

CHANGJIANG FERTILIZER HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200713878D)

**ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE LISTING MANUAL OF THE SINGAPORE
EXCHANGE SECURITIES TRADING LIMITED**

**– DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE GROUP’S FINANCIAL
STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors of Changjiang Fertilizer Holdings Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) wishes to inform that the independent auditors of the Company, Nexia TS Public Accounting Corporation (the “**Independent Auditors**”), have in their Independent Auditors’ Report dated 7 July 2016 (the “**Report**”), included a disclaimer of opinion (the “**Disclaimer Opinion**”) in relation to the financial statements of the Group for the financial year ended 31 December 2015 (the “**Audited Financial Statements**”).

Relevant copies of the Report and extracts of the relevant Notes to the Financial Statements are annexed collectively to this announcement as **Appendix I**.

Shareholders of the Company are advised to read the Audited Financial Statements in the Annual Report of the Company which will be despatched by 8 July 2016.

By Order of the Board of Directors

CHANGJIANG FERTILIZER HOLDINGS LIMITED

Daniel Long Chee Tim

Acting Chief Executive Officer and Executive Director

7 July 2016

**EXTRACT OF
Independent Auditor's Report to the Members of
Changjiang Fertilizer Holdings Limited**

Basis for Disclaimer of Opinion on the Financial Statements for the Financial Year Ended 31 December 2014

4. We issued a disclaimer of opinion dated 1 April 2015 on the consolidated financial statements of the Group for the previous financial year ended 31 December 2014 on the following matters:

- (a) Appropriateness of going concern assumptions of the Group and the Company; and
- (b) Realisation of the Group's total assets.

As disclosed in Note 26 to the financial statements, certain items in paragraph 4(a) have been resolved as discussed in Note 26.3. Items in paragraph 4(b) have not been resolved in the current financial year and are discussed in the paragraphs below.

5. Going concern

- (i) As disclosed in Note 4 to the financial statements, the Group incurred total losses of RMB56,620,000 (2014: RMB220,887,000) and net cash outflows from its operating activities of RMB79,000 (2014: RMB16,582,000) for the financial year ended 31 December 2015. Furthermore, the Group's and the Company's current liabilities exceeded current assets by RMB54,980,000 and RMB13,997,000 (2014: RMB17,754,000 and RMB30,115,000) respectively. The Group and the Company were in net liabilities position of RMB54,980,000 and RMB13,997,000 (2014: in net assets position of RMB1,621,000 and in net liabilities position of RMB7,132,000) respectively as at 31 December 2015.
- (ii) The Group has ceased the production activities in all three production plants in PRC since the financial year ended 31 December 2013. No revenue has been generated since the financial year ended 31 December 2013. The Group has plans to dispose all its subsidiary corporations in the People's Republic of China ("PRC subsidiary corporations") through a public auction (see further in Note 28 to the financial statements).
- (iii) For the financial year ended 31 December 2015, the Group recorded current income tax liabilities of RMB34,890,000 (2014: RMB32,449,000) (see further in Note 8(b) to the financial statements). As at the date of this report, the Group has not made any payments to the local tax authorities since financial year 2010.

The conditions above indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, these financial statements are prepared on the going concern basis as the Company had entered into various sale and purchase agreements with various third parties to acquire new businesses. As part of the conditions precedent of these sale and purchase agreements, the Company would have to dispose the PRC subsidiary corporations. Management is of the opinion that with the successful completion of the above-mentioned acquisitions and disposal, the Company will continue to operate on a going concern basis. Both the above-mentioned acquisitions and the disposal are still subject to shareholders and regulatory approvals (see further in Note 28 to the financial statements).

Report on the Financial Statements (continued)

Basis for Disclaimer of Opinion (continued)

5. Going concern (continued)

If the Group and the Company are unable to continue in their operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets as current assets respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

The ability of the Group and the Company to continue their operations in the foreseeable future and to meet their financial obligations as and when they fall due depend on the favourable outcome of the measures undertaken as disclosed above. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group is appropriate.

6. Limitation of scope

- (i) As disclosed in Note 9 to the financial statements, the Group's PRC subsidiary corporations have ceased production since 31 December 2013 and the Company announced its intention to dispose its PRC subsidiary corporations. As a result, the PRC subsidiary corporations do not have a full time finance team to prepare and maintain a complete and proper set of accounting records.

