Address of Party B:

6.3 The notices or receipts shall be deemed as validity in the event of the following cases.

6.3.1 receiving and signing courier by the receiver;

6.3.2 seven days later after the receipt of registered mail from the postal office

## **7. Amendment and Waiver**

7.1 Any amendment to the Agreement shall be effective upon the signing of written consents by the two Parties hereof.

7.2 The waiver of any terms hereof by any Party shall not be deemed as the waiver of other terms hereof.

7.3 The failure or default in executing the rights by any parties hereof shall not be deemed as the waiver of such rights.

## **8. Settlement of Disputes**

8.1 The interpretation, validity, execution of this agreement shall be accordance with People's Republic of China laws, excluding applicable choice of law or conflict of law. Any dispute arising out of this Agreement between the parties to this Contract shall firstly be resolved through friendly consultation. In the event that the dispute cannot be resolved through such means, either party may submit the dispute to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its prevailing valid arbitration rules. The arbitration shall be in English and final, and shall be binding on all parties to this Agreement.

## **9. Miscellaneous**

9.1 The two parties hereof confirm that they fully understand the contents and legal meanings of all terms hereof. The Agreement shall be effective upon the signatures of Party B and authorized representative and sealing of Party A.

9.2 This Agreement may be executed in two counterparts. Each counterpart shall constitute but one and the same instrument.

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The parties hereto have caused this Non-competition Agreement to be executed by the following Parties as of the date first above written.

**Party A:** [VIE Entity]

(Seal)

**Party B:** [EMPLOYEE]

Signature : \_\_\_\_\_

**PLEDGE OF EQUITY AGREEMENT**

**BETWEEN**

**[SHAREHOLDER]**

**AND**

**SHAANXI TECHTEAM JINONG HUMIC ACID PRODUCTS CO. LTD**

**June 30<sup>th</sup> 2016**

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## PLEDGE OF EQUITY AGREEMENT

This Pledge of Equity Agreement (“**the Agreement**”) is executed on June 30, 2016 in Xi’an by:

Pledgors (hereinafter collectively referred to as “**Party A**”):

[Shareholder]  
and

Pledgee (hereinafter referred to as “**Party B**”):

Shaanxi Techteam Jinong Humic Acid Products Co. Ltd.

### Whereas,

1. Party A consists of the sole shareholder of [VIE Entity], Ltd. (hereinafter referred to as “[VIE Entity]”), who legally hold all of the equity interest of [VIE Entity].

2. Party B is a wholly-foreign owned enterprise incorporated and existing within the territory of China in accordance with the law of the People’s Republic of China, the registration number of its legal and valid Business License is 610000100003655, and the legal registered address is 3/F , Borough A, Block A, No.181, South Tai Bai Road, Xi’an City, P.R.China.

3. [VIE Entity] is an enterprise limited by shares which is incorporated and existing within the territory of China in accordance with the law of the People’s Republic of China, the registration number of its legal and valid Business License is [license number] and the legal registered address is [ADDRESS].

4. Party B intends to acquire all of the equity interests or assets of [VIE Entity]. Prior to the completion of such acquisition, Party B agrees to provide exclusive product supply to [VIE Entity]. In order to protect the interests of Party B, Party A agrees to pledge the 100% of equity interest of [VIE Entity] they own to Party B.

5. Party B accepts the pledge of the equity interest by Party A.

Therefore, in accordance with applicable laws and regulations of the People’s Republic of China, the Parties hereto reach the Agreement through friendly negotiation on the principle of equality and mutual benefit and abide by.

## **Article 1      Guaranteed Obligations**

The equity interest is being pledged to guarantee all of the rights and interests Party B is entitled to under all of the following listed agreements by and between Party A and Party B:

- (a) Entrusted Management Agreement, by and among Party A and Party B on June 30, 2016 in Xi'an.
- (b) Exclusive Product Supply Agreement, by and between A and Party B on June 30, 2016 in Xi'an.
- (c) Exclusive Option Agreement by and among Party A, and Party B on June 30, 2016 in Xi'an.; and
- (d) Shareholders' Voting Proxy Agreement, by and between Party A and Party B on June 30, 2016 in Xi'an.

## **Article 2      Pledged Properties**

Party A pledges, by way of first priority pledge, all of its rights, title and interest, in, to and under all or any part of:

- (a) 100% of the equity interest in [VIE Entity];
- (b) 100% of the registered capital ("**Registered Capital**") of [VIE Entity];
- (c) all investment certificates and other documents in respect of the Registered Capital of [VIE Entity];
- (d) all money, dividends, interest and benefits at any time arising in respect of all the equity interest and Registered Capital of [VIE Entity]; and
- (e) all voting rights and all other rights and benefits attaching to or accruing to the equity interest or the Registered Capital of [VIE Entity].

## **Article 3      Scope of Guaranteed Obligations**

The scope of the guaranteed obligations is all rights and interests Party B is entitled to in accordance with all the agreements signed by and between Party A and Party B.

## **Article 4      Pledge Procedure and Registration**

Party A shall process the registration procedures with Xi'an Administration for Industry and Commerce concerning the pledged equity interest and ensure that all other approval(s) from or registration with relevant PRC authorities is granted or duly secured.

## **Article 5      Transfer of Pledged Equity Interest**

Party A shall not transfer any of the pledged equity interest without the prior written consent of Party B during the term of this agreement.

## **Article 6      Effectiveness, Modification and Termination**

6.1      This Agreement shall go into effect when it is signed by the authorized representatives of the Parties with seals affixed;

6.2      Upon the effectiveness of this Agreement and unless otherwise agreed upon by the parties hereto, neither party may modify or terminate this Agreement. Any modification or termination shall be in writing after both parties' consultations. The provisions of this Agreement remain binding on both parties prior to any written agreement on modification or termination.

## **Article 7      Governing Law**

The execution, validity, interpretation and performance of this Agreement and the disputes resolution under this Agreement shall be governed by the laws of PRC.

## **Article 8      Liability for Breach of Agreement**

Upon the effectiveness of this Agreement, the Parties hereto shall perform their respective obligations under the Agreement. Any failure to perform the obligations stipulated in the Agreement, in part or in whole, shall be deemed as breach of contract and the breaching party shall compensate the non-breaching party for the loss incurred as a result of the breach.

## **Article 9      Settlement of Dispute**

The parties shall strive to settle any dispute arising from the interpretation or performance of this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each party can submit such matter to China International Economic and Trade Arbitration Commission in accordance with its rules then in effect. The arbitration award shall be final, conclusive and binding upon both parties.

## **Article 10      Severability**

10.1      Any provision of this Agreement that is invalid or unenforceable due to the laws and regulations shall be ineffective without affecting in any way the remaining provisions hereof.

10.2      In the event of the foregoing paragraph, the parties hereto shall prepare supplemental agreement as soon as possible to replace the invalid provision through friendly consultation.

## **Article 11      Miscellaneous**

11.1      The headings contained in this Agreement are for the convenience of reference only and shall not in any other way affect the interpretation of the provisions of this Agreement.

11.2      The Agreement shall be executed in two copies, both in Chinese and English. Each party holds one Chinese and one English original, and the remaining shall be kept for completing relevant procedures. Each copy shall have equal legal force, and both the English version and Chinese version shall have the same effect.

(This space intentionally left blank)



IN WITNESS HEREOF, the Parties hereof have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

**PARTY A:**

[SHAREHOLDER]

(Signature) : \_\_\_\_\_

**PARTY B:**

Shaanxi Techteam Jinong Humic Acid Products Co. Ltd  
(Seal):

Legal Representative/Authorized Representative

(Signature): \_\_\_\_\_

**SHAREHOLDER'S VOTING PROXY AGREEMENT**

**BETWEEN**

**[SHAREHOLDER]**

**AND**

**SHAANXI TECHTEAM JINONG HUMIC ACID PRODUCTS CO. LTD**

**June 30<sup>th</sup> 2016**

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## SHAREHOLDERS' VOTING PROXY AGREEMENT

This Shareholders' Voting Proxy Agreement (the "**Agreement**") is entered into as of June 30, 2016 among the following parties in Xi'an :

**Party A:** Shaanxi Techteam Jinong Humic Acid Products Co. Ltd  
Registered Address: 3/F , Borough A ,Block A, No.181, South Tai Bai Road, Xi'an City, P.R.China  
Legal Representative: Guo Ming

and

**Party B:** [Shareholder

In this Agreement, Party A and Party B are called collectively as the "**Parties**", and each of them is called as the "**Party**". Party B is called the "**Grantor**."

### WHEREAS,

1. Party A is a wholly foreign-owned enterprise incorporated under the laws of the People's Republic of China;
2. As of the date of this Agreement, the Grantor is shareholder of [VIE Entity] (hereinafter referred to as "**[VIE Entity]**") and legally hold all of the equity interest of [VIE Entity].
3. The Grantor desires to appoint the persons designated by Party A to exercise its shareholder's voting rights at the shareholders' meeting of [VIE Entity] ("**Voting Rights**") and Party A is willing to designate such persons.

Therefore, the Parties hereby have reached the following agreement upon friendly consultations:

### Article 1

The Grantor hereby agrees to irrevocably appoint the persons designated by Party A with the exclusive right to exercise, on his behalf, all of her Voting Rights in accordance with the laws and [VIE Entity]'s Articles of Association, including but not limited to the rights to sell or transfer all or any of her equity interests of [VIE Entity], and to appoint and elect the directors and Chairman as the authorized legal representative of [VIE Entity].

## Article 2

The persons designated by Party A shall be the full board of Party A (the **“Proxy Holders”**). Party A agrees that it shall maintain a board of directors with composition and members identical to the board of directors of the overseas parent company of Party A.

## Article 3

Party A agrees to designate such Proxy Holders pursuant to Section 1 of this Agreement, who shall represent the Grantor to exercise her Voting Right pursuant to this Agreement.

## Article 4

All Parties to this Agreement hereby acknowledge that, regardless of any change in the equity interests of [VIE Entity], the Grantor shall appoint the person designated by Party A with all Voting Rights. All Parties to this Agreement agree, The Grantor can not transfer her equity interests (the **“Transferor”**) of [VIE Entity] to any individual or company (other than Party A or the individuals or entities designated by Party A).

## Article 5

The Grantor hereby acknowledges that she will withdraw the appointment of the persons designated by Party A if Party A change such designated person and reappoint the substituted persons designated by Party A as the new Proxy Holders to exercise her Voting Rights at the shareholder’s meeting of [VIE Entity].

## Article 6

All authorizations made under this Agreement shall be conclusive and binding upon the Grantor and each and every act and thing effected by the Proxy Holders pursuant hereto shall be as good, valid and effectual as if the same had been done by the Grantor. The Grantor hereby irrevocably and unconditionally undertake at all times hereafter to ratify and confirm whatsoever the Proxy Holders shall lawfully do or cause to be done by virtue of all such authorizations conferred by this Agreement.