Due to the reasons above and the security concerns represented by the PRC subsidiary corporations' management, the Company's management and we are unable to visit and conduct our audit respectively at the premises of the PRC subsidiary corporations. Hence, based on the information and accounting records made available to us, we are unable to obtain sufficient and appropriate audit evidence to satisfy ourselves as to whether a complete set of accounting records are provided to us and to substantiate and to verify these amounts recorded.

- (ii) As at 31 December 2015, the liabilities directly associated with disposal group classified as held- for-sale amount to RMB69,452,000 (2014: RMB27,741,000) (see further in Note 9(i)) to the financial statements. The amount of RMB69,452,000 includes tax liabilities for the PRC subsidiary corporations of RMB34,890,000. Due to the reasons mentioned in paragraph 6(i), we were unable to carry out alternative procedures to enable us to conclude on the completeness of the liabilities of the PRC subsidiary corporations. We are also unable to ascertain if any adjustment and/or additional disclosure is required for liabilities, including tax liabilities and contingent liabilities for the financial year ended 31 December 2015.
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Report on the Financial Statements (continued)

Basis for Disclaimer of Opinion (continued)

- (iii) As at 31 December 2015, the cash and cash equivalents of approximately RMB5,000 is classified as assets of disposal group classified as held-for-sale (see further in Note 9(k)(iii)) to the financial statements. The PRC subsidiary corporations' management has obtained the bank confirmations directly from the PRC financial institutions respectively. However, due to the reasons mentioned in paragraph 6(i), we were unable to carry out audit procedures to enable us to conclude on the existence or completeness of cash and cash equivalents of the PRC subsidiary corporations. We are also unable to ascertain if any adjustment and/or additional disclosure is required for contingent liabilities, securities held by the respective financial institutions in PRC and/or guarantees provided by the financial institution to the PRC subsidiary corporations.
- (iv) The consolidated financial statements of the Group for the financial year 31 December 2015 include the financial statements of the PRC subsidiary corporations. Due to the reasons mentioned in paragraph 6(i) to 6(iii), we are unable to assess the appropriateness of the carrying values of the assets and liabilities and the corresponding income and expenses of the PRC subsidiary corporations which have been included in the Group's consolidated financial statements. Hence, we are also unable to obtain sufficient and appropriate audit evidence to ascertain the appropriateness of disclosures relating to the PRC subsidiary corporations in the consolidated financial statements.

7. Assets of disposal group

As at 31 December 2015, the assets of disposal group classified as held-for-sale amounted to RMB28,469,000 (see further in Note 9) to the financial statements. The realisation and the actual amounts which may be recovered from these assets will depend on the outcome of the public auction as disclosed in Note 28 to the financial statements. Due to the reasons mentioned in paragraph 6(i) above and that the Company has not commenced the public auction, we are unable to satisfy ourselves as to the appropriateness of the carrying values of these assets.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

4 Going concern

The Group incurred total losses of RMB56,620,000 (2014:RMB220,887,000) and net cash outflows from its operating activities of RMB79,000 (2014:RMB16,582,000) for the financial year ended 31 December 2015. Furthermore, the Group's and the Company's current liabilities exceeded current assets by RMB54,980,000 and RMB13,997,000 (2014: RMB17,754,000 and RMB30,115,000) respectively. The Group and the Company were in net liabilities position of RMB54,980,000 and RMB13,997,000 (2014: in net assets position of RMB1,621,000 and in net liabilities position of RMB7,132,000) respectively as at 31 December 2015.

The Group has ceased the production activities in all three production plants in PRC since the financial year ended 31 December 2013. No revenue has been generated since the financial year ended 31 December 2013. The Group has plans to dispose all its subsidiary corporations in the People's Republic of China ("PRC subsidiary corporations") through a public auction (see further in Note 28 to the financial statements).

For the financial year ended 31 December 2015, the Group recorded current income tax liabilities of RMB34,890,000 (2014: RMB32,449,000) (see further in Note 8(b) to the financial statements). As at the date of this report, the Group has not made any payments to the local tax authorities since financial year 2010.

The conditions above indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, these financial statements are prepared on the going concern basis as the Company had entered into various sale and purchase agreements with various third parties to acquire new businesses. As part of the conditions precedent of these sale and purchase agreements, the Company would have to dispose the PRC subsidiary corporations. Management is of the opinion that with the successful completion of the above-mentioned acquisitions and disposal, the Company will continue to operate on a going concern basis. Both the above-mentioned acquisitions and the disposal are still subject to shareholders and regulatory approvals (see further in Note 28 to the financial statements).