## Article 7

The Grantor hereby irrevocably and unconditionally undertake at all times to indemnify and keep indemnified each of the Proxy Holders against any and all actions, proceedings, claims, costs, expenses and liabilities whatsoever arising from the exercise or purported exercise of any of the powers conferred or purported to be conferred by this Agreement.

## Article 8

This Agreement has been duly executed by the parties’ authorized representatives as of the date first set forth above and shall become effective upon execution.

#### **Article 9**

This Agreement shall not be terminated prior to the completion of acquisition of all of the equity interests in, or all assets or business of, [VIE Entity] by Party A;

#### **Article 10**

Any amendment and termination of this Agreement shall be in written and agreed upon by the Parties.

#### **Article 11**

The conclusion, validity, interpretation, and performance of this Agreement and the settlement of any disputes arising out of this Agreement shall be governed by the laws and regulations of the People's Republic of China.

#### **Article 12**

The Parties shall strive to settle any dispute arising from the interpretation or performance of this Agreement through friendly consultation. In case no settlement can be reached through consultation within thirty (30) days after such dispute is raised, each party can submit such matter to China International Economic and Trade Arbitration Commission in accordance with its rules. The arbitration award shall be final, conclusive and binding upon both Parties.

#### **Article 13**

This Agreement is executed in both Chinese and English in two copies; each Party holds one and each original copy which has the same legal effect. Both the English version and Chinese version shall have the same effect.

(This space intentionally left blank)

IN WITNESS HEREOF, the Parties hereof have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

**PARTY A: Shaanxi Techteam Jinong Humic Acid Products Co. Ltd**

(Seal)

Legal Representative/Authorized Representative

(Signature): \_\_\_\_\_

**PARTY B:**

[SHAREHOLDER]

(Signature): \_\_\_\_\_

**Strategic Acquisition Agreement**  
**OF**  
**[VIE ENTITY]**  
**AND**  
**SHAANXI TECHTEAM JINONG HUMIC ACID**  
**PRODUCT CO., LTD.**

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## STRATEGIC MERGER AND ACQUISITION AGREEMENT

This **Strategic Acquisition Agreement** (hereinafter referred to as the “**Agreement**”) was made as of 30 June 2016 by and among the following Parties in Xi’an:

- (1) Party A: Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. (hereinafter referred to as “**Jinong**”), a company incorporated under PRC law, with its legal address registered at 3/F, A Block, Industry Office Tower, A District, No.181 South Taibai Road, Xi’an City, Shaanxi province, PRC and its legal representative is Guo Ming;
- (2) Party B: [Shareholder]
- (3) Party C: [Shareholder]

Party B and Party C are hereinafter collectively referred to as “**Targets**”, and Targets and Jinong are hereinafter collectively as “**Parties**” and individually referred to as a “**Party**”.

### WHEREAS,

- (1) Party B holds 94.9% equity interests of [VIE Entity] (hereinafter referred to as “[VIE Entity]”) and Party C holds 5.1% equity interests of [VIE Entity]. Party B and Party C can exercise all of their full rights as the shareholders of [VIE Entity];
- (2) Both Party B and Party C agree to entrust and pledge all (100%) equity interests they collectively hold of [VIE Entity] to the Jinong in accordance with terms and conditions as stipulated hereunder (hereinafter referred to as “**Entrust and Pledge Shares**”);
- (3) The Jinong agrees to accept the transfer of all (100%) equity interests held by  
Targets of [VIE Entity] in accordance with the terms and conditions as stipulated hereunder.

Now, THEREFORE, in principle of equality and mutual benefits, through friendly negotiation, Parties hereto agree to reach, in accordance with *Company Law of People’s Republic of China*, *Provisional Rules for Domestic Investment by Foreign-Invested Enterprise* and other applicable PRC laws and regulations, the following agreement.

## Chapter I Definition and Interpretation

### Article 1 Definition

Unless otherwise prescribed and stipulated, the following terms defined in this Agreement shall have the meanings set forth as follows:

“**[VIE Entity]**” refers to [VIE Entity] , under registration number [Registration Number].

“**PRC**” means, for purpose of the Agreement, People’s Republic of China, excluding Hong Kong, Taiwan and Macau.

“**Claim**” means claims, actions, demands, proceedings judgments liabilities, damages amounts, costs and expenses (including legal costs and disbursements) whatsoever and howsoever arising.

“**Signing Date**” means the date on which this Agreement is signed.

“**Encumbrance**” means any mortgage, assignment, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive right, and any other restriction and conditions whatsoever including:

- (i) any interest or right granted or reserved in or over or affecting the Entrust and Pledge Shares for Transfer; or
- (ii) the interest or right created or otherwise arising in or over the Entrust and Pledge Shares for Transfer under a fiduciary transfer, charge, lien, pledge, power of attorney or other form of encumbrance; or
- (iii) any security over the Entrust and Pledge Shares for Transfer for the payment of a debt or any other monetary obligation or the performance of any other obligation.

“**Material Adverse Change**” means (1) Any investigation (would likely cause [VIE Entity] subject to an administrative penalty) or penalty on [VIE Entity] by governmental authorities; (2) Any law suit, arbitration or any other judicial proceedings involving [VIE Entity]; (3) Any change would cause or reasonably may cause material adverse effect on the finance, business, assets, liabilities, results of operation, or prospects of [VIE Entity] .

“**RMB**” means the lawful currency of China.

“**Third Party**” means any natural person, legal person, other organization or entity, other than Parties hereto.

“**Business Day**” means any day on which all banks in Beijing are open for business.

## Chapter II Entrust and pledge Shares

### Article 2 Share Entrust and Pledge

Pursuant to the terms stipulated in this Agreement, the Targets hereby agree to transfer to Jinong and Jinong agrees to accept from Targets the Entrust and Pledge Shares being one hundred percent (100%) of the equity interests of [VIE Entity] with all the rights and obligations of and attaching to the Entrust and Pledge Shares for transfer including, but not limited to, general rights thereof, all the rights to receive dividends and to receive or subscribe for shares (if any) declared, paid or issued by [VIE Entity] (if any), and free of any Claim or Encumbrances.

### Article 3 Acquisition Price

- 3.1 Targets and Jinong after consultations have finally determined that the Acquisition Price for the Entrust and Pledge Shares shall be RMB [●] and [●] convertible note (hereinafter referred to as “**Acquisition Price**”);
- 3.2 Terms of Payment
  - 3.2.1 The Jinong shall pay RMB [●] and [●] convertible note to the Targets after the Targets meet all pre-requisite conditions set forth in Appendix I (VIE Agreements) of this Agreement and [VIE Entity] are free of any material adverse change from Signing Date to Settlement Date (as defined in Article 5.1).

### Article 4 Pre-requisite Conditions for the Payment of the Acquisition Price and Closing

- 4.1 Under this Agreement, the pre-requisite conditions for the payment of the Acquisition Price are: (1) The Targets shall meet all pre-requisite conditions set out in Appendix I attached to the VIE Agreements and Convertible Notes Agreement , and (2) [VIE Entity] is free of any material adverse change from the Signing Date to Settlement Date (as defined in Article 5.1).
- 4.2 The parties hereby confirm that the fulfillment of obligations that Targets shall assume pursuant to Appendix I of this Agreement shall be subject to the written confirmation by the Jinong. The pre-requisite conditions set forth in Appendix I attached to the Agreement shall not be deemed as having been satisfied until the Targets obtain the written confirmation issued by the Jinong.

- 4.3 In the event that any of the conditions set forth in Article 4.1 have not been satisfied or implemented, and Jinong has not indicated its waiver of the said conditions or any one of them, in writing, Jinong shall not be obliged to pay the Transfer Price to Targets.
- 4.4 The Targets and the Jinong hereby agree that the closing date shall be the date on which [VIE Entity] completes the share transfer registration with the local Administration Bureau for Industry and Commerce that the Jinong becomes the sole registered shareholder of [VIE Entity] (**“Closing Date”**).

#### **Article 5 Payment**

- 5.1 The Jinong shall pay RMB [●] and [●] convertible note to the bank accounts designated by the Targets in three business days after the date when the Targets meet all the pre-requisite conditions set forth in Appendix I. The settlement date shall be the date when the Jinong pays the Acquisition Price to the Targets (**“Settlement Date”**).
- 5.2 The Targets shall issue to Jinong the evidential document of the payment received within five (5) business days.
- 5.3 Within three(3) business days from the Closing Date, the Targets shall hand over all materials to the Jinong or the representative designated by the Jinong, or the Targets shall require relevant institutions or persons to transfer all materials of [VIE Entity] includes, but not limited to the official seal, financial seal, Agreement seal, account information, all accounting voucher, account book (including but not limited to personal seal and signature pre-submitted by [VIE Entity] to the bank changed to the personal seal and signature of the person designated by the Jinong), all official documents, licenses, permissions and client information relating to the business of [VIE Entity], all Agreements and agreements signed by [VIE Entity], staff information, technical data and other relevant materials, and to take any measures to ensure the Jinong to control all assets and business operation of [VIE Entity].

#### **Article 6 Tax Payable**

Any taxes or fees arising out of and payable pursuant to the fulfillment of the terms of this Agreement by each of Targets and Jinong shall be payable by the respective Party which is liable for the taxes or fees under the provisions of relevant laws and regulations of China.

### **Chapter III Representations and Warranties of All Parties**

#### **Article 7 Representations and Warranties of All Parties**

- 7.1 Targets and Jinong confirm that from the Signing Date this Agreement shall be a document having legal binding effect on all Parties.
- 7.2 At the time of signing this Agreement, Targets and Jinong state that the documents and information provided to any other Party or their agencies (including without limitation to the lawyers, appraiser, financial consultants, etc.) prior to the Signing Date shall remain effective and confirm that where there are discrepancies therein with the terms of this Agreement, this Agreement shall prevail.
- 7.3 Targets and Jinong hereby agree that the Agreements or documents pertaining to the share transfer entered into between all Parties prior to this Agreement shall lapse automatically upon this Agreement coming into effect.
- 7.4 Targets commitments: to ensure that have a minimum of 10% of annual compound growth rate within the three years after the closing date.
- 7.5 All Parties to this Agreement agree to strive jointly in coordinating the work pertaining to the transfer of the Entrust and Pledge Shares, including but not limited to registration and filing of record, *etc.*, and the expenses arising therefrom shall be borne by [VIE Entity].

### **Chapter IV Disclosures, Representations and Warranties of the Targets**

#### **Article 8 Disclosures, Representations and Warranties of the Targets**

The Targets hereby jointly represent and warrant to the Jinong that:

- 8.1 All information and facts relating to [VIE Entity] that are in the possession of the Targets or are known to any of the Targets which will have a substantive and adverse effect on the Targets' ability to fulfill any of its obligations in this Agreement or when disclosed to the Jinong shall have a substantive effect on the willingness of the Jinong to sign and fulfill its obligations under this Agreement, have been disclosed to the Jinong and the information provided by Targets to Jinong does not contain any representation that is untrue or misleading.
- 8.2 No lawsuits, arbitrations, or other legal or administrative proceedings or governmental investigations are on-going against Targets that will materially affect its ability to sign this Agreement or fulfill its obligations under this Agreement.