If the Group and the Company are unable to continue in their operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets as current assets respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

8 Income tax (continued)

(a) Income tax expense of foreign operations (continued)

On 2 December 2008, Miluo City People's Government of China granted the Group's subsidiary, Miluo Jincheng Shiye Co., Ltd ("JC Miluo"), a tax preferential policy whereby JC Miluo is required to pay a minimum of RMB2.1 million from FY2009 and subsequently increase by 40% on an annual basis until FY2013 to cover all taxes (e.g. VAT, Stamp Duty, Land Use Tax, Urban Real Estate Tax, Corporate Income Tax, etc). Any amount paid in excess of the minimum tax liability will be refunded (subject to the approval by Miluo City People's Government of China) to the Group.

On 9 February 2010, Xiangyin County People's Government of China granted the Group's subsidiary, Changjiang Huafei (Hunan) Co., Ltd ("Changjiang Huafei"), a tax preferential policy whereby Changjiang Huafei is required to pay a minimum of RMB1.0 million from FY2010 and subsequently increase by 25% on an annual basis until FY2014 to cover all taxes (e.g. VAT, Stamp Duty, Land Use Tax, Urban Real Estate Tax, Corporate Income Tax, etc). Any amount paid in excess of the minimum tax liability will be refunded (subject to the approval by Xiangyin County People's Government of China) to the Group.

The other subsidiary corporation, Hunan Changjiang Huafei Hanshou Co., Ltd ("Huafei Hanshou"), had applied for a preferential tax policy from Hanshou County People's Government of China.

(b) Movements in the current income tax liabilities

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
<i>Beginning of financial year</i>	12,762	32,449
<i>Under provision in prior financial years (Note 9(m))</i>	2,441	-
	15,203	32,449
<i>Less: Reclassified to the disposal group</i>	(15,203)	(19,687)
	-	12,762

Extracts of
Notes to the Financial Statements
For the financial year ended 31 December 2015

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Presented in the balance sheet as:		
Current income tax liabilities	-	12,762
Disposal group	34,890	19,687
	34,890	32,449
	34,890	32,449

9 Discontinued operations and disposal group classified as held-for-sale

- (a) The Group has three production plants located in PRC operated by its wholly-owned subsidiary corporations, namely Miluo Jincheng Shiye Co., Ltd ("JC Miluo"), Changjiang Huafei (Hunan) Co., Ltd ("Changjiang Huafei"), and Hunan Changjiang Huafei Hanshou Co., Ltd ("Huafei Hanshou") (Collectively known as "PRC subsidiary corporations").
- (b) On 21 June 2013, the Group announced that JC Miluo has received a notice from the local environment protection agency informing it that, in connection with the urbanisation development plans of the city including the initiatives taken by the city to clean up the environment in urban areas, JC Miluo is required to take steps towards the winding-down of its operations in its existing factory which is located in an urban area of the city and relocate the factory (the "City-Redevelopment").
- (c) Changjiang Huafei (Hunan) Co., Ltd ("Changjiang Huafei") has also been notified by a local government agency that it will be also affected by the City-Redevelopment since the financial year ended 2013. However, as at the date of this report, Changjiang Huafei has not received any formal notification.
- (d) The Group and the subsidiary corporations was in negotiation with the local government to work out the arrangement to put the land ("land use right") of JC Miluo and Changjiang Huafei on which the factories are currently sited by auction or otherwise, the proceeds of such sales where of being for JC Miluo's and Changjiang Huafei own account since the financial year ended 2013.
- (e) The production activities of Huafei Hanshou has ceased its production since 2013. During the financial year 2014, the Group and the subsidiary corporations were in negotiation with a third party to rent out the existing production facilities of the subsidiary corporations, Hunan Changjiang Huafei Hanshou Co. Ltd or to produce new products using existing facilities, or to dispose the subsidiary corporation on a going concern basis.
- (f) The Group in 2014 was in the midst of negotiation with local government authority on the compensation relating to JC Miluo and Changjiang Huafei and expects that it will be completed within 12 months from the end of the reporting period.
- (g) In view of the above, in 2014, the entire assets and liabilities related to JC Miluo and Changjiang Huafei are classified as a disposal group held-for-sale on the balance sheet,

Extracts of
Notes to the Financial Statements
For the financial year ended 31 December 2015

and the entire results from JC Miluo and Changjiang Huafei are presented separately on the statement of comprehensive income as “Discontinued operations”.