- 8.3 Regarding the documents and information provided by Targets to Jinong and/or Jinong's agencies (including but not limited to the lawyers, appraiser, financial consultants, etc.) prior to the Signing Date, Targets hereby jointly undertake that:
- 8.3.1 all copies made from original documents are true and complete and that such original documents are authentic and complete;
  - 8.3.2 all documents provided to Jinong and/or Jinong's agencies as originals are authentic and complete;
  - 8.3.3 all signatures appearing on documents provided to Jinong and/or Jinong's agencies as originals or copies of originals (seal) are genuine;
  - 8.3.4 Targets have drawn to the attention of Jinong and/or Jinong's agencies all matters that are material for Jinong to proceed with the transaction as contemplated in this Agreement.
- 8.4 The Targets agree to sign *Non-Competition Agreements* with [VIE Entity]; to ensure that the major management personnel and technical personnel of [VIE Entity] would sign *Non-Competition Agreements* with [VIE Entity], which shall provide that: without the prior consent in writing by the Jinong, such persons shall not be allowed to operate the business the same as or similar to the industry that [VIE Entity] and its clients or suppliers engage in, or other industries that are in competition with [VIE Entity], or hold any equity interests of the entities mentioned hereinabove, unless the business or equity holding is via [VIE Entity].

#### **Article 9 General Representations and Warranties of Targets**

- 9.1 Party B, Party C and Party D are PRC citizens with all civil abilities to enter into this Agreement and fulfill all of their obligations stipulated herein. Signing this Agreement and fulfilling all of their obligations stipulated herein by Party B, Party C and Party D shall not contravene or result in the violation of or constitute a failure to fulfill or an inability to fulfill any of the stipulations in any laws, regulations, stipulations, any authorization or approval from any government body or department or the stipulations of any Agreement or agreement that Party B, Party C or Party D is a party to or is bound by.

#### **Article 10 Ownership**

- 10.1 The Targets are the legal owners of the Entrust and Pledge Shares and have full authority and right to transfer the Entrust and Pledge Shares to Jinong.

- 10.2 The Targets hereby jointly undertake and warrant up to and including the Settlement Date that the Entrust and Pledge Shares are not subject to any Claims or Encumbrances (including but not limited to any form of option, acquisition right, mortgage, pledge, guarantee, lien or any other form of Third Party rights).
- 10.3 No lawsuits, arbitrations, or other legal or administrative proceedings or governmental investigations are on-going against any of Targets that will materially affect its ability to sign this Agreement or fulfill its obligations under this Agreement.

#### **Article 11 Special Representations and Warranties of the Targets**

The Targets hereby specially represent and warrant to the Jinong that:

- 11.1 [VIE Entity] is the legal entities that have been duly established in accordance with PRC laws and they are validly and legally in existence and also operating normally pursuant to PRC laws and regulations. The registered capital of [VIE Entity] has been fully paid and is free of any false capital contribution, overrated capital contribution and flight of capital contribution.
- 11.2 The Targets hereby jointly ensure that [VIE Entity] legally and effectively own the land use right, plants, machinery equipments and other assets currently used by them. The Targets warrant that they will take any and all measures to ensure [VIE Entity] legally obtain the right to use all land and obtain the ownership of all buildings with any right encumbrances, which shall not be subject to time and shall remain effective after the Closing. The Targets shall assume the joint and several liabilities in case of any losses suffered by [VIE Entity] or the Jinong or any administrative penalties imposed by the governmental authorities due to any causes mentioned hereinabove after the share transfer under this Agreement and indemnify the Jinong for all losses arisen thereto.
- 11.3 There has not been and is not any investigation, prosecutions, disputes, claims or other proceedings (whether current, pending or threatened) in respect of [VIE Entity], nor [VIE Entity] has been punished or Targets can foresee any punishment to be made by any administrative authorities of the PRC before the share transfer under this Agreement except for those disclosed to the Jinong prior to Closing Date. The Targets have fully disclosed all information of [VIE Entity] to the Jinong before the signing of this Agreement. The Targets hereby warrant that all tax, fees, charges, penalties and expenses payable to or required to pay to any PRC governmental authorities have been fully paid. By the Signing Date of this Agreement, there has been no default in the payment of such tax, fees, charges, penalties and expenses, or any payable cost and/or expenses incurred by the correction of the default and/or inexpedient acts of [VIE Entity] required by any governmental authority. The Targets shall assume the joint and several liabilities in case of any losses, damages or any penalties suffered by [VIE Entity] or the Jinong due to any investigation, prosecutions, disputes, claims or other proceedings prior to the share transfer under this Agreement and shall fully indemnify the Jinong all losses arisen thereto.