- (h) The Company, as part of the conditions for the proposed acquisition of WBH Investments Pte. Ltd., Cowealth Investments Pte. Ltd and CTE Resources Pte Ltd. (Note 28), announced on 12 April 2016 their intention to dispose their PRC Subsidiary Corporations by means of auction with a bidding price starting from RMB1. Management have proposed to appoint Nanshengyang Auction Co., Ltd (南晟杨拍卖有限公司) and Yueyangshi Zhengping Auction Co., Ltd (岳阳市正平拍卖有限公司) to jointly sell all the subsidiary corporations in the public auctions.
- (i) In view of the above, the entire assets and liabilities related JC Miluo, Changjiang Huafei and Huafei Hanshou have been classified as a disposal group held-for-sale on the balance sheet and the entire results from these entities are presented separately on the statement of comprehensive income as “Discontinued operations”.
- (j) The impact of the discontinued operations on the cash flows of the Group is as follows:

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Operating cash outflows, representing total cash outflows	(7)	(16,326)

- (k) Details of the assets in disposal group classified as held-for-sale are as follows:

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Cash and cash equivalent [Note 9(k)(iii)]	5	-
Property, plant and equipment [Note 9(k)(i)]	-	10,900
Intangible assets – “Land use rights” [Note 9(k)(ii)]	28,464	28,464
	28,469	39,364

**Extracts of
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For the financial year ended 31 December 2015**

(k)(i) Property, plant and equipment

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Property, plant and equipment		
Beginning of financial year	10,900	-
Add: Reclassification of property, plant and equipment	-	10,900
Less: - Write down of impairment of property, plant and equipment ^(a)	(10,900)	-
End of financial year	-	10,900

^(a) A write down of RMB10,900,000 (2014: Nil) was recognised for property, plant and equipment in the financial year ended 31 December 2015. Management has assessed the fair value less cost of disposal of the property, plant and equipment and decided to further write down property, plant and equipment to RMB Nil. See further details in Note 14(a) and 14(b) to the financial statements.

(k)(ii) Intangible assets – “Land use rights”

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Land use rights		
Beginning of financial year	28,464	-
Add: Reclassification of intangible assets	-	28,464
End of financial year	28,464	28,464

Management has assessed the fair value less cost of disposal of land use rights (Note 15(v)) and noted that it was higher than its net carrying amount.

**Extracts of
Notes to the Financial Statements
For the financial year ended 31 December 2015**

**9 Discontinued operations and disposal group classified as held-for-sale
(Continued)**

(k) Details of the assets in disposal group classified as held-for-sale are as follows: (Continued)

(k)(iii) Cash and cash equivalents

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Cash and cash equivalents		
Beginning of financial year	-	-
Add: Reclassification from cash and cash equivalents	5	-
End of financial year	<u>5</u>	<u>-</u>

Included in cash at bank and on hand are bank deposits amounting to approximately RMB5,000 (2014: RMB Nil) which are not freely remissible for use by the Company because of currency exchange restriction in PRC.

(l) Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Other payables		
- Accruals for operating expenses	34,330	8,054
- Amounts due to directors	232	-
Current income tax liabilities	34,890	19,687
	<u>69,452</u>	<u>27,741</u>

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Notes to the Financial Statements
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9 Discontinued operations and disposal group classified as held-for-sale
(Continued)

(l)(i) Other payables

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Other payables		
Beginning of financial year	8,054	-
Add: Reclassification from other payables	12,599	8,054
Add: Amount due to director	232	-
Add: Accruals for operating expenses during the year	13,677	-
End of financial year	34,562	8,054

(l)(ii) Details of accruals for operating expenses during the year

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Employee compensation	12,613	-
Property and land use tax	704	-
Accrued operating expenses	360	-
Provisions during the year	13,677	-

Extracts of
Notes to the Financial Statements
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9 Discontinued operations and disposal group classified as held-for-sale

(Continued)

- (l) Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows: (Continued)

(l)(iii) Current income tax liabilities

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Current income tax liabilities		
Beginning of financial year	19,687	-
Add: Reclassification from current income tax liabilities	12,762	19,687
Add: Under provision in prior financial year (Note 9(m))	2,441	-
End of financial year	34,890	19,687