- 11.4 The Targets warrant that [VIE Entity] has obtained all approvals, permissions, consents and filings necessary to the production and the business operation, carried out businesses as stated in their business licenses, and executed Agreements and documents with legally binding effects. The Targets shall assume the joint and several liabilities in case of any losses, damages or any penalties suffered by [VIE Entity] or the Jinong due to any absence of the above-mentioned approvals, permissions, consents and filings prior to the share transfer under this Agreement and shall fully indemnify the Jinong all losses arisen thereto.
- 11.5 The Targets hereby confirm and warrant that the production, operation and business of [VIE Entity] are in full compliance with the relevant PRC laws and regulations. The Targets shall indemnify and hold the Jinong and [VIE Entity] harmless against and from any losses or damages caused by any administrative penalties thereto prior to the signing of the Agreement.
- 11.6 The Targets shall assume jointly and severally liabilities to the Jinong and [VIE Entity] and hold the Jinong harmless for any undisclosed debts and the outstanding interest payable hereto.
- 11.7 The Targets hereby irrevocably confirm and warrant that the Jinong shall have right to appoint the financial staffs to [VIE Entity] from the date of signing the Agreement and all fiscal expenditure of [VIE Entity] shall be made upon the mutual consent in writing jointly by the financial staffs appointed by the Jinong and the financial staffs of the Targets from the Signing Date to the Settlement Date. The financial staffs of the Targets will withdraw from [VIE Entity] and hand over all financial materials to financial staffs appointed by the Jinong for their sole control at the Settlement Date.
- 11.8 The Targets hereby confirm and warrant that they will ensure the normal operation and management of [VIE Entity] prior to the Settlement Date and the operation, business and conditions of [VIE Entity] will be free of any material adverse change.
- 11.9 The Targets hereby irrevocably represent and warrant that [VIE Entity] has not made any equity investment on any other companies or entities by the Settlement Date. The Targets shall assume the joint and several liabilities in case of any losses or damages suffered by [VIE Entity] or the Jinong in respect of the undisclosed equity investment (if any) and shall fully indemnify the Jinong all losses arisen thereto.

- 11.10 The Targets hereby irrevocably represent and warrant that [VIE Entity] has not provided security (including but not limited to mortgage, pledge and guarantee) to any other companies, enterprises, entities or any natural person except for those disclosed in the Appendix II attached hereto. The Targets shall assume the joint and several liabilities in case of any losses or damages suffered by [VIE Entity] or the Jinong due to the undisclosed security (if any) and shall indemnify the Jinong all losses arisen thereto.
- 11.11 Prior to the signing of this Agreement, Targets have entirely disclosed all information regarding the debts assumed by [VIE Entity]. As of the Settlement Date, such information remains complete, authentic, accurate and true.
- 11.12 The Targets hereby confirm and guarantee that [VIE Entity] has paid up all taxes required by PRC laws and regulations prior to the Settlement Date. The Targets shall assume the joint and several liabilities for any unpaid taxes of [VIE Entity] (if any) and hold harmless the Jinong against and from any loss and damages arisen thereto.
- 11.13 The Targets hereby confirm and guarantee that all production lines of [VIE Entity] (no matter whether the project is completed or under construction) have obtained the necessary approvals from and registrations with relevant PRC governmental authorities, including, but not limited to, environmental impact assessment approval and the completion acceptance approval issued by local environmental protection authority, and the registration notice of production line construction issued by local development and reform bureau. Party B, Party C and Party D shall be jointly and severally liable to fully indemnify the Jinong in case of any administrative penalty suffered by [VIE Entity] arising from hereto after the Share Transfer of this Agreement.
- 11.14 The Targets irrevocably hereby confirm and guarantee that the craftwork and technology [VIE Entity] adopt currently and the intellectual property owned by them before the Settlement Date including, but not limited to trademarks and know-how are in full compliance with relevant PRC laws, regulations, standards or criterion, and free of any infringement of the patent and know-how of Third Party. The Targets shall be jointly and severally liable to fully indemnify the Jinong in case of any penalty, damages or losses suffered by [VIE Entity] arisen from such infringement (if any).
- 11.15 The Targets hereby irrevocably guarantee that [VIE Entity] will register with the W Administrative Bureau after the closing date.

- 11.16 The Jinong is entitled to require the Targets to undertake the joint and several liabilities and indemnify and hold harmless the Jinong against and from any direct and indirect losses or damages in case of any infringement of any representations and warranties stated hereinabove by the Targets, [VIE Entity], or in case that the Targets fails to meet any or all pre-requisite conditions set forth.

#### **Chapter V Disclosures, Representations and Warranties of Jinong**

##### **Article 12 Disclosures, Representations and Warranties of the Jinong**

The Jinong hereby represents and warrants to the Targets that:

- 12.1 The Jinong is a legal entity that has been duly established and it is validly and legally in existence and also operating normally in accordance with the PRC laws.
- 12.2 The execution and performance of this Agreement by the Jinong will not contravene or result in the violation of or constitute a failure to fulfill or an inability to fulfill any of the stipulations of Jinong's articles of association or its internal rules, any laws, regulations, stipulations, or any authorizations or approvals from any government body or department or any Agreement or agreement that the Jinong is a party to or is bound by.
- 12.3 No lawsuits, arbitrations, or other legal or administrative proceedings or governmental investigations are on-going against the Jinong that will materially affect its ability to sign this Agreement or fulfill its obligations under this Agreement.

#### **Chapter VI Employees**

##### **Article 13 Employees**

All existing staff and workers of [VIE Entity] upon the completion of the share transfer under this Agreement shall be employed by the Jinong. The terms and conditions of their employment including their remuneration for their employment shall be implemented in accordance with the stipulations of the labor laws and regulations. Thereafter, Board of Directors of [VIE Entity] will determine the staff numbers and working rules, etc., in consideration of business needs.

## Chapter VII Confidentiality

### Article 14 Confidentiality

- 14.1 All Parties agree unless otherwise provided for in another relevant confidentiality agreement that with regard to the confidential and exclusive information that have been disclosed to or may be disclosed to the other Parties by any Party to this Agreement pertaining to their respective businesses, or financial situations and other confidential matters, all Parties to this Agreement which have received the aforesaid confidential information (including written information and non-written information, hereinafter referred to as “**Confidential Information**”) shall:
- 14.1.1 Keep the aforesaid Confidential Information confidential;
  - 14.1.2 Save for the disclosure of the Confidential Information by a Party to this Agreement to its employees solely for the performance of their duties and responsibilities, neither Party to this Agreement shall disclose the Confidential Information to any Third Party or any entity.
- 14.2 The provisions of the aforesaid Article 14.1 shall not apply to the following Confidential Information:
- 14.2.1 which was available to the receiving Party from the written record before the disclosing Party disclosed the information to the receiving Party and the written record can prove that the confidential information was already known to the receiving Party;
  - 14.2.2 which has become public information by means not attributable to any breach by the receiving Party;
  - 14.2.3 which was obtained, by the receiving Party from a Third Party not subject to any confidentiality obligation affecting the said Confidential Information.
- 14.3 As far as any natural person or legal entity which is a Party to this Agreement is concerned, notwithstanding that it has ceased to be a Party to this Agreement because of the transfer of its rights and obligations pursuant to the terms of this Agreement, the stipulations set forth in this Chapter VII shall remain binding on it.

## **Chapter VIII Breach of Agreement**

### **Article 15 Liabilities for Violation of Representations or Warranties**

- 15.1 If any representation or warranty made by any Party to this Agreement is found to be a material error, or if any fact that has or is likely to have a major or substantial effect on the signing of this Agreement by any Party has been omitted, or if any representation or warranty is found to be misleading or untrue in any material respect, the non-breaching Party shall be entitled to look to the Party (ies) in breach for full compensation for any loss, damage, cost or expense (including any attorneys' fee and litigation and arbitration fee) arising from the erroneous, misleading or untrue representation or warranty of the Party (ies) in breach or arising from any other breach of any representation and warranty given by the Party (ies) in breach.
- 15.2 Each representation and warranty set forth in this Agreement is to be construed independently.
- 15.3 For the avoidance of doubt, the Targets hereby unconditionally and irrevocably agree and confirm that they shall be jointly liable for any liability for any breach of representation or warranty.

### **Article 16 Liabilities for Breach of Agreement**

- 16.1 In the event of a breach committed by any Party to this Agreement, the said defaulting Party shall be liable to the other Party (ies) for any liabilities arising out of that defaulting Party's breach of Agreement in accordance with the provisions of this Agreement and the laws and regulations of PRC. In case of breach of Agreement by all Parties hereto, a Party shall respectively assume liabilities for any loss or damage, or any other liabilities, arising out of its breach of Agreement, against other Parties.
- 16.2 In event that the Targets fail to meet any conditions set forth in Appendix I or violates any representation, warranty or obligations under this Agreement, without account of the intention or gross negligence of the Jinong, Targets shall pay RMB 100,000 to the Jinong, in addition to the compensation for any direct or indirect loss arising therefrom.

## **Chapter IX Force Majeure**

### **Article 17 Force Majeure**

- 17.1 The Force Majeure shall include earthquake, typhoon, flood, fire, war, political unrest and such special incidents or events that are deemed to be Force Majeure occurrences under the provisions of the relevant laws and regulations of PRC.
- 17.2 In the event of the occurrence of a *Force Majeure* event, the obligations of the Party to this Agreement affected by this *Force Majeure* event shall cease during the period of the *Force Majeure* event and any term or period set forth in this Agreement and to which the affected party is subject shall automatically be extended by a period equal to the term or period of the *Force Majeure* event, the period of extension shall be the same as the period of cessation of the obligations by reason of the *Force Majeure* event, and the said Party shall not be liable for any liabilities arising out of a breach of Agreement as provided for in this Agreement for the duration of the *Force Majeure*.
- 17.3 The Party claiming the occurrence of a *Force Majeure* event shall promptly inform the other Party (ies) in writing, and within seven (7) days thereafter, it shall provide sufficient evidence (issued by the notary organization) of the occurrence and the continuity of the *Force Majeure* event. It shall also do its best to eliminate the adverse effect of the *Force Majeure* event.

## **Chapter X Resolution of Disputes**

### **Article 18 Arbitration**

Any dispute arising out of this Agreement between the Parties to this Agreement shall firstly be resolved through friendly consultation. In the event that sixty (60) days after the commencement of the friendly consultations, the dispute cannot be resolved through such means, either Party may submit the dispute to the China International Economic and Trade Arbitration Commission in Beijing for arbitration in accordance with its prevailing valid arbitration rules.

### **Article 19 Validity of Arbitral Award**

The arbitration award shall be final and shall be binding on all Parties to this Agreement. All Parties to this Agreement agree to be bound by the said award, and to act according to the terms of the said award.

### **Article 20 Continuation of Rights and Obligations**

After a dispute has arisen and during its arbitration process, other than the disputed matter, all Parties to this Agreement shall continue to exercise their other respective rights stipulated in this Agreement, and shall also continue to fulfill their other respective obligations stipulated in this Agreement.

## **Chapater XI Applicable Law**

### **Article 21 Applicable Law**

The laws and regulations of the PRC shall govern and be binding on the establishment, validity, interpretation and execution of this Agreement. All disputes arising out of this Agreement shall be determined according to the laws of the PRC. In the event the laws of the PRC do not make provision for a certain issue relating to this Agreement, reference shall be made to general international business practice.

## **Chapater XII Miscellaneous**

### **Article 22 Non-Waiver**

The non-exercise or delay in the exercise of an entitlement stipulated in this Agreement by any Party to this Agreement shall not be regarded as a waiver of the said entitlement. Any single exercise or partial exercise of an entitlement shall not rule out any future re-exercise of the said entitlement.