- (m) The results of the discontinued operations are as follows:

	<u>Group</u>	
	2015	2014
	RMB'000	RMB'000
Other income	-	474
Expenses		
- Selling and distribution	(182)	(44)
- Administrative ^(a)	(49,946)	(137,105)
Loss before tax from discontinued operations	(50,128)	(136,675)
Income tax expense- under provision of tax in prior financial year	(2,441)	-
Loss for the financial year from discontinued operations	(52,569)	(136,675)

^(a) Included in administrative expense was an impairment charge of RMB5,255,000 and RMB14,120,000 (2014: RMB56,604,000 and RMB5,813,000) recognised for property, plant and equipment and intangible assets respectively for financial year ended 31 December 2015plant and equipment and intangible assets respectively for financial year ended 31 December 2015.

26 Disclaimer of Opinion on the Financial Statements for the Year Ended 31 December 2014

The audit report dated 1 April 2015 on the financial statements for the previous year ended 31 December 2014 contained a disclaimer of opinion on the following matters:

26.1 Going concern

- (a) As at 31 December 2014, the Group incurred total comprehensive losses of RMB219,768,000 (2013: RMB318,961,000) and net cash outflows from its operating activities of RMB16,582,000 (2013: RMB10,325,000) for the financial year ended 31 December 2014. Furthermore, the Group's and the Company's current liabilities exceeded their current assets by RMB17,754,000 and RMB30,115,000 (2013: Net current assets of RMB36,157,000 and net current liabilities RMB26,637,000) respectively and the Company was in net liability position of RMB7,132,000 (2013: net asset of RMB181,406,000) as at 31 December 2014.
- (b) Due to persistent weak demand for the Group's products, the Group could not satisfy the minimum threshold levels required for production in order to justify the costs involved, the production activities in all the three production plants of the Group have ceased since the financial year ended 31 December 2013.
- (c) The Group's wholly-owned subsidiary, Miluo Jincheng Shiye Co., Ltd ("JC Miluo") has received a notice from the local environment protection agency informing it that, in connection with the urbanisation development plans of the city including the initiatives taken by the city to clean up the environment in urban areas, JC Miluo is required to take steps towards the winding-down of its operations in its existing factory which is located in an urban area of the city and relocate the factory (the "City-Redevelopment").
- (d) The Group's wholly-owned subsidiary, Changjiang Huafei (Hunan) Co., Ltd ("Changjiang Huafei") has also been notified by a local government agency that it will be also affected by the City-Redevelopment. However, as at 31 December 2015, Changjiang Huafei has not received any formal notification.
- (e) JC Miluo and Changjiang Huafei were granted a tax preferential policy by Miluo City People's Government of China and Xiangyin County People's Government of China to pay a minimum of RMB2.1 million and RMB1.0 million from FY2009 and FY2010 and increase by 40% and 25% on an annual basis until FY2013 and FY2014 respectively. The provision for income tax for the other subsidiary, Hunan Changjiang Huafei Hanshou Co., Ltd ("Huafei Hanshou") is currently calculated based on the standard rate of income tax in People's Republic of China of 25%. The Group recorded current tax liabilities of RMB32,449,000 as at 31 December 2014. As at 31 December 2015, the Group has not made any payments to the local tax authorities since financial year 2010.
- (f) On 28 February 2015, the Company announced that the Executive Chairman and Executive Director of the Company, Mr Cai Jian Hua is taking a leave of absence from his duties for a period of six months with effect from 1 March 2015 to 1 September 2015 to sort out his personal matters. During such period, Mr Cai will not be carrying out any duties on behalf of the Company. In Mr Cai's absence, his duties as the Chairman of the Board of Directors will be undertaken by Mr Zhu Xue Cheng as Acting Chairman. Mr Zhu is an Executive Director and the Deputy Chief Executive Officer of the Company. The Company does not envision

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Notes to the Financial Statements
For the financial year ended 31 December 2015

any negative impact on the performance of the Company arising as a result of Mr Cai's absence.