### **Article 23 Transfer**

Unless otherwise described and prescribed in this Agreement, neither Party to this Agreement shall transfer nor assign all or any part of this Agreement or transfer or assign that Party's entitlement or obligations as stipulated in this Agreement.

### **Article 24 Amendment**

- 24.1 This Agreement has been executed for the benefit of all Parties to this Agreement and their respective lawful successor(s) and assignees, and shall have legal binding effect on them.
- 24.2 This Agreement may not be amended verbally. Only a written document signed by all Parties indicating their consent to such amendment shall be effective.

#### **Article 25 Severability**

The invalidity of any term in this Agreement shall not affect the validity of the other terms in this Agreement.

#### **Article 26 Language**

This Agreement is written in both the Chinese Language and the English Language. In case of any inconsistency, the Chinese language shall prevail.

#### **Article 27 Effectiveness of Text and Appendixes**

- 27.1 The Agreement shall be effective from the execution of Parties hereof. The Agreement shall be written in six (6) original sets in Chinese, with Parties hereto and relevant administration for industry and commerce holding one (1) set respectively, and the remaining shall be kept by [VIE Entity] and the Jinong.
- 27.2 The Appendix to this Agreement shall form an integral part of this Agreement, and shall have the same effect as this Agreement.

#### **Article 28 Notification**

- 28.1 Unless otherwise specified and prescribed, any Party issuing any notification or written communication to the other Party (ies) according to the provisions of this Agreement shall have them written in the Chinese Language and shall send them as a letter by a courier service company, or by facsimile. Letters sent by a courier service company, will require a confirmation to be given seven (7) business days after handing over the notification or communication to the courier service company. Any notification or written communication sent in accordance with the stipulations of this Agreement shall be deemed to be effective on the date of receipt. If they are sent by facsimile, the date of receipt shall be deemed to be three (3) business days after transmission, subject to a facsimile confirmation report evidencing this.
- 28.2 All notices or communications shall be sent to the following addresses, unless and until any such address is changed by a written notice to the other Party:

Address of Party A: 3/F, A Block, Industry Office Tower, A District, No.181 Taibainan Road,  
Xi'an City, Shaanxi province, PRC  
Tel: 029-88266368  
Fax Number: 029-88231590  
To: Guo Ming

#### **Article 29 Entire Agreement**

This Agreement constitutes the entire agreement of all Parties to this Agreement pertaining to the transaction agreed upon in this Agreement, and shall replace all the previous discussions, negotiations and agreements among all Parties to this Agreement in respect of the transaction of this Agreement.

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IN WITNESS WHEREOF, the duly authorized representative of Party A, and Party B and Party C have signed this Agreement on the date first above written.

**Party A: Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd.**

(Seal)

Authorized Representative(Signature): \_\_\_\_\_

**Party B: [Shareholder]**

Signature: \_\_\_\_\_

**Party C: [Shareholder]**

Signature: \_\_\_\_\_



## SUBSIDIARIES OF CHINA GREEN AGRICULTURE, INC.

<b>Name</b>	<b>Place of Incorporation</b>
Green Agriculture Holding Corporation	New Jersey
Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd.	People's Republic of China
Beijing Gufeng Chemical Products Co., Ltd.	People's Republic of China
Beijing Tianjuyuan Fertilizer Co., Ltd.	People's Republic of China

## VARIABLE INTEREST ENTITIES OF CHINA GREEN AGRICULTURE, INC.

<b>Name</b>	<b>Place of Incorporation</b>
Xi'an Hu County Yuxing Agriculture Technology Development Co, Ltd.	People's Republic of China
Shaanxi Lishijie Agrochemical Co., Ltd.	People's Republic of China
Songyuan Jinyanguang Sannong Service Co., Ltd	People's Republic of China
Shenqiu County Zhenbai Agriculture Co., Ltd.	People's Republic of China
Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd.	People's Republic of China
Aksu Xindegua Agricultural Materials Co., Ltd.	People's Republic of China
Xinjiang Xinyulei Eco-agriculture Science and Technology co., LTD	People's Republic of China

CERTIFICATION

I, Tao Li, certify that:

1. I have reviewed this report on Form 10-K of China Green Agriculture, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 7, 2016

/s/ Tao Li

Tao Li

Chief Executive Officer  
(principal executive officer)

/s/ Zhuoyu "Richard" Li

Zhuoyu "Richard" Li

President  
(deputy executive officer)

**CERTIFICATION**

I, Ken Ren, certify that:

1. I have reviewed this report on Form 10-K of China Green Agriculture, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 7, 2016

/s/ Ken Ren

Ken Ren

Chief Financial Officer

(principal financial officer and principle accounting officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned hereby certifies, in his capacity as the Chief Executive Officer of China Green Agriculture, Inc. (the “Company”), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Annual Report of the Company on Form 10-K for the fiscal year ended June 30, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 7, 2016

/s/ Tao Li

Tao Li  
Chief Executive Officer  
(principal Executive Officer)

/s/ Zhuoyu “Richard” Li

Zhuoyu “Richard” Li  
President  
(deputy executive officer)

A signed original of this written statement required by Section 906 has been provided to China Green Agriculture, Inc. and will be retained by China Green Agriculture, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned hereby certifies, in his capacity as the Chief Financial Officer of China Green Agriculture, Inc. (the "Company"), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Annual Report of the Company on Form 10-K for the fiscal year ended June 30, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 7, 2016

/s/ Ken Ren

Ken Ren

Chief Financial Officer

(principal financial officer and principle accounting officer)

A signed original of this written statement required by Section 906 has been provided to China Green Agriculture, Inc. and will be retained by China Green Agriculture, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.