- (g) These conditions above indicate that there is an existence of material uncertainties which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. The abilities of the Group and the Company to continue as going concerns were dependent on:
- (i) The Group and the subsidiary corporations are currently in negotiation with the local government to work out the arrangement to put the land ("land use rights") of JC Miluo and Changjiang Huafei on which the factories are currently sited for sale by auction or otherwise, the proceeds of such sale whereof being for JC Miluo's and Changjiang Huafei's own account.
 - (ii) The Group and the subsidiary corporations are currently in negotiation with a third party to rent out the existing production facilities of its subsidiary, Hunan Changjiang Huafei Hanshou Co., Ltd or to produce new products using existing facilities, or to dispose the subsidiary on a going concern basis.
 - (iii) The proposed share placement of approximately S\$359,900, equivalent to RMB1,674,000.
 - (iv) The proposed convertible loan of approximately S\$359,900, equivalent to RMB1,674,000.
 - (v) Potential acquisition of a new business.

If the Group and the Company are unable to continue their operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets as current assets respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

The ability of the Group and the Company to continue their operation in foreseeable future and to meet their financial obligations as and when they fall due depend on the favourable outcome of the assumptions and measures undertaken as disclosed above. In view of the material uncertainties, the auditors were unable to form an opinion as to whether the going concern assumption was appropriate in the preparation of the accompanying financial statements for the previous year ended 31 December 2014.

26.2 Total assets

The Group's total assets as at 31 December 2014 amounted to RMB59,011,000 (2013: RMB268,839,000). The realisation of the total assets will depend on the favourable outcome of the assumptions and measures undertaken as mentioned in Note 26.1(g)(i) and 26.1(g)(ii) above. Based on the information available to us, we are unable to satisfy ourselves as to the appropriateness of the carrying amount of total assets.

26.3 During the current financial year ended 31 December 2015, all the items in 26.1 and 26.2 have not been resolved except for updates in:

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- (a) 26.1(f) where Mr Cai resume his role as an Executive Chairman and Executive Director on 18 June 2015. On 29 July 2015, Daniel Long Chee Tim was appointed as a Non-Executive and Non Independent Director, who was subsequently appointed on 11 February 2016 as acting Chief Executive Officer and re-designated as an Executive Director.
- (b) 26.1(g)(i), 26.1(g)(ii) and 26.1(g)(v), as disclosed in Note 28 to the financial statements, the Company had entered into various sales and purchase agreements with various third parties to acquire new business. As part of the conditions precedent of these sales and purchase agreements, the Company would have to dispose their PRC Subsidiary Corporations. Both the acquisitions and the disposal are still subject to shareholders and regulatory approvals.

28 Events occurring after balance sheet date

- (1) On 11 April 2016, the Company entered into a sale and purchase agreement with WBH Investments Pte. Ltd. with a consideration amount of S\$13,844,400 (equivalent to RMB66,265,600) where S\$4,845,540 (equivalent to RMB23,193,000) of the consideration shall be satisfied through the allotment and issue of 969,108,000 new share of the Company at an issue price of \$0.005 while the remaining consideration of S\$8,998,860 (equivalent to RMB43,072,700) will be paid in cash on a later date.
 - (2) On 25 April 2016, the Company entered into another sale and purchase agreement with Cowealth Investments Pte. Ltd with a consideration amount of S\$13,844,400 (equivalent to RMB66,378,900) where S\$4,153,000 (equivalent to RMB19,912,100) shall be satisfied through the allotment and issue of 830,664,000 new share of the Company at an issue price of \$0.005 while the remaining consideration of S\$9,961,080 (equivalent to RMB47,759,800) will be paid in cash on a later date.
 - (3) On 13 June 2016, the Company then entered into another proposed sales and purchase agreement with CTE Resources Pte Ltd with a consideration amount of S\$9,674,288 (equivalent to RMB46,631,800) where S\$2,902,286 (equivalent to RMB13,989,500) shall be satisfied through the allotment and issue of 580,457,280 new share of the Company at an issue price of \$0.005 while the remaining consideration of S\$6,772,002 (equivalent to RMB32,642,300) will be paid in cash on a later date.
 - (4) As part of the condition precedent of the above sales and purchase agreements, the Company would have to dispose their PRC Subsidiary Corporations.
 - (5) The Company had made an announcement on 12 April 2016, with respect to their intention to dispose off their PRC subsidiary corporations by means of public auction with a bidding price starting from RMB1. The Company has proposed to appoint Nanshengyang Auction Co., Ltd (南晟杨拍卖有限公司) and Yueyangshi Zhengping Auction Co., Ltd (岳阳市正平拍卖有限公司) to jointly sell the subsidiary corporations in the said auction.
 - (6) The acquisitions and disposal are still subject to shareholders and regulatory approvals.
-